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Frank Dunne Decries Deterioration Of Position Small Over-Counter Houses; Urges Cooperation

Frank Dunne, President of the New York Security Dealers Association, speaking at the 16th anniversary dinner, declared there is a rising tide of bewilderment among the little firms in the over-the-counter business, as the deterioration in the position of the small firm in the industry, as compared to the position of the large organization, intensifies.

"Traditionally," Mr. Dunne said, "our Association, organized over 16 years ago, represents the little fellow in the securities business. Our typical member firm has few employees—an average of perhaps 15—a limited amount of capital to work with, and the amount of business it turns over in any year is modest.

"Yet, as in other industries, the thousands of small firms scattered throughout the Nation have real importance. I believe that most of us here recognize the function of small financial units in a system of free enterprise—a system now being challenged and severely tested throughout the world.

"In the past, there has been a recurring theme in the few words I have addressed to you—cooperation between the different elements in the securities markets and the elimination of factional differences through discussion and reason. Perhaps that sounds a little pompous, as when Samuel Johnson, the great dictionary maker, defined a window 'as an orifice in an edifice to admit luminous particles.' What he meant was a hole in the wall. If the reference to cooperation sounds stilted, let me restate it by saying —that this Association has always believed that our industry should not wash its dirty linen in public. Factional differences within the industry should be adjusted within the industry. All this of course with the provision that what is good for the public must come first; only if that provision is met can enduring benefits accrue to all of us.

"It is with this thought in mind that I wish to make passing reference to a trend which has become intensified since we met last year. I refer to the deterioration in the position of the little firm in the over-the-counter business, as compared to the position of the large organization in the business. I sit at a listening post—and I note a rising tide of bewilderment and resentment. Hardly a day goes by that I don't get grievance messages by letter, telephone and teletype from all parts of the country. If you are not acquainted with this development, I suggest you do some sampling in the trade, and I am sure you will receive confirmation of what I say. Now, do these complaints have merit—or are they just a result of bad conditions in the 'Street'?

"Here in substance are some typical complaints that come to my office:

"In the past, the big underwriters and stock exchange houses, when bringing out a new issue, were accustomed to make markets in the issues they underwrote only until they felt satisfied that the issues had become seasoned. Then they retired from the market in the issue, leaving the eighths and quarters of day-to-day trading and market-making to the over-the-counter dealers. More recently, however, it has become a common practice for the big houses to continue trading in the security long after the conclusion of the usual sea-

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NEW YORK SECURITY DEALERS DINNER

Pictures on Page 1329 Of This Issue

OUR REPORTER'S REPORT

In these dull days, the Union Electric Co. of Missouri auction of $10,000,000 additional of its 3⅜% first mortgage bonds brought more than its quota of surprises.

Lively bidding had been anticipated, because of the recognized quality of the issue, and the absence of available new material, but the actual response by way of group tenders made surpassed all expectations.

The company received a total of eight separate bids for the offering, ranging from 107.95, the lowest, to 109.28011, the highest bid, which proved a full ½ point above the price at which bonds issued earlier, under the same mortgage, were quoted in the open market.

For a time it was assumed that the successful syndicate was handling an "agency" bid, but it developed later that this was not the case.

However, as things turned out one of the "Big Five" life companies was credited with having absorbed $6,000,000 of the issue upon offering yesterday, while other institutions were represented as sizable bidders for the balance.

The bonds were priced for public offering at 109⅞, with the indicated yield around 2.87%, setting another precedent, since it marked the first time a long-term utility bond had been offered to return less than 2.90% to the buyer.

New England Utility Plans

Activity among investment banking firms suggests early revival of plans of the Public Service Co. of New Hampshire for refinancing outstanding debts. Several banking groups are said to be showing renewed interest in this possible undertaking.

(Continued on page 1328)

Stock Exchange Considering Revision In Members' Dues And Other Charges

Emil Schram, President of the New York Stock Exchange, announced that the Exchange's Board of Governors has under consideration a comprehensive revision of the rates of membership dues and other charges payable to the Exchange by members and member firms. The proposed revision, said the Exchange, is part of a broad program to establish the revenues of the Exchange upon a sound basis by assessing the costs of operation of the Exchange as fairly as possible among the different classes of Exchange members and firms.

The changes under discussion would, subject to approval by the Board of Governors and the membership, involve:

1. A reduction in membership dues from the present annual rate of $1,000 to an annual rate of $750.
2. A reduction from $1,000 a year to $500 a year in the charge for specialist post space on the floor of the Exchange.
3. A reduction of $50 a year in the annual charges for specialist clerks' tickets, bond clerks' tickets and special bond clerks' tickets.
4. An annual fee of $150 a year for the registration of regular specialists and odd-lot brokers and dealers, and a fee of $10 a year for the registration of associate and relief specialists.
5. A transaction charge, to be paid by all members and member firms, of not more than 1% of the net commissions received and retained by each member or member firm with respect to transactions effected on the Exchange.

The Exchange's announcement explained the effect of these changes as follows:

It is estimated that the loss of revenue to the Exchange from the proposed reduction in membership dues and in charges now made for certain floor facilities would be approximately offset by the proposed new sources of income from the registration of specialists and odd-lot brokers and dealers and from the charge to be made upon the net commission revenues of members and member firms. No net increase in income to the Exchange would result from the proposed changes, based upon the volume of trading on the Exchange in 1942 to date.

The proposed charge on commissions would be computed on the basis of "net commissions" received and retained on Exchange business, each member or firm paying on the share of the commissions received by him on each transaction on the Exchange. The purpose of the proposed changes is to bring about a more equitable allocation of the cost of running the Exchange, based upon the utilization by members and member firms of its facilities.

The proposed revision would require an amendment of the Constitution of the Exchange. An amendment, providing the necessary authority to make a revision along the lines contemplated is now before the Board of Governors, and is expected to be considered at an early meeting. If acted upon favorably, the amendment would be submitted to the membership for approval.

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J. D. Myer Now With Hayden, Miller & Co.

CLEVELAND, OHIO.—J. Donald Myer has become associated with Hayden, Miller & Co., Union Commerce Building, members of the Cleveland Stock Exchange, as manager of the statistical and trading departments. Mr. Myer was formerly with Otis & Co. and prior thereto for many years was with the Cleveland Trust Co.

Dana F. Baxter, who was formerly manager of the Hayden, Miller & Co. trading department, has left for the Great Lakes Naval Training Station.

To Form D'Assern Co., N. Y. Exchange Firm

D'Assern & Co., members of the New York Stock Exchange, will be formed as of April 9th with offices at 70 Pine Street, by Joseph M. d'Assern, John J. Farrell, the Exchange member, John Belck, and H. Walter Mewing. Mr. d'Assern was formerly President and Secretary of D'Assern, O'Neill & Co., Inc., with which Mr. Mewing was also associated. Mr. Farrell was previously a partner in Morris Joseph & Co.

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Purcell Urges Eliminating Needless Overhead To Preserve Machinery Of Financial Economy

The investment banking industry should eliminate "unwarranted and unwanted overhead" and "traditional but unnecessary appendages" in order to preserve the machinery of financial economy for the reconstruction after the war, it was stated by Ganson Purcell, Chairman of the Securities and Exchange Commission, on March 26. Mr. Purcell spoke at the 16th anniversary dinner of the New York Security Dealers Association at the Waldorf-Astoria in New York.

Concerning his remarks, the New York "Times" quoted Mr. Purcell as saying:

"If the machinery of financial economy which exists today, is permitted, through lack of our foresight, to slip into sickly decline, the men of experience who make up that system will not be prepared to assume with ability the great task of reconstruction after the war when their services will be more sorely needed. By the same token they will not be in harness during the war period to keep a steadying hand on the affairs of corporate finance and to care for the needs and guide the interests of the individual investors who must be the source of capital supply for the reconstruction.

"I am told that even now you are in a period when your facilities and your personnel are in excess of the needs of finance. The indications are that as the war goes on this situation will become even more acute. For many in the securities business this presents business and personal problems of the first magnitude. It may even indicate to some that they cannot continue unless there is a change for the better.

"It seems to me, however, that the key to maintaining the business lies in the ability to eliminate the unwarranted and unwanted overhead which is today existent in so many instances. Through elimination of traditional but unnecessary appendages, and through the combination of many presently separated functions, the financial world as a whole can find the means to economize and the incentive to progress.

"Today the investment business, like many other industries throughout the country, is facing curtailment because the material upon which it relies and must have in order to operate is needed and must be conserved for use in the prosecution of the war. While the public

Continued on page 1327)

John C. Wright Now With Keane & Co.

(Special to The Financial Chronicle)

DETROIT, MICH. — John C. Wright has become associated with Keane & Co., Penobscot Building. Mr. Wright, a member of the Detroit Exchange, was formerly a partner in Wright, Martin & Co. He began his career in the investment and banking field in 1920 as assistant secretary of the American Trust Company, of Lincoln, Nebraska; in 1922 he joined Nicol-Ford & Co. of Detroit, becoming a partner in the firm in 1927 and continuing partnership in Nicol, Livingston & Ford. He was manager of the bond department of the Detroit office of Dominick and Dominick from 1932 to 1933, when Wright, Martin & Co. was formed. He has been an officer of the National Security Traders Association and of the Bond Men's Club of Detroit.

John C. Wright

Retires After 40 Years

Clark Armour, a veteran of forty years service with Hallgarten & Co., 44 Wall Street, New York City, retired on March 31. He is planning to devote himself to gardening, which has always been his hobby, at his home at Lake Ronkonkoma.

In New Quarters

TORONTO, ONT., CANADA—Traviss, Scholfield & Company, Ltd., announce the removal of their offices from the Dominion Bank Building to the Imperial Bank Building.

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Court Rules In Favor Of Gene McCann

A ruling favorable to Gene McCann, former securities dealer, was handed down on March 27 in a 2-to-1 decision by the United States Circuit Court of Appeals in New York, when it held that he had improperly defended himself at his trial, without benefit of counsel, the result probably being eventually a reversal of his conviction. This was noted in the New York "Herald Tribune" of March 28, which also said:

The higher court did not reverse the conviction, since the appeal has not yet been argued. But it ruled that "when on trial for a felony an accused, at least when not himself a lawyer, may not consent to be tried by a judge except upon the advice of an attorney." On these grounds, a reversal would be expected.

Last week the Circuit Court of Appeals reduced his bail from $10,000 to $1,000, and McCann will once again be free.

* * *

But McCann may not have to face a new trial until his appeal is completed. And no one can force him to prosecute his appeal. He may drop the matter as it stands now and remain free, unless the Supreme Court rules against him. In its decision yesterday, the Circuit Court said its ruling was based on recent decisions of a similar nature by the Supreme Court so that a reversal by the highest court would seem improbable.

McCann elected to try his own case last July before Judge Merrill Otis, of Missouri, who was sitting here temporarily. He also waived a jury trial. He had no benefit of counsel in reaching either decision, but insisted he could defend himself better than any lawyer.

* * *

McCann was found guilty by Judge Otis of defrauding persons seeking to start new businesses. He was accused of answering advertisements and falsely representing his influence to facilitate stock sales, raising the ante for his services once his alleged victims had accepted his offer of counsel and advice.

IBA Southern Group To Meet April 19-20

The Southern Group of the Investment Bankers' Association will hold their Spring meeting in Birmingham, Ala., on April 19 and 20. Usually the meeting alternates each year between Ponte Vedra, Fla., and Edgewater, Miss., but it was the majority opinion of the membership to hold it this year in Birmingham, thereby requiring less time and expense, according to Errol E. Buckner, Chairman of the Group. John Fleek, President of the IBA, is scheduled to address the gathering. According to Mr. Buckner, Sunday and Monday (April 19 and 20) were selected so that the meeting of the Southern Group meeting would follow that of the Texas Group, which is being held the preceding Thursday and Friday. This will give President Fleek of the Association, ample time in which to get to Birmingham it is stated.

Tenth Anniversary For John B. Carroll & Co.

Lee Carroll of John B. Carroll & Co., 70 Pine Street, New York City, announces that his firm is celebrating its tenth anniversary. The firm acts as underwriters, distributors and dealers in municipal, State and corporation bonds, specializing in New York and New Jersey municipal issues.

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Customers' Brokers Nominating Committee

The Association of Customers' Brokers of New York announce that a nominating committee has been appointed to present a new slate of officers at the annual meeting in June. Members of the Committee are:

William M. Barber, Maynard, Oakley & Lawrence; Frank W. Walker, Merrill Lynch, Pierce, Fenner & Beane; Frank Saline, Winthrop, Whitehouse & Co.; Miss Mary Monahan, Orvis Brothers; E. N. Chapman, Francis I. du Pont & Co. and Chisholm & Chapman; John Tucker, Fahnestock & Co.; John F. Power, Eastman, Dillon & Co.; Harry N. Tucker, Harris Upham & Co.; and Edward J. Markham, Jackson & Curtis.

W. W. Woods, Jr. New With Bateman, Eichler

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—William Wallace Woods, Jr., has become associated with Bateman, Eichler & Co., 453 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Wood was previously Vice-President of Fox, Castera and Co., and Edgerton, Riley & Walter. Prior thereto he represented Fundamental Group Corporation and Mackubin, Legg & Co. on the Pacific Coast.

Leslie Schwinn Now W. F. Kurtz Partner

CLEVELAND, OHIO.—Leslie B. Schwinn has become a partner with Wilbur F. Kurtz in W. F. Kurtz & Co., Union Commerce Building. Mr. Schwinn was formerly with Merrill, Turben & Co., Kraus-Cunningham & Co., and in the past was manager of the Chicago office of Chas. E. Quincey & Co.

Thorne With McMaster

(Special to The Financial Chronicle)

CHICAGO, ILL. — Forest Garner Thorne has become affiliated with McMaster Hutchinson & Co., 105 South La Salle Street, members of the Chicago Stock Exchange. Mr. Thorne was previously with the Illinois Company of Chicago; prior thereto he was district manager for Fundamental Group Corporation, was Chicago manager for Furst & Co. and was with Blyth & Co. for a number of years.

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Fred Busbey Running For U. S. Congressman

CHICAGO, ILL.—Fred E. Busbey, of Fred E. Busbey & Co., 10 S. La Salle Street, specialists in real estate securities, has received the unanimous endorsement of all the regular elected committeemen as the Republican candidate for the House of Representatives from the 3rd Illinois Congressional District.


Fred. E. Busbey

Mr. Busbey is well known in investment circles thruout the country, and especially in Chicago, where he has for the past ten years published the well known "Busbey Financial Directory" which has been distributed free of charge to banks and dealers in Chicago. He is a specialist in the real estate securities field having been identified with it for the past twenty-one years.

He has been an active member of the American Legion, for many years serving as a member of the Americanism commission of the Department of Illinois and for two years acting as State Director of Americanism.

Clifton Book Joins Wyeth In San Diego

(Special to The Financial Chronicle)

SAN DIEGO, CALIF.—Clifton T. Book has become associated with Wyeth & Co., 530 Broadway. Mr. Book was formerly Vice-President and Manager of the trading department of Roger K. Williams & Co., with which he had been connected for many years.

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Pittsburgh Bond Club Elects 1942 Officers

The Bond Club of Pittsburgh held its Annual Dinner on March 26, over ninety members and their guests attending.

A serious discussion of what the members could do personally to help in the war ended in an agreement to help the local committee under Frank Denton of the Mellon Securities Corp. in the sale of Defense Bonds and to offer blood donations to the Red Cross. Many of the members of the Bond Club are already in the Service.

The following Officers and Governors were elected for the year begining April 1, 1942:

President, L. Wainwright Voigt, Hemphill Noyes & Co.; Vice-President, Chas. A. Painter, Jr., Kay Richards & Co.; Treasurer, S. Lee Bear, S. Lee Bear & Co.; Secretary, Alan G. Clifford, James A. Scott & Co.

Governors: Francis J. McGuinness, Chaplin & Co.; Paul Tunnell, H. M. Byllesby & Co. and Stephen W. Steinecke, S. K. Cunningham & Co.

Leason & Co., Inc. Is Formed In Chicago

CHICAGO, ILL. — Leason & Company, Inc., has been formed with offices at 39 South La Salle Street, to underwrite and distribute investment securities retail and wholesale, specializing in public utility, industrial, and railroad issues.

Officers of the firm are Harvey G. Leason, President, Jay H. Leason, Vice-President and Treasurer, and Arthur J. Leason, Secretary. Harvey G. Leason and Jay H. Leason were formerly officers of Thompson Russ Securities Co.; Arthur Leason was with the Commonwealth Edison Co.

Henry G. Gabel and Thomas M. Harris, both formerly with Thompson Ross Securities Co., have become associated with the new firm.

Now Brady & Garvin; Geo. Bader A Partner

With the retirement from the firm of William J. Gerety, Jr., the name of Brady & Gerety, 115 Broadway, New York City, members of the New York Curb Exchange, has been changed to Brady & Garvin.

George Bader, a member of the Curb Exchange, and recently in business as a Curb floor broker, has been admitted to partnership in the firm.

