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The COMMERCIAL and FINANCIAL CHRONICLE

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Our Reporter On "Governments"

There's just one story in the U. S. Government bond mart today and that's the progress of the "tap issue." . . . It's true, of course, that we can only guess at what is going on at this stage of the sale, but we have some indications of the record, some clues to the eventual result. . . . It's true too that commercial banks are prohibited from participating in this offering so their interest in the way the flotation is going must be entirely objective. . . .

But the success of the tap issue is of utmost importance to every investor and institutional buyer of Government bonds in the Nation. . . . The success of the issue is of particular significance to commercial banks despite their inability to buy the 2½s of 1967/62 this time. . . . And the reason for that last statement is that if the issue does go over, banks may expect to be placed in a special buying category from now on. . . . If it doesn't yield much money and does suggest the trouble is too great to warrant the effort, then banks are going to be called upon to contribute more and more funds. . . .

These are obvious implications of the sale. . . . And before proceeding with this analysis, it might be said that most professionals are still puzzled as to the real explanation for the Treasury's restriction on commercial bank purchases—especially when it's trying a system for the first time and the normal procedure would be to make conditions as favorable as possible. . . . To repeat, the puzzlement is over the "real" reason—not the published one, which was that Secretary Morgenthau was attempting this device to make sure that the millions borrowed wouldn't go to swell the potentially inflationary total of commercial bank deposits. . . . But why did Morgenthau become so particular at this particular moment? . . . Why start off the "tap issue" with a major, if not overwhelming, handicap? . . . Was it because he doesn't like the tap method of financing to start with and he figured that this test would settle the problem of tap issues once and for all? . . . Was it because he doesn't count much on the tap method anyway and figures that whatever he gets from the issue is just that much additional? . . . Or was it really because he wanted to raise these few hundred millions from investors other than banks and didn't want to obscure the basic demand by letting commercial banks come in and subscribe? . . .

One thing is clear. . . . Morgenthau isn't expecting to get more than $350,000,000 from the 2½s anyway. . . . He has just raised $1,250,000,000 from the sale of the 2s of 1951/49—an excellent bond, by the way. . . . He will raise another $400,000,000 through additional sales of discount bills this month. . . .

He has asked for only $2,000,000,000 (only!) in the open market this month, so that leaves only $350,000,000 to be obtained from the tap issue. . . .

HOW IS IT GOING?

Judging from comments of dealers and brokers helping in the distribution of the 2½s, the sale is going "fairly." . . . To date, the reaction of insurance companies, trust funds, corporations, estates and other institutional buyers hasn't been anything better than that. . . . The interest may pick up as the time for closing of the books nears, admittedly. . . . The Nation's investment bankers and brokers are just getting into high gear with their program of all-out selling and they should be able to place millions of the bonds, for if any

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OUR REPORTER'S REPORT

Under more normal circumstances the wording of the ruling by the Securities and Exchange Commission, denying a Public Service Company of Indiana request that its $4,000,000 bond sale be exempt from the competitive bidding rule, would doubtless have been cause for much jubilation in underwriting circles.

With the new issue market pretty much in the doldrums currently, due to the war and its unsettling influence, the ruling did not arouse the enthusiasm that might otherwise have been the case, but the full import of its wording was absorded with an eye on the future.

The bonds in question, will be offered in competition for bids on next Monday and despite the small size of the issue, there are indications that a number of tenders will be received.

The SEC's decision said in part: "In promulgating the rule we obviously did not intend that exceptions from it would be lightly granted; an issuer, therefore, cannot act on the assumption that no attempt need be made to comply with its general requirements."

Stating that the Indiana Company made no effort to assemble necessary financial information in the event that the commission was unable to make the findings required for an exception, the Commission asserted:

"It appears to us that the company unwarrantably assumed that it could disregard the competitive bidding rule and make such full arrangements for the private sale of its securities that the commission would be compelled to grant its application for an exception or else face the onus of delaying the issue. We cannot permit ourselves to be jockeyed into such a posi-

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Sees Stock Market As A Whole In Buying Zone; Compares Action Of Foreign Markets With Ours

Roger Babson, writing in the Christian Science Monitor, declares that, without commenting upon individual issues, "it appears to me that the stock market as a whole is in a buying zone. Naturally, in view of conditions, the market has been very sensitive for some months with the emphasis of movement on the downside. This has been occasioned mainly by domestic industrial upheavals, the uncertainty of the tax and profits situation, and bad news from the war areas.