Schultz Trading Mgr. Of Traction Securities

CHICAGO, ILL.—George W. Schultz has joined Traction Securities, Inc., 105 South La Salle Street, as manager of the trading department. Mr. Schultz was formerly with Taylor, Duryea & Co., John J. Seerley & Co. and Sadler & Co.; in the past he was an officer of Bond & Goodwin, Inc. of Illinois.

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Urges Self-Policing For Municipalities To Guard Against Centralization Of Power

Voluntary imposition of self-policing measures to promote unity of thought, action and restraint by all municipalities, counties and school systems was offered today in an attempt to preserve the small town, "the cradle of democracy," against the trend toward centralization of all political power.

B. H. Faulkner, Director, Department of Revenue and Finance, of Montclair, N. J., (and a prominent executive in the oil industry) told The Municipal Forum of New York at its luncheon meeting that one problem of great concern is the stemming or at least anticipating of the trend toward loss of community identity. As an answer to this problem, Mr. Faulkner made a specific suggestion and applied it to New Jersey which he said would be ideal as a proving ground. He proposed that legislation be requested by Local, County and School Governments "which would place in the hands of the Commissioner of Local Government, Mr. Walter R. Darby, the power to appoint in each county, an Advisory Local Government Board consisting of one representative of the County Government, one for the School System, one for Local Government and two representating the public. These boards with necessary accounting and legal staffs would review all operating and capital expenditure programs recommend solutions for common problems, serve as a liaison with a like board serving for all the State and in direct contact with the Commissioner of Local Government. The excellent character, standing and ability of Mr. Darby would insure a non political result.

"This plan is working well in the oil industry. There is no reason why it should not work equally well with New Jersey municipalities. In practice it would afford an opportunity for self determination which the months and years ahead may otherwise deny. Instead of increasing the tendency to State and national domination it would supply a mechanism for unity and cooperation among municipalities not now available. Instead of destroying home rule, it would protect its principle in the uncertain period which lies ahead.

"I offer this in the spirit of democracy, in an attempt to preserve its very essence—the small town."

Urges Municipals Tax Only For Duration

The following letter regarding the proposed tax on municipal issues has been sent to Honorable Henry Morgenthau, Secretary of the Treasury, by William E. Lohrman of Wm. E. Lohrman Co., 76 Beaver Street, New York City:

"May I respectfully offer a suggestion to my Government. I hope it is an original one for I have seen no comments advanced in that direction.

"I read of your proposed new tax program, which the honorable Congress, Ways and Means Committee is working on, advancing the thought in part that State, Municipal, Local, etc. (so-called Tax Exempt bonds) bonds should be henceforth taxed for income tax purposes.

"I am not advancing an opinion of my own for whatever the Congress votes and the President signs is good enough for me. We are at war and that comes first.

"However, there is much dissension not only from owners of the bonds, that if made retroactive it would be abrogating (unwritten perhaps—but almost common law) contracts, but also from the public officials of these localities.

"We want unity, don't we. We want harmony. Pull together. Less harboring of grudges.

"My suggestion, therefor, is that the law, in this respect if passed whether retroactive or not, be so worded, that it would only continue for the duration and six months after that.

"Hope I have been of some service with this thought."

Mackubin, Legg Moves

The head office of Mackubin, Legg & Company, members of the New York and Baltimore Stock Exchanges, in Baltimore was moved to new quarters at 22 Light Street on March 30. The new offices are equipped with a teleregister board, the only one in operation in Baltimore.

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Small-Milburn Go From Tulsa To Okla. City

The Small-Milburn Company has moved its Oklahoma office from Tulsa to the Terminal Building in Oklahoma City. William B. Cochran will continue to represent the firm in Oklahoma; Glen L. Milburn will return to the firm's main office in Wichita, but will continue in charge of the Oklahoma business. Both the Wichita and Oklahoma City offices will continue to offer the same service as heretofore on Oklahoma and Kansas municipals.

All teletypes used by bond dealers in Oklahoma City have been requisitioned and it is therefore suggested by the company that all teletype communications be made with the Wichita office as there is no machine in Oklahoma City.

Louis W. Ochs Joins Dempsey-Tegeler Co.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Louis W. Ochs has become associated with Dempsey-Tegeler & Company, 407 North Eighth Street, members of the New York Stock Exchange. Mr. Ochs for many years was President of Louis W. Ochs & Associates.

Morgan Engineering Company
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DIVIDEND NOTICES

DIVIDEND

ARMOUR AND COMPANY

(ILLINOIS)

On March 6 a dividend of $1.50 per share on the issued and outstanding $6.00 Cumulative Convertible Prior Preferred shares of the above corporation was declared by the Board of Directors, payable on April 1, 1942, to shareholders of record on the books of the Company at the close of business on March 16, 1942.

E. L. LALUMIER, Secretary

DIVIDEND

ARMOUR AND COMPANY

OF DELAWARE

On March 6 a quarterly dividend of one and three-fourths per cent (1¾%) per share on the Preferred Capital Stock of the above corporation was declared by the Board of Directors, payable April 1, 1942, to stockholders of record on the books of the Company at the close of business March 16, 1942.

E. L. LALUMIER, Secretary

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

NOTICE OF DIVIDENDS TO HOLDERS OF ORDINARY AND PREFERENCE STOCK WARRANTS TO BEARER.

A Second Interim Dividend on the Ordinary Stock for the year ending 30th September, 1942 of fivepence for each £1 of Ordinary Stock, free of United Kingdom Income Tax, will be payable on 31st March, 1942.

Holders of Bearer Stock to obtain this dividend must deposit Coupon No. 189 with the Guaranty Trust Company of New York, 11, Birchin Lane, London, E. C., for examination five clear business days (excluding Saturday) before payment is made.

Holders of Stock Warrants to Bearer who have not exchanged Talon No. 3 for Talon No. 4 but have deposited Talon No. 3 with the Guaranty Trust Company of New York in New York, in accordance with the arrangement which has been announced in the press, are notified that Coupon No. 189 will be detached from the corresponding Talon No. 4 and cancelled by the Company in London as and when the dividend to which they are entitled is paid.

The usual half-yearly dividend of 2½% on the 5% Preference Stock (less Income Tax) for the year ending 30th September next will also be payable on the 31st March, 1942.

Coupon No. 77 must be deposited with the National Provincial Bank Limited, Savoy Court, Strand, London, W. C., for examination five clear business days (excluding Saturday) before payment is made.

DATED 24th February, 1942.

BY ORDER.

D. M. OPPENHEIM, Secretary.

Rusham House, Egham, Surrey.

Electric Bond and Share Company

$6 and $5 Preferred Stock Dividends

The regular quarterly dividends of $1.50 per share on the $6 Preferred Stock and $1.25 per share on the $5 Preferred Stock of the Company have been declared for payment May 1, 1942, to the stockholders of record at the close of business April 6, 1942.

L. B. WIEGERS, Treasurer.

JOHN MORRELL & CO.

Morrell PRIDE meats

DIVIDEND NO. 51

A dividend of Fifty Cents ($0.50) per share on the capital stock of John Morrell & Co., will be paid April 25, 1942, to stockholders of record April 4, 1942, as shown on the books of the Company.

Ottumwa, Iowa, Geo. A. Morrell, Treas.

To Be T. Sloan Young Co.

T. Sloan Young, member of the New York Stock Exchange, and Anthony T. Olivo will form T. Sloan Young & Co., with offices at 30 Pine Street, New York City, on April 9th. Mr. Young has been an individual floor broker; it is proposed that Mr. Olivo act as alternate for him on the floor of the Exchange.

Extend Purchase Date On Cordoba City Bonds

F. J. Young & Co., Inc., New York, is notifying holders of Municipality of Cordoba (Argentine) 7% external sinking fund gold bonds of 1927, due Aug. 1, 1957, or certificates of deposit therefor, and holders of ten year 7% external sinking fund gold bonds of 1927 due Nov. 15, 1937, or judgments in respect thereof, that it has extended the date for purchase of these securities to April 15, 1942. As of the close of business on March 31, 1942, acceptances of the offer had been received from holders of $3,410,000 aggregate principal amount of these issues.

Holders desiring to accept the offer are requested to forward their securities to The Continental Bank & Trust Co. of New York, Corporate Trust Department, 30 Broad Street, which is acting as agent for F. J. Young & Co., Inc.

Manufacturers Pledge Full Support To Nelson

The Board of Directors of the National Association of Manufacturers on Mar. 27 pledged "wholehearted support" to Donald Nelson's efforts to increase war production. In a brief statement, the Association made public the pledge which reads as follows:

The National Association of Manufacturers pledges to Director Donald Nelson of the War Production Board its wholehearted support in his efforts to increase war production.

The War Production Drive plan as originally printed caused considerable confusion and misunderstanding which has been clarified by Mr. Nelson's statement of Mar. 23 in which he stated that this plan is purely voluntary so far as each plant is concerned; that "it is not designed to conform to any plan that contemplates a measure of control of management by labor"; that "it does not put management in labor or labor in management." In other words, that this plan must not be misused to disturb existing labor relations, but is intended solely to stimulate increased production and to bring home to both management and labor the vital importance of their combined efforts.

All members of this Association are urged to investigate the possibilities of increasing the volume and speed of production by any of the features of this voluntary plan and to put into operation all those which are suitable to the conditions and problems of their companies.

DIVIDEND NOTICE

THE UNITED STATES LEATHER CO.

A dividend of $6.00 per share on its Prior Preference stock to apply on account of dividends in arrears on this date has been declared by the Board of Directors of this Company, payable May 1, 1942 to stockholders of record April 15, 1942.

C CAMERON, Treasurer.

New York, March 25, 1942.

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.

UTILITY PREFERREDS

JACKSON & CURTIS

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.—**Burton F. Whitcomb** has become affiliated with **Blyth & Co., Inc.**, 75 Federal St. Mr. Whitcomb was formerly with Hornblower & Weeks.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**J. Janvier Wetzel** has become associated with **Brailsford, Rodger & Co.**, 208 South La Salle St. Mr. Wetzel was formerly with Dempsey-Detmer & Co., Alfred O'Gara & Co., MacFarlane & Holley, and Taussig, Day & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Maurice D. Galleher**, formerly with Lazard Freres for a number of years, has become associated with **Merrill Lynch, Pierce, Fenner & Beane**, Board of Trade Building.

(Special to The Financial Chronicle)

DENVER, COLO.—**Lorne C. Duncan**, previously with Hamilton Depositors Corp., is now with **Mutual Depositor Corp.**, First National Bank Building.

(Special to The Financial Chronicle)

LONG BEACH, CALIF.—**James E. Jeffers** has become connected with **Adams-Fastnow Co.**, whose main office is located at 650 South Spring St., Los Angeles. Mr. Jeffers was formerly with C. A. Botzum Co. and Schram, Eddels & Co.; prior thereto he was Long Beach Manager for Edgerton, Riley & Walter and F. E. Harris & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Horace Donnell**, formerly with O'Melveny-Wagenseller & Durst, is now with **Nelson Douglass & Co.**, 510 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Leigh B. Freeze** has been added to the staff of **Fairman & Co.**, 650 South Spring St. Mr. Freeze was previously with A. S. Morton.

(Special to The Financial Chronicle)

OAKLAND, CALIF.—**Charles E. Jank**, for several years with Geo. H. Grant & Co., is now affiliated with **Frank Knowlton & Co.**, Bank of America Building.

(Special to The Financial Chronicle)

ORLANDO, FLA.—**Irvin Selden Catlin** has been added to the staff of **R. E. Crummer & Co., Inc.**, First National Bank Building.

(Special to The Financial Chronicle)

PASADENA, CALIF.—**Charles D. Jennison**, previously with Schwabacher & Co., has joined the staff of **Bogardus, Frost & Banning**, 90 South Oak Knoll Avenue.

(Special to The Financial Chronicle)

PORTLAND, ME.—**George S. Drake** is now with **Paul & Co., Inc.**, 192 Middle St. Mr. Drake was previously with Hornblower & Weeks and Christianson, MacKinnon & Co., Inc.

(Special to The Financial Chronicle)

WILLIAMSTON, N. C.—**John Dawson Biggs** has been added to the staff of **Scott, Horner & Mason, Inc.**, whose main office is located in the Law Building, Lynchburg, Va.

Reese Named To Board Of Invest. Trust Cos.

Clarence J. Reese, President of Continental Motors Corporation has been elected to the Board of Directors of two investment companies located in the metropolitan area, according to joint announcements made today by Manhattan Bond Fund, Inc., and New York Stocks, Inc.

Clarence J. Reese

Continental Motors Corporation is today the second largest producer of airplane type engines in the country. It built the motors which have given a good account of themselves in the American tanks forming a vital part of General Auchinlek's striking power in the Libyan desert.

Mr. Reese was a guest speaker at the 16th Anniversary Dinner of the New York Security Dealers Association at the Waldorf, last Thursday. He spoke on the topic "War Production."

Since the passage of the Investment Company Act of 1940 there has been an increasing tendency among the larger investment trust units to augment their directorates by including representatives of industry. This course, it is believed, has well justified itself, especially since the advent of our war economy with its shifting industrial influences and their consequent effects on investment policy.

Underlying Railroad Bonds

Machine Tool Stocks

THOMPSON ROSS SECURITIES CO.

CHICAGO

DETROIT

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SAINT LOUIS

509 OLIVE ST.

Members St. Louis Stock Exchange

S. A. Dollar Bonds Offer Interesting Situation

With the exception of Bolivia and Peru, all South American countries that issued dollar bonds in this market have made adjustments on their debts and are now making partial payments, according to a review of South American bonds prepared by the statistical department of Shields & Company, 44 Wall Street, New York City, members of the New York Stock Exchange. There are, however, certain provincial and municipal bonds within those countries still in default, in regard to which the firm says that it is possible with the anticipated improvement in internal conditions settlements may be made on the remaining defaulted issues.

"Of greater interest to American investors is the prospect of accelerated repatriation of South American securities," says the firm. "In the past this has been done to a considerable degree, for the opportunity of discharging external debt at a few cents on the dollar has been too attractive to be overlooked even by countries in straitened economic circumstances. With expanded American purchases of South American materials and the lack of such products as automobiles, ice boxes and radios, which South America would normally be expected to purchase in return, the dollar balances of those countries should increase rapidly. It seems logical to expect that the repatriation of their securities will expand accordingly. The markets for most issues are relatively thin and such a policy could combine with renewed interest by American investors to produce materially better prices for the bonds in spite of increases that have already taken place."

In Armed Forces

John W. Castles, a special partner of Smith, Barney & Co., New York City investment bankers, has been commissioned as a Major in the United States Army, and is now on active duty with the armed forces. Mr. Castles served in the last war as a Captain in the Tank Corps in France and was wounded in the Meuse-Argonne. During previous years he was a partner of Lord, Day & Lord, also Charles D. Barney & Co., and formerly a director of Continental Bank & Trust Co., Tri-Continental Corp., and Glenn L. Martin Co. of Baltimore, Maryland.

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Tomorrow's Markets Walter Whyte Says—

Market now at old low point. A downside breakout could be serious. Two other possibilities present. Volume necessary for immediate clue.

By WALTER WHYTE

It is no easy job writing about a stock market that seems to exist in name only. Activity or volume has always been a yardstick by which a future trend could be gauged. Yet today there is no volume or any activity that can even be dignified by such a description.

* * *

Under present day conditions a fair average trading day brings out about 275,000 shares. In the old days, not so old at that, this was barely enough to start the first hour.

* * *

Last week the price for Big Board seats dribbled down to $17,000. According to records this represents the low point since the Spanish-American War. Now anybody will admit that $17,000 is not hay, but when you recall the top prices these seats sold for, it isn't folding money either. Still the price of seats nobody ever sat in has little to do with what the market may do to-morrow or the day after to-morrow.

* * *

During the last few days, I have made what for me is an intensive study of the tape. I've unrolled so many yards and peered at so many symbols, that I began looking like a near sighted spaghetti roller outer. But for all I got out of it, it might as well have been spaghetti. I could have eaten that.

* * *

So I turned to charts long range ones. Well, in addition to an attack of nostalgia, I also saw what may turn out to be the beginning of a market formation, that may prove to be a turning point. For example: The averages (N. Y. "Times") made a low point about 67.50 on March 10th. A rally brought them up to about 70 on March 16th. Then they slowly backed down again to about 68.75, from which point they rallied again to the previous high point, 70. At this level things began looking better. Chart readers could even draw pretty lines from the lows and carry them forward to show that from then on prices could go only one way. But the market, displaying feminine characteristics, got contrary. It went down. On the decline the averages went back to the same old low point, about 67.50 and then stopped to look around again.

* * *

So far the picture wasn't exciting, nor for that matter, is it now. Yet, the fact that prices held at that level and didn't go any lower, is some comfort. But now we come to the all important question: What now?

* * *

Well, there are three possibilities. They can hem and haw at present levels and do nothing. They can break through the lows and go lower. They can turn around and go higher. If the first is to apply, the lows will hold. If the second happens, the break through will be serious. A reaction of anywhere from 10 to 20 points would not be surprising. If the third occurs, the subsequent rally will run into trouble at the old resistance levels—about 70. It is at this 70-figure, that the market should begin running into volume. Whether or not this volume, when, as and if, will be enough to halt any advance, is too early to say. But no move worthy of the name will materialize or get anywhere unless such volume does come out. There are no two ways about it. A move in any direction, worth following, must have volume. Without it, you take an odds-on chance of being hung up with whatever position you take, long or short, blue chip or dog.

* * *

After getting all this together and realizing that it totaled up too little to add to your store of information, I decided to speak to what few market authorities were still around. (In case you don't know, a market authority is one who made money in the past and still has it.) Between arguments about the war; what chances were of getting commissions, or who was going to be drafted, the best I could get was a doleful but a long drawn out: "I don't know."

* * *

I heard all kinds of theories about inflation. But I heard such things before; way back in 1933. And while inflation is one bogey man that hasn't been dragged out for some time, I hardly think its visage if conjured up now, would scare enough people into rushing out and buying any old thing at the market.

(Continued on page 1333)

Guaranteed Railroad Stocks

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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

In very few places have the effects of a war economy and dislocations arising from the course of the war been more dynamically illustrated than in the sharp comeback staged by Missouri-Kansas-Texas in recent months. The change in the company's fortunes has been highlighted by advances ranging from 80% to more than 300% in quotations for the road's fixed interest bearing bonds from the lows of last year. Speculative buying interest has been gaining momentum rapidly in recent trading sessions and, considering the outlook for well sustained earnings throughout the balance of the war period, many bond men look for continued favorable market action. It is pointed out that the yields obtainable on these liens look very tempting to buyers who in the past have been primarily stock minded but are now intimidated by the threat to dividends inherent in the Government's tax needs.

There was a time, and not very long ago, when the approach of each interest date caused apprehension as to the ability of "Katy" to maintain its solvency. Such fears have been put aside "for the duration," and there has developed a glimmer of hope that the breathing spell afforded by the current bulge in business may be sufficient to bring about a permanent improvement in the company's financial burden. While this may be overly optimistic, there is no gainsaying the fact that the outlook is bright over the visible future, that present and prospective financial improvement will provide some fat on which to live if there is a sharp recession following the war, and that here is a railroad first mortgage affording a return of close to 10%. Moreover, at least a portion of the industrial expansion taking place in the service area may be converted to peacetime use after the war is ended. This might tend to offset in part some of the basic traffic weaknesses of the property such as diversion of traffic to pipe lines and highways, and loss of export markets for agricultural commodities, particularly cotton.

That "Katy" is burdened with a far too heavy debt structure is obvious from the fact that in only one year of the eight-year period 1933-1940 were fixed charges earned in full, and in that year, 1936, the margin was only 1.13 times. The long period of earnings drought was a serious drain on finances and by the end of this period the company had not only exhausted its own resources but had borrowed to what was apparently the limit of its credit. That was the picture at the outset of the armament boom. Then, in 1941, there was a rise of more than 25% in operating revenues and the company was able to return to profitable operations, with charges covered 1.01 times.

The showing was hardly impressive, but the narrowness of the margin of safety could be attributed to the rehabilitation needs of the properties and the necessity for improving the physical condition of both equipment and rail line in order to meet the defense needs. Also, financial progress was rather disappointing in that only a token payment was made towards reduction of the RFC debt. This factor, however, loses much of its significance when one considers that cash account was up almost $1,300,000 to $3,815,000 by the end of the year, materials and supplies with which to meet the rehabilitation needs were up more than $1,000,000 and miscellaneous accounts receivable were $500,000 higher at the end of 1941 than they were a year earlier. This latter presumably represented, at least to a considerable degree, funds due for the transportation of Government freight, payment for which is not on an immediate cash basis.

Now that cash has been replenished (any funds receivable from the Government may obviously be considered the equivalent of cash), and inventories of materials and supplies are adequate, the financial picture takes on a far brighter aspect. It is believed that this year the company will finally be able to liquidate its RFC debt which amounts to $2,300,000. Finally, higher revenues are beginning to be reflected more fully in net operating results. In January, net operating income was 125% above a year ago and in February the rate of gain widened to almost 200%.

An important element in the particularly spectacular gains, is the increased revenue received for each car load of freight handled, indicated above $90 a car in recent months compared with less than $80 a car a year ago. This reflects a larger proportion of high grade freight moving by rail under the war stimulus, heavier loading of cars, and, in some instances, longer haul on defense freight. These will continue as operating considerations at least throughout the balance of the war, and as they are not factors that involve proportionately higher handling costs, they result in the carry through of a large part of the revenue gain to net. Moreover, these results have been achieved without benefit of freight rate increases so it may be expected that the trend will be accelerated beginning with the March statement. There is obviously ample justification for the resurgence of confidence evident towards "Katy" bonds.

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Vail With WPB

CHICAGO, ILL. — James D. Vail, Jr., formerly a partner in Crane, McMahon & Co., has received an appointment to head the financial and business services branch of the office and services machinery department of the War Production Board in Washington.

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—40⅜, low—14¾, last—38⅜.

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Bank and Insurance Stocks

This Week—Insurance Stocks

News that the Justice Department Anti-Trust Division has begun an investigation of fire and marine insurance companies, as revealed March 9 by George P. Comer, economic adviser to the Division, has naturally created fears that the rate structure is threatened by Federal action.

Examination of Mr. Comer's statement before the Patman Committee will show, however, that insurance companies on a fair statement of the record have nothing to fear.

1. Mr. Comer said that one of the signs of monopoly is that companies can consistently earn around 6%.

He cited 1938 "total income" of $1,034,000,000 and losses paid of $397,000,000 leaving a margin of $637,000,000. In percentage terms, he said, losses were only about 38% of income leaving 62% for expenses, salaries and taxes.

In 1938, according to Best's tabulation, the figure mentioned by Mr. Comer, apparently referring to premium income of fire insurance companies, exceeded the actual total by more than $100,000,000. In 1938, net premiums written of fire companies were $750,961,000 for fire companies and $918,657,000 for all classes of carriers.

Actual losses of stock fire insurance companies have at no time in the past 20 years been less than 40%. In 1938, the loss ratio was 46.7%; average for the 20 years 1921-1940 was 51.7%, with high of 62.3% and only one year getting down close to 40% (40.4% in 1935).

In six of the 20 years, the companies sustained losses on underwriting, and for the full period, average underwriting profit was 3% on total earned premiums. In the last 10 years, average underwriting profit was 6.1%, but in the last five years, the simple average has been 4.4% and "weighted" average (giving most effect to latest years), has been 4.1%. The main reason for the 6.1% 10-year average is the 10.6% average for the three years 1933-1935, a concededly abnormal underwriting period. By contrast, the average profit for the first 10 years 1921-1930 was only 0.1%, losses being incurred in six of those 10 years.

2. In 1921, at the start of the 20-year period, average fire premium rate was $1.05. By 1930, it was down to $0.86 and declined further to $0.67 by 1940. This is a net decline of 36% in average premium rate in the last 20 years.

3. A high loss period appears to be in the offing for the companies.

During the war years 1914-1918, average loss ratio was 57.7%, ranging between high of 63% and low of 54.4%. Preliminary figures for 1941 covering 235 stock fire companies show a rise in incurred loss ratio to 53.2%, the highest since 1932.

This upward trend in losses is likely to continue for the duration, in view of the increased exposure to losses during wartime.

4. Casualty companies for the 20-year period 1921-1940 showed average underwriting profit of just 0.4%, losses being shown in 11 of the 20 years ranging as high as 6.6% loss in 1931. True, average profit for 1935-1940 was 5.5%, but the present trend of underwriting profits is also down for casualty companies. Loss ratio of 160 casualty companies for 1941 rose 1 point to 52.7%; average loss ratio for stock casualty companies was 51.9% in 1940 and 50.8% in 1939.

5. Any charge of "monopoly" merely because rates are determined by group experience and facilities ignores the fundamental that an adequate rate structure is linked by State regulation with soundness of the companies and safety to policyholders.

As Representative Halleck, member of the Patman Committee, said: "You cannot have public regulation and open competition too, and if you throw this business into open competition, you would have chaos." And Representative Ploeser, also a member of the Committee, said, in connection with Missouri Superintendent McKittrick's urging of open competition as a means of protecting small insurance companies: "Open competition would have the opposite effect, for the big companies can then survive. State regulation was instituted to protect small business." He added that it would be entirely too expensive to the public to force each individual company to maintain a separate rating bureau. "If they did, premiums would increase to three and four times what they are at present," Mr. Ploeser added. "Companies must get together on advisory rates anyway."

6. Proponents of Federal regulation of rates, such as Missouri Superintendent McKittrick, contend that States alone cannot regulate rates.

On the other hand, Representative Ploeser said that a State should be able to control the insurance business within its boundaries. "Without adequate State regulation," he said, "there will always be scavengers who come along and take the rates fixed by others. The State of Missouri is at fault in this fight with the insurance companies largely because it has an inadequate code."

7. Of chief interest to insurance stock investors in this matter is the attitude of the Department of Justice. Mr. Frank H. Elmore, Jr., attorney in the Anti-Trust Division, said that the Justice Department "disdains any interest in or advocacy of Federal regulation of the insurance business."

If so, then it would seem that the Department is only interested in evidences of monopoly. On this ground, insurance companies would appear to have a strong case on the record—both because State regulation insists on rates justified by loss experience and that necessarily involves group experience; and because of the operating record in the last 20 years and at this time of rising loss ratios.

Continuing our coverage of 1941 operating results, the following tabulation lists additional figures on premium volume gain, liquidating values, and operating earnings:

Fire Companies—	Prem. Vol. Gain	Liq. Value 1941	Liq. Value 1940	Oper. Earnings Und'g 1941	Oper. Earnings Gain 1940	Oper. Earnings Inv. 1941	Oper. Earnings Inc. 1940	Annual Divs.
American Alliance	15.6%	$21.98	$24.44	—0.01	0.18	1.32	1.31	$1.20
American Equitable	7.8	†28.15	†29.13	—0.66	0.13	1.52	1.23	1.00
Baltimore American	6.3	7.21	7.74	0.25	0.07	0.48	0.44	0.40
Carolina	7.7	37.69	39.50	—0.28	0.04	2.28	1.84	1.40
City of New York	15.3	22.21	24.71	—0.33	—0.88	1.91	1.68	1.30
Federal	16.2	46.61	48.61	1.67	2.24	1.54	1.51	1.40
Franklin Fire	9.9	22.14	24.17	0.03	0.07	1.84	1.54	1.40
Georgia Home	13.5	36.97	38.46	—0.33	—0.28	1.90	1.57	1.30
Gibraltar Fire & Marine	11.0	24.49	27.45	—0.42	0.28	1.83	1.52	1.40
Globe & Republic	7.8	16.92	17.72	—0.38	0.07	0.86	0.67	0.50
Great American Insurance	19.0	‡27.87	‡29.74	0.29	0.46	1.20	1.18	‡1.20
Home	7.6	24.99	26.61	0.47	0.23	1.75	1.58	1.60
Homestead	10.5	*20.87	21.98	—0.23	—0.22	1.65	1.31	1.00
Knickerbocker	7.8	†14.75	†15.27	—0.29	0.05	0.77	0.60	0.50
Merchants & Manufact'rs	7.7	9.81	10.25	—0.18	0.03	0.56	0.43	0.40
Merchants Fire Co.	10.1	42.59	43.60	0.92	1.06	*1.94	*1.69	2.00
National Fire	14.7	*77.42	80.81	—0.04	0.81	2.62	2.75	2.00
National Liberty	6.3	7.08	7.61	0.15	0.03	0.46	0.42	0.40
National Union	15.6	200.98	205.97	11.05	6.69	*8.56	8.27	5.00
New Brunswick	7.5	32.88	37.05	—0.53	0.12	2.25	2.12	1.80
New York Fire	7.8	19.51	19.79	—0.34	0.07	1.28	1.11	0.80
Northeastern	22.3	†11.95	†11.28	0.95	0.92	0.49	0.38*	---
Paul Revere	9.7	26.49	28.89	—0.34	—0.07	2.00	1.71	1.40
St. Paul Fire & Marine	18.9	243.05	242.22	1.49	5.15	11.89	11.16	10.00

*"Convention" values. †Bonds amortized. ‡Including investing affiliate.

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Dunne Decries Status Of Over-Counter Houses

(Continued from First Page)

soning period. This naturally makes life difficult for the many small dealers who depend on day-to-day trading and market-making for their livelihood.

"Quite some time ago the thinness of the exchange or auction market gave rise to a relatively new method of distributing blocks of listed stocks after the close of the exchange. Many non-member dealers participated in these 'dusk to dawn' offerings for a compensation of $1 to $2 per share. There ensued a good deal of loose talk about the large profits being made by the over-the-counter industry, and these off-the-board deals came to be looked upon by some interested parties as a menace to the exchange. Consequently, the new rules referred to as Special Offerings of Blocks, just recently put into operation, restrict the $1 or $2 per share profit to **exchange members only.** Referring to the special offering technique, one prominent financial writer considers that this has permanently solved the problem because he said in a recent article, 'the over-the-counter menace has been met.'

"Now, there is yet another cause of bewilderment to many in our end of the industry. In the discussions which have gone on within the industry for effecting change in the various Securities Acts, a great to-do was made in the press, about this being the first joint operation of all segments of the securities business. However, in view of this, many asked why no protection was afforded to the over-the-counter end of the business in the important matter of extending the scope of the unlisted trading privilege on exchanges.

"Perhaps coming up more often than any other, is the grievance of the little distributing firm out of town which does the merchandising, and who after much work and some expense gets a client sold on a particular security. For this effort he feels he is entitled to compensation of, say, 50 cents or $1 a share. However, the client, or hoped-for-client, before he consummates the business, wanders into the branch office of one of the big wire houses which often times never even heard of the security before. The wire house executes his order in one of the big centers on a commission basis, such commission being less than the profit the little dealer was attempting to get, and less than proper and reasonable compensation for his merchandising effort. Here the little dealer has done all the ground work, but the wirehouse gets the fruit of the little fellow's effort.

"Again, another common complaint is about the 'freeze-out' technique. In old-line seasoned securities this consists of making wider markets to dealers who might be termed competitors, and closer markets to houses that are simply executing an order. In new issues it consists of meeting requests based on clients' demands for pieces of the new offering, by stock answers—'oversubscribed,' 'will let you know,' etc.

"Now, if you consider the foregoing, and feel as I do, that there is a net residue of merit in these complaints, you might ask, what can be done about it. Frankly, I have no detailed plan to suggest. Various ideas have been put forward which do not, however, seem to cover the situation. For instance, the complete segregation of broker and dealer has been suggested. That step has long been considered as an ultimate possibility, but it is one which I am not as yet prepared to suggest. Similarly, I shrink from putting emphasis on the often advanced suggestion that, from the standpoint of public good, the chain store technique should not be carried further in the securities business. However, I do not favor such attitudes because they smack of retaliation, and I feel that we should not consider resorting to them until other solutions have been attempted. Perhaps I have in mind the advice that the old ward politician gave to his protege on one occasion. The younger man came to him full of anger in the midst of a campaign, because his opponent for office had said some rather disparaging things about him. The young fellow talked of suing his opponent for libel. The older, and I think the wiser man, said: 'I wouldn't do that, Jim. If you sue him for libel he is liable to prove it on you.'

"Of one thing, however, I do feel certain. If there exists a real willingness to solve the problems of the securities industry in a spirit of give and take, **a way can be found.**"

John W. Foster To Be Paine, Webber Partner

John W. Foster will acquire the New York Stock Exchange membership of William B. DeHaven, and will become a partner in Paine, Webber & Co., 25 Broad Street, New York City, as of April 9th. In the past Mr. Foster was a partner in Paine, Webber & Co.

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8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£98,263,226
Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1941 £150,939,354
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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 Strother B. Purdy to Archie Paley will be considered on April 9.

Transfer of the Stock Exchange membership of Archie B. Gwathmey, 2nd, to Albert Bradick, will be considered on April 9.

Milton A. Lasdon, general partner in Gutenstein & Lasdon, New York City, has become a limited partner in the firm.

Philip Spalding, Exchange member, has retired from partnership in Dixon & Co., Philadelphia, Pa. Mr. Spalding made his headquarters in the firm's New York office.

James C. Williams has withdrawn from partnership in Edmonds & Co., New York City.

Oliver S. Redfield has retired as a partner in Parrish & Co., New York City.

Samuel S. Rodman has withdrawn from partnership in Starkweather & Co., New York City.

S. J. Shanbacker will retire from DeHaven & Townsend, Philadelphia, on April 4.

Interest of Albin G. Penington, deceased, in Penington, Colket & Wisner, ceased as of March 23.

Interest of Lawrence Howe, deceased in Shearson, Hammill & Co. ceased as of March 17.

Interest of Frances O'Connor, deceased, in Winslow, Douglas & McEvoy ceased on March 17.

Kutch & Co., New York City, has been dissolved, effective March 21.