"Considering all that Great Britain has been through and particularly with the Germans sitting only 20 miles away from the British Isles, one would naturally expect a badly acting London market. Stocks on the London Exchange have, however, steadily advanced in the face of falling New York prices. This is likewise true in France, Holland, and Germany. Ever since the war started, common stocks have advanced in the countries most affected.

U. S. Vastly Better Off

"All of these nations have proportionately larger debts than the United States. They have suffered great amounts of property damage. Their tax laws are far more drastic than ours. The regulations and restrictions under which their people work, eat, and live make our price ceilings, priority rules, and food controls seem like child's play. Yet in the face of conditions far worse than any which have yet touched our own country, foreign stocks have advanced while the bulk of our own securities, have consistently moved downward.

"Any historical study of inflation such as occurred both during and after the last war shows that the time ultimately comes when people prefer to own real property and good stocks rather than bonds and cash. Inflationary forces are steadily at work here, but they are further advanced in the countries previously mentioned. We see in our own group in realizing that cash is no longer the form in which to protect one's capital. Not so here as witnessed by the large amount of money now in circulation. Its total far exceeds any that this country has previously known. Much of this money is held by foreigners who fled Europe. Their fears have been communicated to our people. As a result, safe deposit boxes are at a premium in most banks. As I have said before, hoarding serves no useful purpose.

"If the American investor is to combat successfully rising prices and rising taxes, he must have more income and increase his capital from which his income is derived. In terms of our pre-war dollar of 1939, a dollar bill today, on the basis of wholesale prices, is worth 76 cents.

Don't Follow the Crowd

"Certain real estate is O. K. War Savings Bonds and Stamps are a 'must' in every investment portfolio. However, successful real estate commitments are the exception rather than the rule and no real estate has the marketability of good common stocks. Bonds are approaching an all-time high and, except in instances of certain discount issues, should

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Announce Field Day For N. Y. Bond Club

The Municipal Bond Club of New York will hold its eleventh annual field day on Friday, June 5, at the Westchester County Club, Rye, N. Y. This represents a change in location, as it was originally planned to hold the field day at the Hempstead Country Club.

The day's activities will feature golf and tennis tournaments and a baseball game will be played in the afternoon. War Savings Stamps will be awarded during dinner.

Gatch Bros.-Crago Co. To Be NYSE Members

ST. LOUIS, MO.—With the acquisition by Nelson B. Gatch of the New York Stock Exchange membership of Vernon C. Badham, the firm of Gatch Bros., Jordan & McKinney-Crago, Smith & Canavan, 418 Olive Street, will become members of the New York Stock Exchange. The firm, which was recently formed by the merger of Gatch Bros., Jordan & McKinney, and Crago, Smith & Canavan, already holds memberships on the St. Louis Stock Exchange.

Dearth Commissioned Lt.-Commander in Navy

DES MOINES, IOWA—Michael D. Dearth, President of Murdoch, Dearth & White, Incorporated, of Des Moines, Iowa, and St. Louis, Mo., is taking a leave of absence from his firm for the duration of the war in order to join the U. S. Navy. Mr. Dearth, who is a graduate of Annapolis and spent several years on active duty with the Navy, has been commissioned as a Lieutenant-Commander. The Des Moines office of Murdoch, Dearth & White will be managed by Robert H. McCrary, Vice-President, during Mr. Dearth's absence and no other changes in personnel in the organization will be effected.

Michael D. Dearth

IBA Governors To Meet In New York May 22-24

The regular Spring meeting of the board of governors of the Investment Bankers Association of America will be held May 22 to 24, at Rye, N. Y., it was announced May 13 by John S. Fleek of Hayden, Miller and Co., Cleveland, President of the Association. Condensing into a three-day week-end a meeting which in more normal years runs for five days, was done as a war-time economy of man-hours, the announcement stated. Making it a strictly business meeting near New York City was for the same reason. Many of those attending from other sections of the country can include the meeting as a part of one of their regular periodical trips to the financial center, it was explained. It is further stated by the Association that in order to cover a large amount of business in the abbreviated session, one full day is to be devoted to committee meetings and the other two days will be given over completely to board meetings, which will be open to all those attending. In addition to the 48 members of the board, who represent every section of the United States and Canada, all members of national committees and of the executive committees of the Association's 18 geographical groups have also been asked to attend, as well as many former board members.