Clarence K. Grant With Guaranty Underwriters

(Special to The Financial Chronicle)

ATLANTA, GA.—Clarence K. Grant, formerly President of Grant & Company, Inc., has become associated with Guaranty Underwriters, Inc., whose main office is located at 310 West Adams Street, Jacksonville, Fla.

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Markets for Dealers

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The Securities Salesman's Corner

We All Like A Little Flattery—Make It Subtle—Some Ways To Do It

A securities salesman's life would be much easier and far less complicated if he didn't have to "sell" securities. But since the majority of people will not act on anything unless they are first motivated by the prompting of someone else, salesmanship is therefore an important factor in the financial and economic life of the entire country. In this respect, it is a strange condition which now exists in the financial markets of this country when practically all the expressions of the leaders of the financial industry and the governmental agencies as well, seem to advise almost every remedy under the sun to increase the volume of securities business and financial activity in general except the one thing that could probably do more in this respect than any other, that is—active, aggressive, salesmanship.

However, it is not the purpose of this column to pass opinions upon such matters. Our little job is to deal with the problems of the individual salesman as he goes about his rounds from day to day.

So let's get on with our subject for this week—subtle flattery. Since securities must be "sold" and it takes salesmen to sell them we must also admit that flattery is a part of salesmanship. After all, most people like us because we show them that we like them, or hold them in high regard, or esteem their opinions, or remember their birthdays and anniversaries, or show our interest in their children or because we find a common interest with them or other such things. Analyze these relationships and the actions that bring about a "liking" between individuals and you will find "flattery" at the root of it. And after all, what's wrong with flattery? Life is pretty short and hard enough for most of us and if someone comes along and makes us feel good for a moment who's to count the loss or gain?

Since it is our job as salesmen to recommend the proper investments and also to see to it that these suggestions which we make are acted upon, anything we can do to make this action more voluntary and pleasant upon the part of our customers is certainly to be desired. So here are a few tested receipes for "greasing the ways"—flattery is their basis but again we say "so what?" As long as the end justifies the means we're for it.

1. Always give the impression that your own financial rating of the investor to whom you are talking is higher than it really is. Even if you know he is an odd lot buyer, talk one hundred share lots. Or if he buys only one or two bonds of an issue, talk five or ten. Never underrate in this respect. We all like to have the other fellow think we are just a little bit bigger than we are.

2. Ask for advice or opinions. If a person is interested in golf, or machinery, or fishing, or has raised a family or any thing else that qualifies him as to experience—ask about it. Besides it's not a bad thing for the one who asks. It's surprising the amount of valuable information that can be acquired by asking others who have been through the mill.

3. Keep a record of the days that mean something to others and let them know you remember. Cynics can laugh all they want to at those people who keep date books of weddings, birthdays, etc., but those who keep track of these things and go to the trouble to let their friends know they remember add something worthwhile to living. At least, they show by their actions that "you" are an important enough person in their lives to at least remember you. The greeting card business did not grow into such gigantic proportions because the idea is no good. Statistics may be important but 10 cents worth of sentiment will sometimes go a lot farther than all the facts under the sun.

4. Let the other fellow talk. When he stops, ask him some questions about what he has said. Listen to HIM for a change. How much we all could practice this lesson and it would help our business if we would do it more often. Some expert salesmen once said, "let me get a man talking and before he knows it I've allowed him to talk himself into the sale." There is a time to talk—and that's just the point. Talk when there is a purpose to it—otherwise "silence is golden."

There is also a time to quit—so in our case we'll say, that's all for this week.

Eliminate Needless Overhead Says Purcell

(Continued from page 1322)

generally must limit itself in the use of commodities such as sugar, radios, automobiles and other consumer goods, your business must adjust itself to a contraction of the private financing which constitutes its very life blood.

"It is becoming apparent that industrial producers generally have failed to realize their full responsibility for financing the war. Instances are increasing where they have neglected to use their capital or credit for activities that are absolutely essential. The tendency has been to let the Government—and indirectly the public—assume all of the risk. By the same token these consumers of capital have reduced the demand for the financial services afforded by the investment banking industry.

"We recognize that capital is an essential material of war in the same or perhaps in a more basic sense than the materials which it produces. Its continued use in present or greater amounts, and without regard to the purposes of its employment, will rapidly reduce its availability. Therefore, it is clear that it must be conserved and its flow must be carefully guided to avoid waste or misuse. Should we permit a corporation at this time to sell notes to the public to increase its inventory account? Does not this very procedure smack of hoarding on a large scale?

"Recent disclosures before Congressional committees have highlighted what we have all noted with increasing concern. During time of war taxes upon excess profits are resorted to as a substantial aid in defraying the cost of war, but I am fearful that the shortsightedness of corporate management or its ingrained desire to reduce tax liability has given rise to many instances of capital waste.

"Many of our government contracts are based upon costs. This has always encouraged excessive salaries and bonus arrangements to management, excessive fees to agents, excessive advertising expenses, excessive payments for materials, and in some cases even excessive payments for labor. Some managements have seemed to adopt the attitude that since excess profits in large measure will not inure to the benefit of the owners of the enterprise they might as well build up costs, regardless of the need or justification for these excess costs. Should there not also be some check on such waste incidental to our program to conserve our capital funds?

"These are some of the immediate problems, but undoubtedly others of equal challenge will face us in the transition from a war economy back to a peacetime economy. Your obligations as an industry to help us successfully through that critical period will be equally as great as your responsibilities in time of war. Not only will they call for great breadth of vision but for sober restraint throughout the entire financial industry."

Clarence J. Reese, President of the Continental Motors Corporation, the other principal speaker, gave an encouraging description of the co-operation of industry in the war production effort. The dinner was presided over by Frank Dunne, President of the Association.

Lend-Lease For Mexico

A lend-lease agreement between the United States and Mexico was signed at Washington on March 27 by Acting Secretary of State Sumner Welles and Mexican Ambassador Castillo Najera. No details of the amount involved in the pact were disclosed but the Ambassador said it was a "substantial amount."

Another step in the military co-operation between the two countries was the recent opening of conferences of the Joint United States-Mexican Defense Board. The group conferred with President Roosevelt on March 25 on problems of mutual defense.

Purkiss Now Exec. V.-P.

LOS ANGELES, CALIF.—A. C. Purkiss has been appointed Executive Vice-president of Franklin Wulff & Co., Inc., 650 South Spring Street, and will be in charge of the company's statewide retail operations. Mr. Purkiss has been an officer of the Franklin Wulff & Co., making his headquarters in the firm's Los Angeles office.

Ga.-Fla. RR. Interesting

There is a particularly interesting situation at present in the 1st 6s, due 1946, of Georgia and Florida Railroad, according to a special memorandum just issued by B. S. Lichtenstein and Company, 99 Wall Street, New York City. Copies of this memorandum may be had from B. S. Lichtenstein & Co. upon request.

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Investment Trusts

MR. SMITH SHARPENS A PENCIL*

Mr. Smith bought a grocery store in 1936. Each year-end he sits down with pencil and paper to see how he's going. He had one bad year—1938. But each of the other five years has been from fair to excellent.

In fact, he's taking a good deal more out of the business now than he did the first year he owned it, and he is also improving the store and adding to his stock of merchandise out of earnings above his salary.

If Mr. Brown came along and offered Mr. Smith less than he paid for his store back in 1936, Mr. Smith would be indignant. Instead of selling his store, Mr. Smith would probably like to buy another that could do as well.

But Smith also bought some common stocks of big leading companies in 1933. The prices of these stocks are down sharply since then. And yet a little pencil work will demonstrate that his companies are doing very well indeed, compared with 1936 when he bought their stocks.

Take, for example, the stocks of ten well-known companies, including one metal company, two steels, two railroads, two electrical equipments, one retail, one oil, and one chemical. Assume Mr. Smith invested an equal number of dollars in each of them at the mean between the high and low prices of 1936.

Earnings of this ten-stock investment are estimated to have been 55% higher in 1941 than they were in 1936 when he bought it. Dividends were 37% higher than in 1936. But mean prices for the year were 26% lower. And at the end of February, 1942, prices were still lower.

Moreover, if Mr. Smith compared present prices with the highs, instead of the means, for 1936 and 1937, the decline would be very much greater.

Mr. Smith believes the United States is going to win the war. He also believes the people in this country are going to continue to own their own homes, their own farms, and their own businesses.

So he's trying to find someone who wants to sell him another good grocery store cheap, and he's about ready to buy some more good stocks which also seem cheap when he puts the figures down on paper.

Investment Company Briefs

The Treasury's 1942 tax plan has been the subject of considerable comment in recent investment company literature.

Calvin Bullock's *Bulletin* for March 19 commented that though the final form of the bill might not be known for several months, we have two premises to go on now; first—that we face the largest tax bill in history, and second—that the profits of most industries and corporations will be restricted. "But," *Bulletin* continues, "even if one realistically concedes that downward revisions in profits and dividends are in store for many corporations, one must also concede that in many cases this situation appears to have been discounted in the quotations for their stocks. The Dow-Jones Industrial average on March 11, 1942 closed at 99.21. On only one other day since March 1935 had the average closed below 100. That was on March 31, 1938 when a closing level of 98.95 was recorded. By way of contrast, the Federal Reserve Board Index of Industrial Production was 84 in March 1938 against an estimated 170 in January 1942!"

Abstracts, published by Lord, Abbett & Co., asks if it would be too unbelievable to say that the 1942 tax bill is one of the most encouraging political developments seen in a long time.

Abstracts says, "Improbable or not, there are good grounds for the statement. It refers, not to the proposed rates (which should surprise no one in any event), but to distinct evidence of greater emphasis on American ideas of fair play. The way you are taxed counts more than how much you are taxed. The Boston Tea Party arose from a tax which, as to amount, was of no importance whatever."

As proof of this greater "fair play" *Abstracts* lists the following as among the proposals to remove some of the needless tricks and obstacles of tax calculation and collection:

(Continued on page 1333)

*Adapted from an article in *The Selected Investor*, published by Selected Investments Company, sponsors of Selected American Shares, Inc.

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BARNSDALL OIL COMPANY

and Subsidiary Companies

Consolidated Balance Sheet—December 31, 1941

ASSETS

Current Assets:		
Cash	$2,145,740.87	
U. S. 2½% Treasury Bonds, 1972-67, at Cost	68,800.00	
Accounts Receivable	1,211,136.06	
Inventories of Crude Oil, at Market	815,034.37	
Inventories of Oil Products, at Market	158,314.86	
Inventories of Supplies, etc., at lesser of Cost or Market	815,442.60	
Total Current Assets		$5,214,468.76
Employees' Stock Subscriptions Receivable (45,609 Shares, 1941)		189,898.84
Investments in Stocks, Bonds and Mortgages of Other Companies, at Cost or Adjusted Values:		
Bareco Oil Company, Note Receivable	$2,461,409.15	
Bareco Oil Company, Common Stock	42,433.75	
Other Investments	202,386.18	
		2,706,229.08
Barnsdall Oil Company Stock Held by Subsidiary Not Wholly Owned, 8,740 Shares, at Par		43,700.00
Fixed Assets:		
Plant and Equipment, at Cost	$35,779,194.40	
Less: Reserve for Depreciation	21,847,976.58	
	$13,931,217.82	
Oil and Gas Leaseholds, Developed and Undeveloped	1.00	
		13,931,218.82
Deferred Charges to Operations:		
Prepaid Expenses, Advances, etc.		389,642.21
Total Assets		$22,475,157.71

LIABILITIES, CAPITAL STOCK AND SURPLUS

Current Liabilities:		
2¼% Serial Bank Loans due in 1941	$400,000.00	
Purchase Obligations due in current year	132,757.00	
Accounts Payable	1,064,692.54	
Accrued Expenses	67,061.39	
Accrued Taxes, State and Federal	621,798.08	
Total Current Liabilities		$2,286,309.01
Loans from Brokers on Employees' Stock Subscriptions (27,338 Shares, 1941)		144,860.01
Deferred Liabilities:		
2¼% Serial Bank Loans, due Sept. 2, 1943 to Sept. 2, 1946	$3,000,000.00	
Miscellaneous Purchase Money Obligations	140,000.00	
		3,140,000.00
Capital Stock and Surplus of Subsidiary Company Not Owned by Barnsdall Oil Company:		
Capital Stock	$66,059.00	
Surplus	20,582.97	
		86,641.97
Capital Stock (Par Value $5.00 Per Share):		
Authorized 4,000,000 Sh.—Issued 2,258,779 Sh.		
Held in Treasury Dec. 31, 1941 26,900 Sh.		
Outstanding Dec. 31, 1941 2,231,879 Sh.		11,159,395.00
Surplus:		
Capital Surplus	$1,976,719.24	
Earned Surplus, since Dec. 31, 1940	3,681,232.48	
		5,657,951.72
Total Liabilities, Capital Stock and Surplus		$22,475,157.71

Consolidated Statement of Income and Earned Surplus

For the Year Ended December 31, 1941

Gross Operating Income		$11,058,597.00
Operating Charges:		
Costs, Operating and General Expense	$4,351,156.30	
Taxes, General	702,451.53	
		5,053,607.83
Net Operating Income		$6,004,989.17
Non-Operating Income:		
Dividends and Interest		139,849.51
Income Before Deductions		$6,144,838.68
Deduct:		
Interest		229,824.28
Profit Before Other Deductions		$5,915,014.40
Other Deductions:		
Depreciation	$1,302,296.80	
Lease Purchases	1,009,882.52	
Intangible Development Costs	807,570.17	
Profit Applicable to Minority	14,100.68	
		3,133,850.17
Net Profit from Ordinary Operations		$2,781,164.23
Non-Recurring Profit from Sale of West Texas Leases		2,515,996.52
Total Profit Before Federal Income Tax		$5,297,160.75
Provision for Federal Income Taxes		270,958.74
Net Profit Accrued to Company		$5,026,202.01
Earned Surplus at Beginning of Year		
		$5,026,202.01
Less: Dividends Paid	$1,349,983.80	
Portion of Dividends paid to Subsidiary Company	5,014.27	
		1,344,969.53
Earned Surplus Since December 31, 1940		$3,681,232.48

Capital Surplus

Capital Surplus, December 31, 1940		$1,926,083.87
Add:		
Realization of Assets previously charged to Capital Surplus	$148,619.74	
Excess of cost over par previously written off, of Treasury Stock used in acquisition of property	25,563.44	174,183.18
		$2,100,267.05
Deduct:		
Excess of cost over par of Treasury Stock acquired during year	$105,121.00	
Barnsdall Oil Company portion of excess cost over par of Barnsdall Oil Company stock purchased by a subsidiary company not wholly owned	16,912.28	
Barnsdall Oil Company portion of excess cost over par to a subsidiary company not wholly owned of its own stock purchased	1,514.53	123,547.81
Capital Surplus, December 31, 1941		$1,976,719.24

Our Reporter's Report

(Continued from first page)

The project, when as and if it develops, is expected to involve new securities in the total of about $22,500,000. It would be an outgrowth of the reorganization plan for the group of properties, put forward by New England Public Service Co. which controls the situation.

This plan looks toward the segregation of certain industrial properties from the utilities involved with the five present operating companies giving way to three units.

International Telephone Issues

Outstanding obligations of the International Telephone & Telegraph Co., the 5% debentures, due in 1955, and the 4½s, due in 1952, have been the center of quiet but persistent demand which has found offerings not too plentiful.

Both issues continued to move into new high ground this week, giving rise to a series of reports. Doubtless expanding business and consequent increased coverage of interest needs explains much of the strength.

But then there have been reports also of possible developments which may pave the way for a call for tenders of a substantial amount of the bonds, though those discussing such possibilities do not venture to suggest a price.

Treasury Financing Plans

The next several days should bring into the open Secretary Morgenthau's plans for the next financing undertaking of the Treasury.

Institutional buyers naturally are awaiting with interest the impending announcement to ascertain to what extent the Treasury intends to employ certificates of indebtedness in its plans.

This form of Treasury debt has not been used for a considerable time, but being short-term paper was popular with the banks when it was in use some years ago.

Port Authority Financing

With the municipal market taking on a better hue it would not be surprising to find the Port of New York Authority coming into the market in the near future for new funds.

The inference was strong in the agency's annual report that such an undertaking is well along in the discussion stage, with indications that only a satisfactory market is needed.

The Authority reported that plans for its vast union motor truck terminal have been completed to cover the first unit, and that the necessary financial and economic studies have been made. This suggests to observers that the operation may be near at hand.

Detroit Bonds Sold

Detroit is nearing the end of the vast refinancing launched several years ago. Bankers Trust Co. of New York headed a group which successfully bid in $16,758,000 of the city's refunders, paying 100.055, or a 2.7239% rate for the bonds.

Two other groups entered bids, the second highest indicating an interest cost of 2.78% and the third a rate of 2.839%.

With this operation completed there remains a balance of only about $17,000,000 still to be refunded.

Reynolds To Admit Clark

William H. Clark will become a partner in Reynolds & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges, effective April 9th.

UP-TOWN AFTER 3

MOVIE-PRE-VIEWS

"Butch Minds The Baby" (Universal), with Virginia Bruce, Brod Crawford, Dick Foran, Baby Michael Barnitz, Shemp Howard, and others. Directed by Albert S. Rogell. . . . In "Butch Minds The Baby," the second of the Damon Runyon productions, first was "Tight Shoes," Universal has as delightful a farce as this reviewer has seen in many a month. The Runyonesque characters, "Squinty" Sweeny, Butch, and Harry the Horse are with few exceptions sharply etched. Even if people don't speak or act in actual life as these do, they are faithful replicas of the sort of characters Runyon writes so amusingly about. Beginning with a "coming out" party for Big Butch, who has been a guest of the city in Sing Sing, the story moves merrily along to describe the adventures of the lumbering big-hearted safe cracker and his love for a baby who belongs to the widowed Virginia Bruce. It all begins because Butch, now a three time loser, has to have a legitimate job to satisfy parole requirements and must keep out of trouble otherwise the Baumes Law will get him. So he becomes the janitor of a brownstone walkup. What chances he takes with the law are all for the baby. One of the most amusing characters in the story is "Squinty" Sweeny, an ex-bootlegger, who believing the slogans on the gin he sold in prohibition days, sampled his products and became blind. Ordinarily there is nothing funny about such an affliction but the antics of Squinty will literally make you roll in the aisle. There is a secondary plot, a kind of love story where the young and ambitious cop feels that way about the pretty widow. The main story, however, revolves around Butch, the baby, and Butch's pals. One sequence, where Butch takes the baby along to a safe blowing job, is a gem of hilarity. . . .

"Fingers At The Window" (MGM), Lew Ayres, Laraine Day, Basil Rathbone, and others. A poor mystery yarn in which a sinister series of murders are solved by an out-of-work actor. Laraine Day, playing a Gracie Allen kind of role, is one of the people to be murdered, but Lew Ayres steps in, shows up the police, solves the crime and marries the girl.

RESTAURANT

The Barberry Room (E. 52nd), lorded over by that beetlebrowed son of the auld sod, Jim Moriarty (he speaks two languages—Gaelic and profane), is still one of the nicest spots in the East 50's. Elegance with a capital "E" is the word for the Barberry. Cuisine and service are top drawer stuff but its decor is what sets it aside. Designed and decorated by the temperamental Norman Bel Geddes, its beauty is something to behold. A high ceiling is made to appear still higher by a system of "dark" spot lighting which makes the ceiling look like a distant sky out of which pin point lights appear. Mirrored walls enhance the illusion. Even the cutlery, a sort of simulated gold, carries out the effect of elegance. Primarily a dining spot, the Barberry is the original rendezvous of the town's gin rummy addicts. They don't start in earnest, however, until after dinner. On first sight the room looks immense but it's really small. So if you're planning to go there better make reservations in advance. Ask for Carlo.

NIGHT CLUB

Among the top spots on New York's East Side, **El Morocco (154 E. 54th)** is easily at the head of any list. Night clubs come and go, but the zebra-striped El Morocco, in its tenth season, continues to attract the people who make Page One news. From an unprepossessing entrance, watched over by an Arab in burnoose and a doorman made up to look like a member of what was once the French Foreign Legion, you walk into a lobby, the lighting of which was designed to make ordinary women beautiful, and beautiful women positively breathtaking. On the left is the room itself, the famous El Morocco, run by the black-eyed John Perona. In the center under twinkling lights is the dance floor. But most of the people who come here are not interested in dancing. They come to see and be seen. If any movie, radio, stage, society or big business people are in town you'll find them here sooner or later. For example, the night I was there I spotted the Byron (Chrysler) Foys, the Harvey and Roger Firestones, the John Jacob Astors, Vincent Bendix, and the Frank Hales, just to name those I could recognize. From the show world there was Randolph Scott, Errol Flynn, Bruce Cabot, Dorothy Lamour, and George Raft. There were plenty of others but what with the jam that's all I could spot. A few sentences back I wrote that people here were not interested in dancing. That is not true of Frank Hale and the new Mrs. Hale. For a guy, who is a yeast tycoon (President of the National Yeast Co.), Frank can do a wicked rhumba. Of course, if I had a partner like Mrs. Hale (she's the former Patty Lee—a luscious blonde), I could show them something, too! Oh yes, the new glamour girl, Oona O'Neill (daughter of Eugene O'Neill) was here, too. If you ask me how one becomes a glamour girl in times like these I refer you to glamour-girl-maker No. 1, Chic Farmer and photographer Murray Korman. The big place of interest at the Morocco is the round table at the right of the bar around which the current wolves gather. If a member of the pack comes in with a new girl, room is promptly made for her at the table where all can see and admire. The current occupants of the round table (anyway, current when I was there) were Tommy Manville, Peter Arno, John Perona, Huntington Hartford, Burgess Meredith and that South American millionaire Macoca. I almost became a member too, but just then I saw somebody and instead of becoming a wolf I was forced to become a lamb.

The Penthouse Club
30 CENTRAL PARK SOUTH
Adjoining The Plaza

A most unique restaurant in a beautiful location, overlooking Central Park to the north.

Serving best food, skilfully prepared.

Telephone PLaza 3-6910

On Florida Trip

L. H. Rothchild, of L. H. Rothchild & Co., Marshall Dancy of B. J. Van Ingen & Co., Inc., of New York City, and Charles Stevens of Arthur Perry & Co., Boston, are leaving on a combined business and pleasure trip to Florida.

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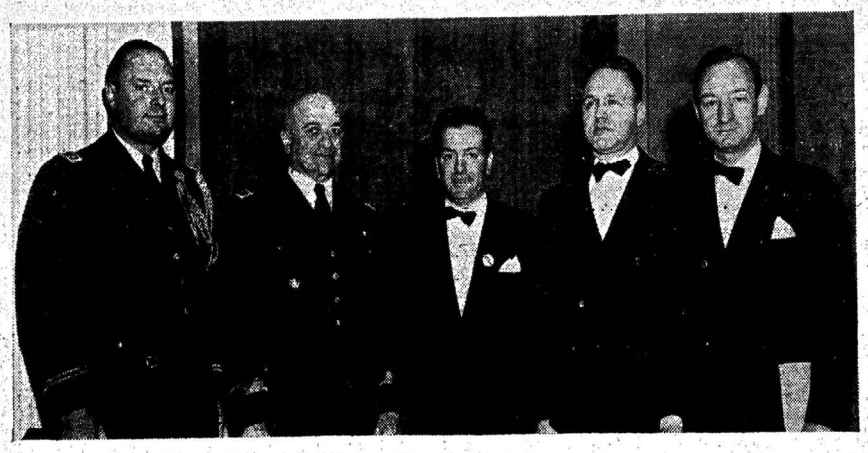
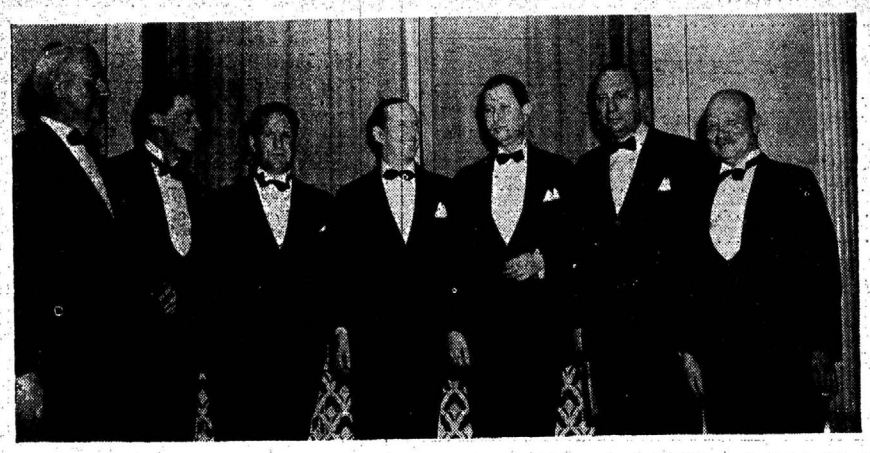
The Waldorf-Astoria « At New York Security Dealers Association Dinner » March 26, 1942





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Municipal News & Notes

A succession of witnesses who appeared before the House Ways and Means Committee in Washington last Friday and Saturday in opposition to the Treasury proposal for Federal taxation of State and local government bonds, testified in substantial agreement to the following points:

The plan promises no material, early Federal revenue.

Its main promise is heavier expense for the State and local governments, impairment of their capacity to finance their own requirements, and an extension of Federal penetration into and Federal control over State and local management.

They left the committee, thus, with an announced revenue-raising proposition whose chief effect would be a change, strongly objected to by those speaking for the States and the municipalities, in the established and publicly cherished American form of government.

Municipal bond prices were firm as the testimony was reported. Municipal men were of the opinion that the case against taxation had been ably and amply presented and that prospects for passage had been lessened.

Possible effects of taxation of municipal bond interest was indicated last month when prices declined sharply following the first intimation by Secretary Morgenthau that he would ask Congress to tax all exempt bonds.

Large Tax Loss to Illinois Seen From War

Backing up its argument against pending legislation to exempt arms materials from various State taxes, Illinois officials last week sent to Congress a detailed analysis of its probable war-time revenue losses, showing that the State already faces crushing financial problems because of the arms program.

According to the four-page report, prepared by the State Finance Director's office, Illinois will lose approximately $36,000,000 in taxes in the next fiscal year, due to the rationing of automobiles and other commodities, and reduced purchasing power resulting from higher Federal taxes.

The figures, although they pertained to one State out of 48, were regarded as a prime example of the difficulties which all State governments will encounter in the next few years. Copies of the report were distributed by David L. Shillinglaw, Assistant State Director of Finance, to members of the House Ways and Means Committee and the Rules Committee.

Illinois has been in the forefront of the battle to defeat the legislation barring war materials from State taxes. It has been conservatively estimated that the State would lose an additional $50,000,000 in revenue if the bill is passed.

Under the measure in its original form, government contractors would have been freed from paying State sales, income, gasoline, gross receipts and utility taxes.

Authority Revenues Reported Up

Statistics of the leading bridge, tunnel and highway authorities and commissions, now watched closely for evidences of declining motor traffic, showed generally continued year-to-year gains in February operations. The outstanding exception was the Triborough Bridge Authority which has a relatively small proportion of its traffic in truck and commercial classifications.

February revenues of the Triborough Authority totaled $338,543 against $368,881 for the 1941 month. This authority derived 95.5% of its total 1941 revenues from passenger traffic.

Alberta Interest Coupons Seen Subject to Limitations

Interest coupons on the bonds of the Province of Alberta, Canada, direct and guaranteed, may be outlawed under the Alberta statute of limitations unless they are cashed prior to the expiration of six years after their respective due dates.

This is revealed in a report to bondholders issued by the Bondholders' Committee over the signature of J. M. Macdonnell, Chairman.

Since June, 1936, when the Alberta Government first arbitrarily reduced interest on its bonds, the Bondholders' Committee has recommended that holders of Alberta bonds should refrain from cashing coupons at the reduced rates.

However, in view of legal opinion that interest coupons which are six years or more in arrears may be outlawed, the committee is informing bondholders "that it can no longer continue its recommendation that they should refrain from cashing coupons from time to time at the reduced rate where such coupons are near to six years in arrears."

Canadian Bonds Find Increased Favor

Foreign bond men have noted a quickened interest in Dominion of Canada direct and guaranteed obligations since recent completion by that country of its Second Victory Loan campaign. Preliminary indications are that bond sales under the campaign ran to more than $1 billion. Such a figure is a highly impressive one when considered in the light of Canada's relatively small population. From a per capita standpoint, it is like sale of around $12 billion of bonds at one time in the United States. It is understood that subscribers to the new bonds numbered around 1,600,000, as compared with less than a million for the earlier loan.

Cleveland Seeks Bond Bids

Bids will be received up to April 9 by the City of Cleveland for $17,500,000 transportation system revenue bonds which are to be issued to provide funds for purchasing the Cleveland Railway Co.

Bonds are not general obligations of the city. Interest and principal payments on the bonds are to be met from revenues of the transportation system which will be owned and operated by the city.

Sale of the bonds will follow a six-year dispute over municipal ownership of Cleveland's traction system. Late in 1941 stockholders of the company approved a proposal to sell to the city and earlier this year the City Council authorized the issue of bonds on which bids are now being asked.

Detroit Sells Refunding Issue

Reflecting the widespread demand for good municipal offerings at present was the excellent reception accorded the $16,758,000 Detroit refundings on Tuesday. The Bankers Trust Co. syndicate obtained the award at an interest cost basis to the city of approximately 2.72%: the bonds were reoffered immediately for public subscription and found a wide demand. It is evident that this test of the tax-free bond market was a success, demonstrating that the municipal fraternity has become increasingly optimistic that Congress will reject proposals for levies.

Two other large groups competed for the issue, the largest municipal flotation in some time. This piece of financing by Detroit will bring nearly to a close the city's long range refunding program which was started about five years ago. There will remain for later refunding another block of slightly over $17,000,000, but these will not be offered until the current issue has been distributed, according to Charles G. Oakman, City Controller.

This is in accordance with the city's customary policy of protecting the market for Detroit bonds while distribution is in progress, he states.

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.

April 2nd (Today)

$500,000 (tentative) 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 6th

$900,000 Kansas City, Mo.

Syndicate headed by the First Boston Corporation obtained the award of the water revenue bonds offered last July. The present offering consists of municipal airport bonds.

April 7th

$478,800 Troy, N. Y.

This offering is included here because of the interest normally shown in the city's sales by many houses. Last April, Troy awarded a larger issue to a group headed by Phelps, Fenn & Co. of New York. Second best bid was entered jointly by Halsey, Stuart & Co., Inc., and Blair & Co., Inc.

April 9th

$17,500,000 Cleveland, Ohio

This is an offering of transportation system revenue bonds. The city sold sewage disposal bonds on March 26 to a syndicate headed by the Northern Trust Co. of Chicago. Second best bid submitted by Blyth & Co., Inc., and associates.

$2,989,500 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.

April 13th

$493,000 Ramsey Co., Minn.

This offering is included here because it is just below the required minimum; also, this call for bids attracted wide attention. The county awarded bonds last July to a syndicate headed by the First National Bank of Chicago. Second best bid by Kalman & Co. of St. Paul, and associates.

FLORIDA

FLORIDA MUNICIPAL BONDS

Our long experience in handling Florida issues gives us a comprehensive background of familiarity with these municipal bonds. We will be glad to answer any inquiry regarding them at no obligation.

R. E. CRUMMER & COMPANY
INVESTMENT SECURITIES
1ST NAT BANK BLDG CHICAGO ILLINOIS

THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK

Statement of Condition, March 31, 1942

RESOURCES

Cash and Due from Banks		$1,254,614,212.64
U. S. Government Obligations, direct and fully guaranteed		1,417,882,545.18
State and Municipal Securities		129,334,801.56
Stock of Federal Reserve Bank		6,016,200.00
Other Securities		190,728,145.63
Loans, Discounts and Bankers' Acceptances		830,805,951.76
Banking Houses		37,506,299.93
Other Real Estate		6,991,907.40
Mortgages		8,091,008.64
Customers' Acceptance Liability		3,869,157.06
Other Assets		13,598,310.34
		$3,899,438,540.14

LIABILITIES

Capital Funds:		
Capital Stock	$100,270,000.00	
Surplus	100,270,000.00	
Undivided Profits	43,042,790.56	
		$ 243,582,790.56
Reserve for Contingencies		11,378,181.79
Reserve for Taxes, Interest, etc		3,152,304.45
Deposits		3,628,256,645.35
Acceptances Outstanding		4,725,756.73
Liability as Endorser on Acceptances and Foreign Bills		413,824.79
Other Liabilities		7,929,036.47
		$3,899,438,540.14

United States Government and other securities carried at $372,136,656.30 are pledged to secure public and trust deposits and for other purposes as required or permitted by law.

Member Federal Deposit Insurance Corporation

J. P. MORGAN & CO.
INCORPORATED
NEW YORK

Condensed Statement of Condition March 31, 1942

ASSETS

Cash on Hand and on Deposit in Banks		*$230,318,781.91*
United States Government Securities, Direct and Fully Guaranteed		*318,023,387.72*
State and Municipal Bonds and Notes		*35,691,019.74*
Other Bonds and Securities (including Shares of Morgan Grenfell & Co. Limited)		*20,478,158.18*
Loans and Bills Purchased		*68,889,194.56*
Accrued Interest, Accounts Receivable, etc.		*2,139,920.34*
Investment in Banking Premises		*4,000,000.00*
Liability of Customers on Letters of Credit and Acceptances	*$14,005,862.13*	
Less Prepayments	*54,437.36*	*13,951,424.77*
Total Assets		*$693,491,887.22*

LIABILITIES

Deposits		*$637,020,357.39*
Accounts Payable and Miscellaneous Liabilities		*1,251,126.90*
Acceptances Outstanding and Letters of Credit Issued		*14,005,862.13*
Capital	*$20,000,000.00*	
Surplus	*20,000,000.00*	
Undivided Profits	*1,214,540.80*	*41,214,540.80*
Total Liabilities		*$693,491,887.22*

United States Government obligations and other securities carried at $19,490,486.73 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

April 2, 1942.