Marino To Be Partner

Joseph C. Marino will shortly be admitted to partnership in Doolittle, Roth & Schoellkopf, members of the New York Stock Exchange. Mr. Marino will make his headquarters at the firm's New York City office, 120 Broadway, and will act as alternate for Prentice Strong on the floor of the Exchange.

Washington Bond Club To Hold Annual Outing

WASHINGTON, D. C.—The Washington Bond Club announces that the annual outing of the club will be held on Friday, June 12, at the Manor Club.

Events of the day will include a golf turnament (Acacia Cup and other prizes), putting contest, and horseshoes — Class A and B, in addition to swimming, tennis and beer. Dinner will be a Chet Ailes special, and the club announces prices have been frozen at preceding levels—$2.50 for members, $3 for guests.

The Stock Exchange will be open for trading. Orders will be received by Newt Brewer, Robert C. Jones & Co., and allotments will be made over and above participations ordered. There was a heavy oversubscription last year, so members are urged to place orders early.

Chairman of the 1942 Outing is Austin B. Rohrbaugh, of Robinson, Rohrbaugh & Lukens. Committee heads are: Nominating, George Ferris, Ferris, Exnicios & Co., Inc.; tickets, Newt Brewer, Robt. C. Jones & Co.; Stock Exchange, Bill Coe, Mackall & Coe; dinner, Chet Ailes, Brown, Goodwyn & Olds; prizes, Berney Nees, Johnston, Lemon & Co.; golf, John Hoffman, McKnew & Co.; putting, Dick Winder, Henderson Winder & Co.; horseshoes, Monk Ellis.

L. A. Bond Traders Outing For May 23-24

LOS ANGELES, CALIF.—The Bond Traders Association of Los Angeles will hold their annual spring outing at the Hotel Del Coronado at Coronado Beach, Calif., on May 23 and 24. Golf, swimming, badminton, tennis, pitch and putt course will be featured, with a limited amount of free liquid refreshments, the amount depending on the market between now and party time.

Cost will be $7.50, covering room and three meals, and the outing committee asks that reservations be made by May 18. Members of the committee are: Don Summerell, Merrill Lynch, Pierce, Fenner & Beane, Chairman; Sam Green, Pledger & Co., and Joe Gallegos, Pacific Co. of California.

Gordon Graves Co. In Fla.

CORAL GABLES, FLA.—Gordon Graves & Co. has opened a branch office here at 204 Alhambra Circle under the direction of Herbert T. McNichol, formerly of J. S. Bache & Co. Budd G. Moore also previously with J. S. Bache & Co., will be assistant manager. The Coral Gables office will do a general retail business in bonds and general market securities.

S. R. Melven Enlists

Sydney R. Melven, proprietor of S. R. Melven & Co., 2 Rector Street, New York City, who served in World War I, has enlisted in the United States Army. S. R. Melven & Co. has announced that the firm is retiring from the securities business for the duration.

Reelect R. L. Stott Chairman Of NYSE

At the annual election of the New York Stock Exchange, held on May 11, Robert L. Stott, of Wagner, Stott & Co., was reelected as Chairman of the Board of Governors for another one-year term. In addition to the election of a Chairman, the Exchange elected nine Governors, two members of the Gratuity Fund and five members of the Nominating Committee. Nomination of these officers was referred to in these columns of April 16, page 1531. Following are the names of the new Exchange officers:

Nine Members of the Board of Governors

Three members of the Exchange residing and having their principal places of business within the metropolitan area of the City of New York:

For the Term of Three Years:

Robert J. Hamershlag, Hamershlag, Borg & Co.; George R. Kantzler, E. F. Hutton & Co.; Raymond Sprague, Raymond Sprague & Co.

Three allied members or non-members residing and having their principal places of business within the metropolitan area of the City of New York, who are general or limited partners in member firms engaged in a business involving direct contact with the public:

For the Term of One Year:

John C. Maxwell, Tucker, Anthony & Co.; Radcliffe Swinnerton, R. Swinnerton & Co.

For the Term of Three Years:

Murray D. Safanie, Shearson, Hammill & Co.

Three members or allied members or non-members of the Exchange residing and having their principal places of business outside of the metropolitan area of the City of New York, who are general or limited partners in member firms engaged in a business involving direct contact with the public, of whom not less than one is a member of the Exchange:

For the Term of Three Years:

Percy W. Brown, Hornblower & Weeks, Cleveland, Ohio; William W. Cabell, Branch, Cabell & Co., Richmond, Va.; James J. Minot, Jackson & Curtis, Boston, Mass.

Two Members of the Gratuity Fund

For the Term of Three Years:

John Rutherfurd, at Reynolds, Fish & Co.; John K. Starkweather, Starkweather & Co.

Five Members of the Nominating Committee

For the Term of One Year:

Three Members of the Exchange: Robert W. Keelips, Ware & Keelips; Coleman B. McGovern, Gude, Winmill & Co.; Charles A. Sulzbacher, L. F. Rothschild & Co.

Two Allied Members of the Exchange: Charles S. Garland, Alex. Brown & Sons, Baltimore, Md.; Ranald H. Macdonald, Dominick & Dominick.

T. Catton Associated With Quincy Cass Firm

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — Thomas R. Catton has become affiliated with Quincy Cass Associates, 530 West Sixth St., members of the Los Angeles Stock Exchange. Mr. Catton was formerly with Hurry, Hilgers & Co. In the past he was President of Thomas R. Catton & Co., Inc., and was a partner in Chapman & Co.

Revenue Bonds Subject Of Municipal Forum

An open forum will be held by The Municipal Forum of New York, following luncheon on May 15 at Block Hall, New York, for discussion of revenue bonds as legal investments for savings banks and trust funds. Charles F. Aufderhar, Jr., Savings Bank Trust Company, will preside over the forum.

The Committee on Revenue Bonds of the Municipal Forum in 1940 undertook to study the possibilities of revenue bonds as trustee investments and the committee report will be submitted at the Forum luncheon. Members of the committee are: Cushman McGee, Acting Chairman; Elmo P. Brown, Walter L. Cropley, John B. Dawson, A. Baisley Sheridan and Byron W. Shimp.

Wiesenberger Opens New Advisory Dept.

Arthur Wiesenberger & Company, 56 Beaver Street, New York City, members of the New York Stock Exchange, announce an expansion of activities with the formation of a "Department of Special Negotiations." The function of this department will be to act in an advisory capacity or as an intermediary in the sale or purchase of going business concerns, sale or purchase of controlling or minority interests in closed corporations, the liquidation of unprofitable units and acquisition of new desirable products and processes, especially those in the proven stage. Special advisory assistance will also be furnished for mergers and financial reorganizations. Management of the new department will be under the direction of Irving Fieldman, a well known consultant and specialist in chain store activities who has served as an expert negotiator for leading financial institutions, chain stores and prominent private estates.

Albert Van Court To Conduct Own Firm

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Albert E. Van Court has opened offices at 639 South Spring Street, to engage in a general securities business. Mr. Van Court for the past 11 years has been a vice-president of William R. Staats Co.

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Subscriptions in United States and Possessions $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Edward G. Otis Joins Staff Of Wyeth & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Edward G. Otis has become associated with Wyeth & Co., 647 South Spring St., members of the Los Angeles Stock Exchange. Mr. Otis was formerly Vice-President of Floyd A. Allen & Co., Inc., and prior thereto conducted his own firm, E. G. Otis & Co., in Los Angeles.

James T. Mayall With Harris, Upham & Co.

(Special to The Financial Chronicle)

ST. PAUL, MINN.—James T. Mayall has become associated with Harris, Upham & Co., Pioneer Building. Mr. Mayall formerly for many years conducted his own investment firm in St. Paul. In the past he represented the Northern Trust Company of Chicago in the Twin Cities.

Twin City Bond Club Announce June Outing

MINNEAPOLIS, MINN.—The Twin City Bond Club will hold its twenty-first annual picnic on Thursday, June 11, at the Midland Hills Country Club. There will be all-day golf, lunch and dinner. The club is extending a cordial invitation to all bond men to attend the outing. Reservations should be made with H. H. Wylie, Wells-Dickey Company, Minneapolis.