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...THE...

PHILADELPHIA NATIONAL BANK

Organized 1803

March 31, 1942

RESOURCES

Cash and due from Banks	$292,650,736.75
U. S. Government Securities	227,206,143.12
State, County and Municipal Securities	18,271,772.22
Other Securities	39,966,537.14
Loans and Discounts	94,383,559.20
Bank Buildings	2,727,500.00
Accrued Interest Receivable	2,139,382.76
Customers Liability Account of Acceptances	1,731,080.00
	$679,076,711.19

LIABILITIES

Capital Stock	$14,000,000.00
Surplus and Net Profits	32,536,119.16
Reserve for Contingencies	3,550,145.25
Dividend (Payable April 1, 1942)	875,000.00
Reserved for Taxes and Interest	1,496,474.00
Unearned Discount	182,386.40
Acceptances	2,816,421.48
Deposits	623,620,164.90
	$679,076,711.19

EVAN RANDOLPH, *President*

CHARLES P. BLINN, JR., *Executive Vice-President*

JOSEPH WAYNE, JR., *Chairman of the Board*

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

Philadelphia, Pa.

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SOUTHERN RAILWAY COMPANY

Forty-Eighth Annual Report for the Year Ended December 31, 1941

Richmond, Va., March 25, 1942.

To the Stockholders of
SOUTHERN RAILWAY COMPANY:

The Board of Directors submits the following report of the affairs of the Company for the year ended December 31, 1941, which is the annual report it is contemplated formally to present to the stockholders of the Company at the annual meeting due to be held on May 19, 1942.

1941 Was a Year of Sustained Activity and of Increased Operating Efficiency

The defense activity, already at a high mark in the last quarter of the year 1940, mounted steadily during each month of 1941. In December the Company was called upon to take its part in the war effort of the Nation.

A railroad's activity is illustrated most readily by the number of tons of revenue freight moved and by the number of passengers transported; its efficiency by the relative costs of its operations.

Applying these criteria to 1941, the year showed substantial increases in activity. Freight volume increased 31.18% and passenger volume 48.97% over 1940.

Freight constitutes the bulk of the railroad's business, and in 1941 Southern Railway Company broke its freight records for all time, handling 10,558,709,260 ton miles of revenue freight, or 17.02% more than its previous high record of 1926, and received therefrom gross revenues of $116,520,375, or 3.32% more than in 1926.

Southern transported the year's business with increased operating efficiency and at a transportation cost in 1941 of 31.09¢ out of each dollar of gross revenue, the lowest in the Company's history, comparable to 33.87¢ in 1940 or 33.36¢ in 1926, the latter year having recorded the previous low for this ratio.

Heavier car and train loading, longer runs, lower coal consumption and the lowest recorded percentages of casualties and of loss and damage to lading all contributed to this result.

The Company's operating ratio, including all operating expense, except taxes and equipment and joint facility rents, was relatively low, being 63.28¢ out of each dollar, as compared to 68.81¢ in 1940 and 69.38¢ in 1926.

These results were attained, the business was thus handled and the property adequately maintained, notwithstanding the fact that the Company owned in 1941 approximately 31% fewer locomotives and 34% fewer freight cars than in 1926, that the average number of employees was some 35% less than in 1926, and that labor rates increased as between the two periods, that is, as of December 31st in each year, by approximately

46% for Maintenance of Way,
37% for Maintenance of Equipment,
29% for Transportation Employment.

Furthermore, tax accruals in 1941 were $15,552,068 as against $10,351,100 in 1926, an increase of 50.25%.

That the property was thus operated at a relatively lower cost is attributable to many factors, among them:

(1) The improvement in the art of railroading, especially in the development of labor-saving devices and techniques, and to the installation thereof on the property through the years at large capital cost, such as improved shop machinery, feed water heaters, spring switches, modern roadway machines, automatic water pumps and numerous other mechanized devices.

(2) The productive capacity of the Company's present motive power and the increased capacity of its new freight cars acquired within the last five years, Southern Railway Company during such period having acquired 15,509 modern freight cars, thus giving it a large percentage of "new" cars five years or less in age.

(3) The continued program of long life tie renewal, due to which the property was better maintained in 1941 by means of only 1,583,200 cross tie renewals than by the renewal of 3,546,599 ties, largely untreated, effected in 1926, a decrease of 55%, and, similarly, by the use of 7,195,000 FBM (board feet) of switch ties in 1941 as compared with 11,532,000 FBM in 1926, a decrease of 38%.

(4) The long term program of trestle filling, with the result that in 1941 there were applied only 13,044,746 FBM of lumber, as against 20,574,623 FBM in 1926, a decrease of 37%. In 1941, due largely to this program, the Company had to maintain only 256,520 lineal feet (48.58 miles) of open deck trestles, as compared with 460,621 feet (87.24 miles) in 1926, a decrease of 44%.

(5) The continued program of abandonment of unprofitable branch line mileage and the retirement of large numbers of obsolete side tracks and unused structures, with the consequent savings in unnecessary maintenance.

(6) The improvement in efficiency of personnel and the high morale of the whole organization.

(7) Comparatively ideal weather conditions from a railroading standpoint in 1941, together with the aid of continuous and conscientious supervision, prevented serious operating casualties throughout the year.

Due to these factors, and to the extraordinary war activity which produced this large volume of traffic, the Company was able in 1941 to carry down into Net Railway Operating Income the largest proportionate amount of Gross Revenues in its history, leaving available for other corporate necessities 23.43¢ out of each dollar of operating money it took in, after providing for operating expenses, taxes and equipment and joint facility rents.

The story of the year in detail follows:

The Year's Business

The revenue from the operation of the railroad in 1941 was $139,926,434, an increase of $34,021,039, or 32.12% over 1940, freight revenue increasing $27,928,715, or 31.53% over the previous year, and passenger revenue increasing $5,055,088, or 55.08% over 1940.

The following comparative statistics illustrate the current traffic conditions:

	1941	1940
Freight moved (tons)	50,613,150	38,416,299
Average distance moved (miles)	208.62	209.53
Ton miles	10,558,709,260	8,049,214,280
Average revenue per ton mile	1.104¢	1.101¢
Total freight revenue	$116,520,375	$88,591,660
Number of passengers	5,311,826	4,234,270
Average journey (miles)	148.30	124.89
Passenger miles	787,760,102	528,817,231
Average revenue per passenger per mile	1.807¢	1.736¢
Total passenger revenue	$14,232,778	$9,177,690

Operating Expenses increased $15,677,132, or 21.51%, over last year, while Railway Tax Accruals increased $7,160,585, or 85.33%, bringing the Company's tax bill to $15.552,068, or approximately five and a quarter million dollars more tax liability than for any year in the Company's previous history.

The expenditures out of the dollar of revenue for the several general heads of Operating Expenses, stated comparatively, were as follows:

	1941	1940
Transportation of the traffic	31.09¢	33.87¢
Maintaining roadbed and structures	10.00¢	12.35¢
Maintaining rolling stock	17.46¢	17.00¢
Traffic solicitation and supervision	1.53¢	1.86¢
General expenses	2.50¢	3.11¢
Operating dining cars and other incidental services	.70¢	.62¢
Totals	63.28¢	68.81¢

In addition to the large increase in Tax Accruals two other extraordinary increments in the bases of expense in 1941 as compared with the previous year were (1) increased wages growing out of the Mediation Wage Award applicable to the last four months of 1941, which for those four months increased Operating Expenses by $2,197,886, and (2) increased prices of fuel, applicable for varying periods throughout the year, amounting to $675,140.

The aggregate of the increases for 1941 in Tax Accruals, wages and fuel prices was the large amount of $10,033,611.

These increased bases of expense, projected on an annual basis for the year 1942, will show still larger unavoidable expenditures, it being estimated that the effect of the Mediation Wage Award applicable to the full year 1942 will amount to approximately $8,667,241, no decreases being in sight in other costs. No attempt has been made to estimate the increased tax load for 1942.

The Year's Net Income and What Was Done With It

Net Income after charges amounted to $19,369,894, an increase over 1940 of $12,017,822, and the largest amount earned by the property since the depression.

The largest portion of such income went into payment of debt and reduction of fixed charges, as follows:

(a) The Reconstruction Finance Corporation loan, which stood at $14,955,000 on December 31, 1940, was paid off in its entirety (by means of paying $4,955,000 from the treasury and of refunding the remainder of $10,000,000 through bank loans effected May 15, 1941, to mature ratably over three years, but which in turn were paid off in full by December 15, 1941, at an average interest cost of 2.67%), and

(b) As security for the performance of a covenant in Southern Railway Company Memphis Division First Mortgage, $1,500,000 principal amount of these Bonds were acquired by the Trustee of that Mortgage in connection with the acquisition by the Company of 2.53 miles of line formerly owned by the Company's subsidiary, Memphis-Chattanooga Railway, which was dissolved during the year, the bonds so acquired by the Trustee being held alive by it and the interest thereon accruing to Southern.

Treasury cash in large amount for these and similar purposes was thus used during 1941, thereby permanently reducing the burden of annual fixed charges by $705,543.

Another large portion of the Company's cash went into capital expenditures, including additional payments for new rolling stock and mechanical equipment, increased amounts for maturing installments of Equipment Trust obligations, and a great many new labor-saving devices and roadway additions and betterments, such capital expenditures amounting in 1941 to $8,570,926, or $3,487,405 more than in 1940.

Due to the extraordinarily heavy war business developed and developing with increasing acceleration at the end of the year, necessity required the expenditure of much more cash than in the previous year on a moderately increased inventory of material and supplies for immediate use, the Company having in its inventory $2,249,000 more on December 31, 1941, than on December 31, 1940.

Thus, although there was earned the amount of $19,369,894 after charges in 1941, these earnings were entirely absorbed and a dip made into the unspent balances of the two prior years' earnings to pay the items just referred to, of:

Cash Expended in Debt Retirements	$16,817,000
Capital Expenditures	8,570,926
Increased Inventory	2,249,000
A total of	$27,636,926

Although the cash balance at the end of the year was larger by $6,785,794 than at the end of 1940, this increase was only moderate in view of the increase of $7,373,888 in accrued tax liability and the certainty of even higher taxes and other costs in 1942.

Reduction of Fixed Charges and of Funded Debt

At the threshold of the depression years, in 1930, the Company's fixed charges amounted to $18,030,689, plus $4,028,200 for the principal of maturing equipment obligations. In other words, after providing for all operating expenses, taxes, joint facility and per diem rents, the treasury, for the year 1930, was also required to find and pay $22,058,889.

Corresponding figures for the year 1941, due to the program of debt retirement, show fixed charges reduced to $16,299,717 and maturing equipment trust installments to $3,602,000, an aggregate of $19,901,717, a reduction in such annual obligations, notwithstanding the depression years, of $2,157,172 a year; and the year 1942 will show a further substantial reduction in fixed charges due to the payment of debt in 1941.

The principal amount of the indebtedness on which these fixed charges accrue shows a net reduction as compared with a year ago, including therein an issue of $11,250,000 of new equipment trust certificates, hereinafter to be described, as follows:

Funded Debt

	Dec. 31, 1941	Dec. 31, 1940
Funded Debt	$241,499,500	$241,499,500
Reconstruction Finance Corporation Notes	-o-	14,955,000
Leasehold Estates	53,115,600	53,139,600
Equipment Trust Obligations	39,647,000	31,989,000
	$334,262,100	$341,583,100

Purchase of New Equipment

During 1941 the Company ordered 4,000 steel freight train cars, 25 all steel baggage-express cars and 5 Diesel-electric switch engines, the principal part of which, due to the material shortage, has not yet been delivered. Approximately ten per cent of the estimated cost of this new equipment is being paid in cash as the equipment is delivered, the remainder, or $11,250,000, of such cost having been financed through the sale of Southern Railway 2% Equipment Trust Certificates, Series JJ, dated July 1, 1941, and maturing ratably over a period of ten years, these Certificates having been sold on a basis of 1.9657%.

In addition the Company has ordered two 5400 horsepower Diesel-electric road freight engines, which are expected to cost approximately $1,000,000, including the necessary facilities for servicing them, and 2,500 new 50-ton all steel open top cars; none of this equipment, however, to be delivered, due to the stringency in critical materials, before late in the year 1942 or early in 1943.

All of the Company's streamlined passenger train equipment, Diesel locomotives and freight train cars, referred to in the report for the year ended December 31, 1940, were placed in service during 1941 and have proved their timely worth during the year just closed.

Wage Increase

A nationwide demand for increased railroad wages resulted in the Mediation Wage Award, which has the effect of increasing wages on an annual basis, using 1941 pay rolls as a yardstick, by approximately $8,667,241. This wage award had the further effect of increasing the Company's accruals for Railroad Retirement and Federal Tax for Unemployment Insurance by $127,477 during the four months of the year 1941 for which it was effective, and by $502,700 on an annual basis. Thus the annual increase growing out of the wage adjustment is estimated in the aggregate at $9,169,941.

New Rail

New rail laid in 1941 amounted to 20,925 tons, as compared with 15,355 tons laid in 1940. Although the defense program is absorbing large quantities of steel heretofore available for new rail, orders for 1942 have been placed for 30,000 tons, of which 15,000 tons are to be of 131-lb. section, the remaining 15,000 tons to be of 100-lb. section, the Company having agreed to release substantial quantities of relay rail for the use of the Government for military purposes as and when the new rail is delivered.

Southern Railway Company-Mobile and Ohio Stock Trust Certificates

The Court of Appeals of the State of New York, in the suit referred to in last year's annual report, held that the Company remained liable for annual payments in perpetuity of $226,008 with respect to the Southern Railway Company-Mobile and Ohio Stock Trust Certificates, and the Company will therefore continue to make such payments.

Rate and Fare Increases

Seeking to offset, in part, the added costs attributable to the increase in wages, taxes and other bases of expense, the railroads sought from the Interstate Commerce Commission and were granted an increase of 10% in passenger fares effective February 10, 1942, and at the same time asked for a freight rate increase of ten per cent, which resulted in an increase of 6%, with certain exceptions, in freight rates and charges granted by the Commission and made effective March 18, 1942.

The Impact of War in Our Territory and Its Bearing on Industrial Development in 1941

The projected expansion in facilities for the production of iron and steel, aluminum and coke, for power generation and for miscellaneous manufacturing, as reported last year, were completed or were well under way in

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1941, and in many instances large and additional expansions in these same industries, stimulated by the defense program, were well under construction at the end of 1941. The war effort also greatly accelerated expansions in the chemical and allied industries, including woodplup and rayon, lumber and woodworking plants, cotton textiles and other industries providing vital materials.

Greatly increased industrial activity in some parts of the territory has been brought about by the awarding of Government ordnance contracts to many existing plants, resulting, in some cases, in conversion of the entire plant to arms production. In fact the speedy conversion of all suitable facilities to new Government work is to be expected.

While this defense activity is thus substantially contributing to the Company's revenues, its effect on the other hand, due to the discontinuance of automobile construction and to the growing occupation of the commercial field by the war effort, is detracting from the Company's regular commercial traffic.

The impact of the Government's program has been felt primarily in new construction work—construction of defense and war projects: cantonments, training fields, airports and air bases, airplane parts and airplane assembly plants, powder and other explosives plants, ammunition depots, shell and bag loading plants, quartermaster depots, hospitals, large housing projects, as well as naval bases and shipyards, a large number of which are on Southern Railway and affiliated lines or at points served by them or their immediate connections.

The cotton textile industry, so important to Southern Railway and affiliated lines, in 1941 again broke all previous records. The consumption of raw cotton reached a new all-time record of 10,583,550 bales, an increase of 31.4 per cent over the previous mark set in 1940. At the close of 1941 there were 17,937,744 cotton spindles in place in the cotton growing states, constituting 74.3 per cent of the cotton-spinning machinery in place in the United States; and Southern mills worked 79.4 per cent of the total spindle hours, taking 85 per cent of the total consumption of cotton for the country.

In 1941 the United States rayon industry again surpassed all previous records. Total rayon filament yarn and staple fiber production amounted to 573,230,000 pounds, which was 22.7 per cent greater than for the previous record year of 1940, it being estimated that approximately 70 per cent of the country's output of rayon yarn and staple fiber was made in the South during 1941. In consumption, too, the rayon industry set a new high during the year with a total of 586,016,000 pounds, being 20.1 per cent higher than ever before.

During the year 137 new industries were established and additions made to 84 existing plants at points served by the railway.

Conclusion

In this time of war Southern Railway Company will strive to serve the Country and to serve the South earnestly, patriotically and with conscientious regard of the management for the best interests and the security of the owners of the property.

The officers and employees have again earned the sincere appreciation of the management for the good job they have done during these difficult times.

Respectfully submitted, by order of the Board,
ERNEST E. NORRIS,
President.

SOUTHERN RAILWAY COMPANY.
Financial Results for the Year.

	In 1941	In 1940
The Company received from freight, passenger and miscellaneous operations a total revenue of	$139,926,434	$105,905,395
The cost of maintaining the property and of operating the railroad was	88,547,313	72,870,181
Leaving a balance from railroad operations of	$51,379,121	$33,035,214
Federal, state and local taxes required	15,552,068	8,391,483
Leaving a balance of	$35,827,053	$24,643,731
The Company paid to other companies for hire of equipment and use of joint facilities in excess of the amount received by it from those sources	3,037,072	3,186,437
This leaves an income from railway operations of	$32,789,981	$21,457,294
Other income derived from investments in stocks and bonds and miscellaneous items was	2,879,630	2,718,171
Making a total income of	$35,669,611	$24,175,465
Interest on funded debt and equipment trust obligations, rents paid for leased railroads and miscellaneous deductions totaled	16,299,717	16,823,393
Thus resulting in a net income of	$19,369,894	$7,352,072

SOUTHERN RAILWAY COMPANY.
Financial Position at the End of the Year.

	On December 31, 1941	On December 31, 1940	Increase or *Decrease*
The Company had investments in land, railroad tracks, terminal facilities, shops, locomotives, freight and passenger cars and other fixed property of	$544,772,080	$532,078,732	$12,693,348
In addition the company had investments in stocks, bonds and notes of affiliated companies carried at	55,937,150	59,915,532	*3,978,382*
Total Investments	$600.709,230	$591,994,264	$8,714,966
*The Company had cash working capital	$32,683,847	$22,997,676	$9,686,171
Other railroad companies and others owed the Company	8,416,225	5,664,059	2,752,166
The Company had on hand fuel, rails, ties, bridge material and other supplies necessary for keeping road and equipment in good order	8,796,645	6,547,559	2,249,086
Deferred assets and unadjusted debits, including items owed but not yet available to the Company	4,443,044	3,858,453	584,591
The Assets of the Company totaled	$655,048,991	$631,062,011	$23,986,980
The Company owed for materials, supplies, wages and balances to other railroad companies, and interest and rents accrued but not yet due	$18,997,233	$14,831,118	$4,166,115
Taxes accrued but not due	10,326,203	2,952,315	7,373,888
Operating reserves	1,186,042	1,106,284	79,758
Reserve for depreciation of road and equipment	41,748,849	37,382,866	4,365,983
Deferred liabilities, including items due to others not yet adjusted	10,669,749	9,972,821	696,928
The total of these liabilities, credits and reserves was	$82,928,076	$66,245,404	$16,682,672
After deducting these items from the total assets there remained available for the capitalization of the Company net assets of	$572,120,915	$564,816,607	$7,304,308
The capitalization of the Company consisted of the following:			
Funded Debt, including bonds, equipment trust obligations, etc.	$284,252,768	$291,078,432	*$6,825,664*
Preferred Stock	60,000,000	60,000,000	
Common Stock	129,820,000	129,820,000	
Making a total capitalization of	$474,072,768	$480,898,432	*$6,825,664*
After deducting this capitalization from net assets there remained a surplus, largely invested in the property, of	$98,048,147	$83,918,175	$14,129,972

*There is included in cash working capital the following:

December 31, 1941 an amount of $10,949,080, representing a special deposit of the proceeds from the sale in July 1941 of Equipment Trust Obligations, Series "JJ" which will be applied in payment upon delivery in 1942 of the equipment purchased in 1941 but not completed and delivered in that year.

December 31, 1940 an amount of $10,153,682, representing a special deposit of the proceeds from the sale in November and December, 1940, of Equipment Trust Obligations, Series "GG" and "HH," which was applied in payment upon delivery in 1941 of the equipment purchased in 1940.

Total British Sales Of U. S. Securities

The Treasury revealed on Mar. 26 that the United Kingdom sold $542,832,000 of its American securities in the last three years to pay for war materials. Advices to this effect were contained in Associated Press, Washington advices, which further said:

This was in addition to an estimated $500,000,000 of similar securities placed under the trusteeship of N. Y. Federal Reserve Bank as collateral for a $425,000,000 loan from Reconstruction Finance Corp. British sources said the remaining United Kingdom investments in this country were of a minor, or unmarketable, nature.

Giving 1941 figures for the first time, the Treasury said the British sales of the stocks and bonds of United States businesses included: 1939, $144,530,000; 1940, $170,931,000; and 1941, $227,271,000. These sales were designed primarily to pay for war materials purchased in this country prior to lend-lease.

In addition, Canada during these years sold $72,518,000 of American investments, including $30,423,000 in 1939, $15,806,000 in 1940 and $26,289,000 in 1941.

Switzerland, Germany, Italy and Japan also sold small quantities.

These sales were the principal change in foreign capital movements in and out of the United States last year, except for the withdrawal by Switzerland of $169,646,000 of bank deposits. As long as the United States remained neutral, the Swiss sent money here both for safekeeping and investment, but reversed the process when the United States became a belligerent.

For all countries, the net capital withdrawals totaled $496,923,000, about half of which represented sale of securities.

FDR, Haiti Pres. Confer

President Roosevelt held a luncheon conference with President Elie Lescot of Haiti on March 24 discussing defense, shipping and economic problems. Mr. Roosevelt said that Haiti may be able to provide some of the agricultural products and other essentials which formerly were imported from the Far East, including greater cultivation of sisal, which is used for hemp and rope. President Lescot said that Haiti is ready to play any role which circumstances may oblige.

Invites Tenders On New South Wales 5% Bonds

The Chase National Bank of New York, successor fiscal agent, is inviting tenders for the sale to it of State of New South Wales, Australia, external 5% sinking fund gold bonds, due April 1, 1958, at prices not exceeding par and accrued interest, in an amount sufficient to exhaust the sum of $204,155.92. Tenders will be received to noon, April 8, 1942, at the corporate trust department of the bank, 11 Broad Street, New York.

Investment Trusts

(Continued from page 1327)

1. Greater use of consolidated figures, instead of tax calculations affected by technical corporate divisions.

2. An effective right to charge off bad debts with fewer of the obstacles which in many cases have made this right unavailable to taxpayers.

3. A recognition that non-business income frequently involves expenses which should be deductible.

4. Fewer obstacles to be placed in the way of "last-in-first-out" accounting—the only sound accounting method for inventory companies, but heretofore made unavailable to many companies by the tax laws.

5. A possibility that financial institutions will be able to amortize bond premium against coupons on their tax books.

In speaking of the tax proposals, *The Broad Street Letter* says, ". . . Today's dollar cost of stocks gives considerably more net earnings per share than in good prewar years in spite of the largest corporation tax cost in history. This is not to say that stocks may be purchased indiscriminately. On the contrary, many stocks are in an unfavorable position today because of taxes and dislocations incident to the war but there are many others that offer attractive investment opportunities. . . . For this reason the prospect of greatly increased taxes in 1942 and later years does not necessarily mean that common stocks *per se* are no longer an attractive medium of investment but rather that much greater care must be exercised in their selection. Any added risk that stock purchases may entail is compensated for in large measure by the better yields and the prospects for appreciation offered by such stocks."

The Keystone Investor for March points out that in reality every investor faces a double shrinkage in income in the months ahead from increased income taxes on the one hand and higher living costs on the other. Or expressed another way: "The same dollar income will produce fewer dollars, after taxes, at a time when more dollars are needed to meet living expenses."

The nice solution to this problem would be to increase investment income without in any way increasing the investment risk, and it is pointed out that this is entirely practicable and possible.

"Most investment accounts," says *The Keystone Investor*, "contain low-yielding or non-dividend paying stocks and defaulted bonds. These are 'lazy dollars'—dollars which are not paying their way. Many of the securities were bought in peace-time for their prospects under a peace-time economy. These securities may be replaced with other securities paying generous returns at current levels and, at the same time, improving the investment quality of the account. Not only "lazy dollars" but idle cash, can be put to work in many instances. . . . It is possible that investment return may be increased sufficiently to offset higher taxes and living costs without any material increase in risk."

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1325)

Of course, taxes also came in for their share in the discussions. But as nobody knew when and what form they would take, their application was academic at best. What amazed me, was the lack of talk about market technique that I encountered. Here were people who had never paid any attention to balance sheets, earnings, inflation or taxes, always basing their judgment on market action, talking about something that deep down they didn't believe in at all.

* * *

Anyway, I decided that, after listening to a lot of fool talk, I could have done as well by warbling: "Volume is low, trading is slow, clap, clap, clap, clap, down in the heart of Wall Street." At least, I would have had a reason to applaud, if only to keep time.

So until volume is up, my best advice is to hold your cash until the sun is bright, things are right, clap, clap, clap, clap, down in the heart of Wall Street.

* * *

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.]

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Calendar of New Security Flotations

OFFERINGS

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)

Offered March 31, 1941, at 102½ and int.

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)

Offered March 26, 1942, at $5 per share.

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for $10,000,000 first mortgage and collateral trust 3⅜% bonds due 1971

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

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

Proceeds—Proceeds from the sale of the bonds would be used to finance the company's construction program, including the Venice No. 2 plant of its subsidiary, the Union Electric Co. of Illinois. Company proposed to buy from the subsidiary as much as $10,000,000 of additional common stock of the subsidiary as construction funds are required. All the outstanding stock of the subsidiary is pledged under the company's mortgage under which the bonds are to be issued. The Venice No. 2 plant would add 240,000 kilowatts of additional generating capacity to the company's system late in 1943. The first section consists of two 40,000 kilowatt units, of which the first recently was placed in operation and the second is scheduled for completion next month. A second section of 80,000 kilowatts under construction is scheduled for completion in the Fall and a third of the same capacity is to be completed late next year

Underwriting and Offering—Subject to the SEC's approval the company expects to offer the issue at comparative bidding about March 23, with bids to be submitted by March 30. Names of underwriters and the public offering price will be supplied by amendment

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

Awarded—Bonds awarded March 30 to Lehman Bros. and associates at 109.28011.

Offered—April 1, at 109⅞ and int. by Lehman Bros.., Bear, Stearns & Co., Blair & Co., Inc., Hemphill, Noyes & Co., Laurence M. Marks & Co., Schoellkopf, Hutton & Pomeroy, Inc., Hallgarten & Co., Swiss American Corp., Francis, Bro. & Co., Arthur Perry & Co., Inc., and I. M. Simon & Co.

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.

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

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)

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)

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)

TUESDAY, APRIL 14

VINCO CORPORATION

Vinco Corporation has filed a registration statement with the SEC for 104,000 shares common stock, $1 par

Address—Detroit, Mich.

Business—Engaged in manufacture and sale of hardened and ground tools and gauges, including lapped high precision gauges and tools, involute spline gauges, master gears, gear tooth gauges and index plates, which now comprise the major portion of the company's business

Offering—The shares registered will be initially offered by the company to holders of its common stock for subscription, pro rata, in ratio of 2 shares for each 3 shares held; such of the shares are not issued upon exercise of the subscription rights, will be sold to the public. The stock of record date, subscription price per share and expiration date of the subscription offer, and the public offering price, will be supplied by amendment

Underwriting—A. M. Kidder & Co., New York, is the sole underwriter

Purpose—Net proceeds will be initially added to working capital, to be used principally to meet the increased demand for working funds which has resulted from expansion of company's business and the further expansion of company's business expected to occur upon completion of the plant, construction of which is now contemplated by company as agent for Defense Plant Corp.

Registration Statement No. 2-4972. Form A2 (3-26-42)

SATURDAY, APRIL 18

BELLANCA AIRCRAFT CORP.

Bellanca Aircraft Corp. filed a registration statement with the SEC for 57,412 shares common stock, $1 par. Further details as to the financing, including details of distribution, application of proceeds, underwriters, if any, etc., are to be supplied by amendment to registration statement. SEC withheld much of material filed by company, presumably in conformity with military censorship policy

Registration Statement No. 2-4975. Form S-2 (3-30-42)

HONOLULU RAPID TRANSIT CO., LTD.

Honolulu Rapid Transit Co., Ltd., has filed a registration statement with the SEC for 75,000 shares of 6% cumulative convertible preferred stock, $10 par; and 75,000 shares common stock, $10 par, latter reserved for issuance on conversion of the preferred stock

Address—1140 Alspai St., Honolulu, Hawaii

Business—Company is a public utility engaged in providing urban transportation service to the city of Honolulu, rendered by trolley coaches and gasoline buses

Underwriting—None

Offering—The preferred stock is offered to company's common stockholders of record April 30, 1942, for subscription at $10 per share, on the basis of three shares of preferred stock for each five shares of common stock, to be evidenced by transferable warrants which expire May 29, 1942. Such of the preferred stock not subscribed to on or before May 29, 1942, or not sold on or before June 30, 1942, will be retained by the company, subject to issue and sale, either at private or public sale, at not less than $10 per share

Proceeds will be applied to reduction of outstanding bank loans, aggregating $1,650,000

Registration Statement No. 2-4973. Form S-2 (3-30-42)

HYGRADE SYLVANIA CORP.

Hygrade Sylvania Corp. filed registration statement with SEC for 50,000 shares 4½% cumulative convertible preferred stock, $40 par; and 105,000 shares common stock, no par, the latter reserved for conversion of the preferred stock

Address—60 Boston St., Salem, Mass.

Business—Engaged in manufacture and sale of electric incandescent lamp bulbs, radio receiving tubes, fluorescent lamps and fixtures, and other electronic products and certain chemical products directly or indirectly related to the foregoing. Regular and special products, to a large and increasing extent, are being supplied to the military services and for other war uses

Underwriters of the preferred stock, and the number of shares which each has agreed to underwrite, are as follows:

Jackson & Curtis, Boston	14,000
Lee Higginson Corp., Boston	10,000
Estabrook & Co., Boston	7,500
Merrill Lynch, Pierce, Fenner & Beane, New York	7,400
Putnam & Co., Hartford, Conn.	2,000
Hale, Waters & Co., Inc., Boston	1,600
Graham, Parsons & Co., New York	1,500
Whiting, Weeks & Stubbs, Inc., Boston	1,500
Yarnall & Co., Philadelphia	1,000
Minsch, Monell & Co., Inc., New York	1,000
Brush, Slocumb & Co., San Fran.	500
Herbert W. Schaefer & Co., Balt.	500
Stein Bros. & Boyce, Baltimore	500
Van Alstyne, Noel & Co., New York	500
Wyeth & Co., Los Angeles	500

Offering—The preferred stock will be offered to the public, at a price to be supplied by amendment to registration statement. The underwriting commission is $2 per share

Proceeds will be used for additional working capital

Registration Statement No. 2-4974. Form A2 (3-30-42)

ONTARIO NICKEL CORP., LTD.

Ontario Nickel Corp., Ltd., filed a registration statement with the SEC for 2,400,000 shares common stock, $1 par

Address—372 Bay St., Toronto, Canada

Business—This mining company owns six lease patents of mining claim in Strathy Township, Ontario, which is inactive at present. Also, holds an option to purchase certain mining properties in the Sudbury District, Ontario. Company plans to dismantle a portion of the mining plant set up on the Strathy property and move it to the Sudbury property and to produce nickel concentrates from the ore contained in the Sudbury ground, which will be marketed

Underwriting and Offering—The common stock will be sold to the public at the market, by George H. Johnson, Toronto

Proceeds will be used for development work, purchase of machinery and equipment, and for working capital

Registration Statement No. 2-4976. Form S-3 (3-30-42)

SUNDAY, APRIL 19

CANADA DRY GINGER ALE, INC.

Canada Dry Ginger Ale, Inc., filed a registration statement with the SEC for: 25,173 shares $5.50 cumulative convertible preferred stock, no par; an indeterminable number shares common stock $5 par (including Scrip Certificates for fractions of shares), to be reserved for issuance on conversion of the preferred; and Subscription Warrants (Full and Fractional) evidencing, in the aggregate, rights to subscribe for such 25,173 shares of preferred stock

Address—100 E. 42nd St., New York, N. Y.

Business—Engaged, directly or through subsidiaries, in the manufacture and distribution of ginger ale and other carbonated beverages in the U. S. and Canada, and in the distribution, and to a small extent the manufacture, of alcoholic beverages in the U. S.

Underwriting and Offering—The preferred stock will first be offered to company's common stockholders for subscription, in the ratio of one share of preferred for each 24 shares of common stock held. The stock of record date, date of expiration of the subscription offer, and the subscription price per share, will be supplied by amendment

The unsubscribed portion of such 25,173 shares preferred stock will be underwritten and offered to public, at a price to be supplied by amendment; underwriters are Union Securities Corp., New York, and Hornblower & Weeks, New York

Proceeds will be used to pay outstanding $1,100,000 bank loans, balance for working capital

Registration Statement No. 2-4977. Form A2 (3-31-42)

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)

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

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Calendar of New Security Flotations

for each 183 shares of common stock held of record on the effective date of the registration statement. The subscription price per share will be supplied by amendment. The Subscription Warrants will be exercisable on or before 3 p.m. Eastern War Time on April 6, 1942. Such of the Debentures as are not subscribed for under this offer, will be sold to the public through underwriters, at a price to be supplied by amendment.

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

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

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

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

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

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

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

Proceeds will be applied as follows $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2 (9-17-41)

Amendments filed Nov. 27, Dec. 15, 1941, Jan. 2, Jan. 20, Feb. 6, Feb. 24 and March 13, 1942, to defer effective date

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)

HAMILTON WATCH CO.

Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

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

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

Amendment filed Jan. 29, Feb. 16 and March 6, 1942 to defer effective date

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters. Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

Amendments filed Jan. 8, Jan. 24, Feb. 2, 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 3⅜% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

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

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

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

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

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

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,091 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 $5,750,000 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 3⅜% 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

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 44,750 shares at $1.75 per share and 74,150 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.

(This List Is Incomplete Today)

Reveals Interesting Bank Statistics

Some interesting facts are revealed by a comparison of the consolidated statements of all American banks, as presented in the First 1942 Edition of *Rand McNally Bankers Directory* (The Blue Book) just published.

For example, it is shown that there are five states which lead in both total deposits and total loans, but they do not classify in the same order under both headings.

The order of greatest deposits is: 1. New York; 2. Pennsylvania; 3. Illinois; 4. California; 5. Massachusetts. But, the order of greatest loans (in total dollars) is: 1. New York; 2. California; 3. Massachusetts; 4. Pennsylvania; 5. Illinois. As to further information supplied, it is noted.

Massachusetts and California banks are evidently doing a better job of lending than Pennsylvania and Illinois banks. As a matter of fact, they are also doing better than New York in proportion to deposits.

Massachusetts leads, having loaned 42.04% of deposits. California comes second in percentage, having loaned 41.3% of deposits. New York is third with 31% loaned. Pennsylvania is fourth with 29.6%, and Illinois is fifth with 24.8%.

These percentages are based on the total deposits, and the total loans of all banks in these five states.

The variation in the number of banks is interesting, for it shows an increase in branches and a decrease in head offices. There are seven more branches of national banks at the beginning of 1942 than there were as of June 30, 1941, and there are 16 more branches of state banks.

However, there are 13 less branches of other banks, so that there's a net gain of 10 branches

There is a loss in head offices, however, of 16 national banks, 30 state banks, 5 private banks, and 19 other banks. Thus, we have a net loss of banking offices of 60.

Examining the semi-annual consolidated statements for the last few years, in The Blue Book, it is found that there has been a decline of capital every six months since June 30, 1935. There has been an increase in surplus since June 30, 1939. There has been an increase in deposits since June 30, 1936. There has been an increase in total resources since Dec. 30, 1936. It is also revealed that Government securities owned have a total larger than shown in the table for any year, the banks now holding $25,440,712,000 worth. Other securities have gained slightly in the last six months.

THE BOND SELECTOR

EASTERN GAS & FUEL ASSOCIATES
First & Collateral 4s, 1956
Recommended as a Commitment in the Soft Coal Industry

Although often considered a public utility enterprise, less than 25% of this company's revenues are derived from gas and electric sales. Coal usually accounts for around 45% of gross, coke for 22%, manufactured gas for 20%, electricity for less than 1%, with the balance derived from its fleet of colliers and pig iron from its blast furnace. Eastern Gas is one of the country's chief producers of bituminous coal which it mines in West Virginia, Kentucky and Pennsylvania. These coal properties cover more than 140,000 acres and are estimated to have a life of over 45 years. Coke plants are located in New Haven, Philadelphia and near Boston from which centers the company distributes coke to consumers for house heating, to utilities for gas manufacture and to plants for industrial and metallurgical purposes. Through its wholly-owned Boston Consolidated Gas Company and Old Colony Gas Company, Eastern Gas & Fuel serves several Massachusetts communities with manufactured gas. The company, a Massachusetts voluntary association, is controlled by the Koppers interests of Pittsburgh.

Originally organized under Declaration of Trust in 1929 as a holding company, Eastern Gas & Fuel assumed an operating status in 1936 as the result of a consolidation and simplification of the corporate structure. This involved the elimination of 14 active subsidiaries and transfer of their properties to other units in the group. A major factor in this adjustment was the issuance by the parent, Eastern Gas & Fuel Associates, of $75,000,000 of bonds, the proceeds of which were used to retire the entire funded debt of subsidiaries and to purchase all minority interests in the system.

Of the original $75,000,000 issue of these First 4s, 1956, $66,357,000 were outstanding at the end of 1940. They are secured by a first lien on all the Association's property and by pledge of blocks of securities of the principal subsidiaries, including Koppers Coal Company, Philadelphia Coke Company, Connecticut Coke Company, Boston Consolidated Gas Company, Old Colony Gas Company, etc. What the actual value of these securities may be, of course, is difficult to estimate. On the basis of the 1940 balance sheet, the principal amount of the 4s, 1956, outstanding (the only debt of the company), was equivalent to 53% of net plant account, which can be considered a reasonable ratio.

A fixed sinking fund and a contingent sinking fund are provided for the bonds. The fixed sinking fund equals $525,000 of bonds semi-annually plus interest on bonds previously retired; this will retire $30,000,000 of the original $75,000,000 issue by maturity in 1956. The contingent sinking fund requires an annual payment of 10% of the balance of consolidated net earnings for the preceding year. To the end of 1940, $8,643,000 bonds had been retired.

Although it is to be expected that earnings of a soft coal producer will be highly cyclical, Eastern Gas & Fuel has had a record somewhat better than might be expected for this type of business. It is naturally impossible to make comparisons prior to the 1936 consolidation, but since that time, interest on the Association's funded debt has been earned on the average 1.65 times, the lowest coverage being reported in 1938 when the figure was 1.08 and the best year being 1941 when interest requirements were earned 2.10 times. These figures are all computed after Federal income taxes, which is not normally done in industrial companies, and consequently are very conservative. Only the preliminary figures on earnings are available for 1941, and these do not furnish sales and operating revenues. We know only that tonnage coal sales were up 8% over 1940, tonnage coke sales were up 3% and gas volume was up 1%. Since coal and coke prices were substantially higher in 1941 than in 1940, it is estimated that gross revenues were 15% ahead for a total of approximately $85,000,000. The following table shows the income account since 1937:

	Oper. Rev. & Sales	Tot. Income	D. & D. Retirements	Avail. for Fixed Chgs.	Fixed Chgs.	Times Earned
1941	**	$14,835,000	$4,598,000	$6,659,000	$3,176,000	2.10
1940	$74,629,000	12,186,000	4,272,000	6,329,000	3,331,000	1.90
1939	68,231,000	9,618,000	4,208,000	4,932,000	3,527,000	1.40
1938	61,934,000	8,313,000	4,042,000	3,906,000	3,633,000	1.08
1937	69,523,000	11,264,000	4,035,000	6,553,000	3,683,000	1.78

**Not available.

The fact that total income in 1941 increased from $12,186,000 to $14,835,000, or 20%, while the amount available for fixed charges of $6,659,000 was less than 5% higher than the 1940 figure was undoubtedly due to higher taxes, although the detailed figures are not yet available.

At the present time the bonds sell at 81, comparing with their 1942 range of 86⅞-80⅛. At this price they yield about 6.05% to their maturity in 1956. The price ranges in recent years have been as follows:

	High	Low
1941	90¾	77
1940	88½	74¾
1939	82½	53¾
1938	81½	55⅛
1937	95⅜	64

Balance of capitalization, in addition to the $66,357,000 of first mortgage bonds, consists of 246,373 shares of 4½% Cumulative Prior Preference Stock ($100 par), 374,138 shares of 6% Cumulative Preferred ($100 par) and 1,988,400 shares of Common. Of the outstanding Common stock, approximately 78% is owned by the Koppers interests.

These bonds are recommended as a speculation. They are, by the very nature of the Association's business, volatile price-wise, but at their current level stand to show some appreciation over the near term, in line with the expected continuing heavy demand for soft coal and coking fuels. At the same time they afford a liberal return, and even during periods of slack demand and weak price structures the company has been able to bring down sufficient earnings to service the interest requirements.

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Smith And Schneider With Sweetser & Co.

Harold B. Smith and Caspar C. Schneider are now associated with Sweetser & Co., 65 Broadway, New York City, members of the New York Stock Exchange, as co-managers of the over-the-counter trading department. Mr. Smith was formerly in charge of trading and Mr. Schneider in charge of wholesaling at Duryea & Company, which was dissolved when the partners of that firm joined the armed forces.

Harold B. Smith

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on March 30 that the tenders for $150,000,000 or thereabouts, of 78-day Treasury bills, to be dated April 1 and to mature June 18, 1942, which were offered on March 27, were opened at the Federal Reserve Banks on March 30. The following details of this issue are revealed:

Total applied for _____ $356,653,000
Total accepted _____ 150,435,000

Range for accepted bids (excepting two tenders totaling $17,000):

High — 99.967. Equivalent rate approximately 0.152%.

Low — 99.948. Equivalent rate approximately 0.240%.

Average Price 99.952. Equivalent rate approximately 0.221%.

(41% of the amount bid at the low price was accepted.)

It was explained that the reason for the bills maturing in 78 days, instead of the usual 91-day maturity, is to make the bills fall due around June 15, the date of the second quarter's income tax payment. The previous offering was 83-day bills maturing on June 16.

Admit Diefendorf

Robert R. Diefendorf has become a limited partner in Delafield & Delafield, 14 Wall Street, New York City, members of the New York Stock Exchange, following the dissolution of Diefendorf, Lindley, Warburton & Co.

Beverley M. Eyre has been approved as alternate on the floor of the Exchange for Benjamin V. Harrison, Jr.

Dunn, Jr. with Bankamerica

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — Ritchie Livingston Dunn, Jr. is now associated with Bankamerica Company, 300 Montgomery Street, members of the Los Angeles Stock Exchange. Mr. Dunn in the past was an officer of R. L. Dunn, Jr. & Co., Inc.

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Our Reporter On "Governments"

Obviously, financing through the sale of certificates of indebtedness is a temporary expedient. . . . The maturity on this type of instrument is limited by law to one year. . . . Certificates attract only certain investors—commercial banks mainly, of course. . . . This year, there'll be some demand from business firms with extra "earmarked" cash on hand too. . . . In 1934, this factor wasn't as important. . . . But no matter how much is said about the certificates, the fact is they mature in a year (or maybe less) and that's real short-term financing. . . . Not too significant from either a market or a war financing point of view. . . .

The first issue of certificates is to be offered during the week of April 7, Secretary Morgenthau announced. . . . There'll be two issues this month. . . . At this writing, there has been no disclosure of terms of maturity, but the coupon should be between ½ and ¾% if the due date on the certificates is to be between nine months and a year. . . . Both logical assumptions. . . .

It's the first time in eight years that Morgenthau has turned to this form of security. . . . The choice of certificates, therefore, demands some analysis of his reasons for returning to the certificate of indebtedness. . . . And, according to informed sources, this is Morgenthau's plan at the moment. . . .

(1) Every other month, there'll be short-term financing of one kind or another. . . . Say, certificates of indebtedness, amounting to $1,000,000,000 or so. . . .

(2) Every other month, there'll be a long-term bond sale, with the interest rate amount 2¼%. . . .

Of course, these statements are unofficial. . . . They may be changed by developments in the domestic financial situation over the coming months. . . .

But apparently, the Treasury is paying considerable attention to the Government market these days. . . . And is working out a general, over-all program of borrowing through securities that will appeal to every class of investors. . . .

Starving Them?

One story is that Morgenthau wants to "starve" the market for long-term bonds for a while. . . . To force the insurance companies and other institutions interested in coupon more than maturity into a position where they "want" bonds so badly that they'll enter the open market and buy on a large scale and react eagerly to any flotation of long-term obligations. . . .

Issuing certificates and intermediate-maturity 2¼s would accomplish that. . . .

A fundamental point, mentioned repeatedly in this column, is becoming more obvious by the day. . . . The Treasury is succeeding admirably in its aim to finance the war on no more than a 2½% interest cost. . . . It not only is getting by with the 2½% rate but the way things are shaping up today, it may be able to shave that rate a bit soon. . . .

Consider the fact that in the last three weeks, the Federal Reserve Banks have been able to sell $18,250,000 bonds net. . . . That's important, for it suggests the inherent strength of the market. . . . And it indicates that our banking authorities are learning how to use control devices at their disposal. . . .

Tax-Exempts Again

In all discussions of the new tax law recently, there has been much talk of higher income tax rates, some talk of forced savings, some mention of a general sales tax. . . . But mighty little has been said about removing the exemption on outstanding issues of Government obligations. . . . On future issues of Governments, there is no argument, for taxables are now the accepted thing. . . .

But it's the exemption allowed on outstanding issues that's the crucial point to all investors. . . . And as for this, it now seems clear that the fully and partially-exempt Governments are safe —at least for this year. . . .

Add here again the fact that taxes generally will skyrocket, and you reach a conclusion of utmost importance:

The tax-exempts may be "resting" in the market today but within a short time, they'll start moving away on the upside from the taxables. . . . And the attractiveness of this section of the market will become increasingly apparent as each new issue of taxables is sold. . . .

Commercial banks may be expected to buy tax-exempts in large quantities as the months pass. . . . Sales from other sources scarcely will be great enough to depress the tax-exempts more than any other issues. . . . On the contrary, if investors have to sell, they'll probably sell their taxables and hold on to their tax-exempts until the last minute, experts believe. . . .

Switching from the taxables to the tax-exempts still seems an excellent idea. . . . Particularly around new issue dates, when price relationships may be disturbed and bargains may be found. . .

Inside The Market

Report is several major purchases of the U. S. Treasury 2¼s of 1955/52 have been completed in the last 10 days or so . . . Issue supposed to be one of most attractive on the list at the moment from yield and cost viewpoint. . . .

There'll be no competition between the new certificates of indebtedness and the Treasury's tax-anticipation notes, for the certificates have a definite maturity and are marketable. . . . The tax-anticipation notes are not marketable and may be turned in at any time by corporations or other purchasers. . . .

The Treasury's representatives have been conferring with outstanding bankers and financiers in major financial centers of the country on an over-all borrowing program. . . . Interest rate levels, types of issues to be sold, advisability of trying a "tap" offering—all these and similar questions have been discussed, although there's no indication of the conclusions reached. . . .

Debt limit of $125,000,000,000 gives Treasury all the leeway it wants for the time being, although experts are resigned to another boost in the maximum if the war lasts as long as is anticipated. . . .

Excess reserves were pushed down to the lowest level since Sept. 21, 1938, by the increase in Treasury deposits with the Reserve Banks to $472,000,000 (an advance of $413,000,000). . . . Excess reserves in last statement totaled $2,850,000,000 for the country as a whole, off $310,000,000 in the week. . . . In New York, surplus funds were off $55,000,000 to $880,000,000, lowest since Nov. 12, 1941. . . .

These decreases, though, were fully discounted. . . . They're to be expected around income-tax dates. . . . And they're not affecting the market adversely in any way. . . .

City of Cordoba (Argentine Republic)

IMPORTANT NOTICE—*To the holders of the issues of the Municipality of Cordoba (Argentine)* described in the offer of the undersigned for the purchase thereof as set forth in its notice dated March 4, 1942, in this publication:

EXTENSION OF OFFER

The undersigned has extended to **APRIL 15, 1942,** the date of expiration of its aforesaid offer. Copies of the offer, together with forms of Letter of Transmittal for acceptance thereof, may be obtained from the undersigned.

As of the close of business on March 31, 1942, acceptances of the offer had been received from the holders of $3,410,000 aggregate principal amount of the above issues.

F. J. YOUNG & CO. Inc.
52 Wall Street, New York
Telephone HAnover 2-3840
Albany Philadelphia

Dated: New York, N. Y., April 1, 1942.

Searight To Manage Trading For Tellier

Tellier & Company, 42 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association, announce that George A. Searight has joined them as manager of their trading department.

Mr. Searight entered Wall Street upon his discharge from the military service in 1919 and conducted his own firm for some ten years from 1921 to 1931, since which time he has been engaged as trading department manager for several New York firms. For the past few years Mr. Searight has specialized largely in oil and oil trust securities, with particular emphasis on the broadening market for the purchase and redistribution of producing oil royalties coming from estates and other liquidations.

Tellier & Company conduct a general business in the origination and wholesaling of producing oil royalties.

Tax-Phobic?

If your customers are suffering from the newest malady in financial circles, tax phobia, you will want to send for a copy of the current bulletin, the first of a series, on "plan for increased income to meet increased taxation" issued by Strauss Bros., 32 Broadway, New York City. Copies of this bulletin, and subsequent ones, may be had from Strauss Bros. upon request.

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Evaluator Statistics

Butler-Huff & Co., 210 West Seventh Street, Los Angeles, have just issued their "Insurance Stock Evaluator" giving in tabular form a comparative analysis of eighty-five insurance companies, as of Dec. 31, 1941. Copies of the "Evaluator" which gives interesting statistical data on the companies at a glance, may be had upon request from Butler-Huff & Co.

Copies of a bulletin on The American Insurance Company of Newark outlining the current situation, will also be sent upon request.

Vincent In Denver

(Special to The Financial Chronicle)

DENVER, COLO.—Raymond G. Vincent has opened offices at 409 High Street to engage in a securities business. In the past Mr. Vincent was in business as an individual dealer in Denver.

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