John Hammitt Dies

John K. Hammitt, member of the Philadelphia Stock Exchange, and senior partner of Hammitt & Co., Philadelphia, died after a brief illness. Mr. Hammitt served during the first World War as a lieutenant in the 318th Infantry Regiment, receiving the silver star for gallantry in action and the military order of the purple heart.

Petroleum Industry Has Bright Outlook

Walter F. Tellier, of Tellier & Company, 42 Broadway, New York City, specialists in old royalties, reminds brokers and dealers that in spite of gasoline rationing, royalties are actually more attractive now than ever before. This statement is based upon the fact that modern warfare is primarily dependent upon oil, and a tremendously large supply is and will increasingly be needed by the United Nations to fight the war successfully to ultimate victory.

Confirmation of this is given by Russell B. Brown, General Counsel of the Independent Petroleum Association of America, who said in an article recently appearing in the Tulsa, Oklahoma, "World," that: "Modern warfare is based upon the use of petroleum products. It ranks as an absolute necessity. Almost all strategy today depends upon mobility, speed and power. Thus far, there has been no substitute offered for petroleum products in supplying these three qualities. Petroleum furnishes a fuel and a source of power which is more nearly perfect than anything else which has yet been discovered."

In addition, the oil industry is expected to play a big role in the United States' synthetic rubber program and a phenomenal expansion is predicted, as a petroleum base is used in this work. Oil royalty owners receive the cash equivalent of one-eighth of the crude oil produced, payable monthly, and these payments come ahead of dividends or bond interest of operating companies.

J. C. Wright Becomes Keane & Co. Partner

DETROIT, MICH.—John C. Wright has been admitted to general partnership in Keane & Co., Penobscot Building, members of the Detroit Stock Exchange. Mr. Wright's association with Keane & Co. was formerly reported in the "Financial Chronicle" of April 2.

Also connected with the firm is G. E. Wilson.

A. S. Mills Bond Mgr. For Newhard, Cook Co.

ST. LOUIS, MO.—Andrew S. Mills has become associated with Newhard, Cook & Co., Fourth and Olive Streets, members of the New York and St. Louis Stock Exchanges, as manager of the municipal bond department. Mr. Mills was formerly a partner in Francis, Bro. & Co., with which he had been associated for many years.

Bailie With Sincere Co.

DAVENPORT, IOWA—A. R. Bailie has become associated with Sincere & Co., 231 South La Salle St., Chicago, members of the New York Stock Exchange and other leading exchanges, as representative in Davenport. Mr. Bailie, who was formerly with McGuire, Welch & Co., will have offices at 912 East High St.

Glore, Forgan Offers National Distillers Deb.

An underwriting group headed by Glore, Forgan & Co. and Harriman Ripley & Co., Inc., offered to the public May 13 an issue of $15,000,000 National Distillers Products Corp. 7-year 3¼% sinking fund debentures, priced at 100, plus accrued interest. Of the net proceeds, $11,000,000 will be applied to the repayment of presently outstanding bank loans of the corporation and the balance will be placed in its general funds and used for general corporate purposes.

An indication of the corporation's financial requirements is given in the prospectus which shows that during the year 1941 consolidated notes and accounts receivable, less reserves, increased $5,496,537 to $28,049,482; consolidated inventories increased $4,539,381 to a total of $40,817,616; and cash disbursements in connection with additions to property, plant and equipment amounted to $1,403,775. Cash on hand at Dec. 31, 1941, was $2,680,119.

A sinking fund is provided for the new debentures sufficient to retire semi-annually $375,000 principal amount, beginning Mar. 1, 1943, at redemption prices ranging from 101 to 100 on or after Mar. 1, 1948. Other than for the sinking fund, debentures are to be redeemable as a whole at any time, or in part from time to time in amounts not less than $100,000, prices ranging from 102½ prior to Mar. 1, 1943, to 100 on or after Mar. 1, 1948. Debentures retired otherwise than through the sinking fund may be credited against sinking fund requirements.

Corporation is chiefly engaged in the distillation and sale of American whiskies, operating directly or through subsidiaries 12 whiskey distilleries in the United States with a combined distilling capacity for a 24-hour period of 159,439 proof gallons. The corporation is also engaged in other branches of the alcoholic beverage industry and in the manufacture and distribution of certain food specialties.

Other members of the underwriting group are: Blyth & Co., Inc.; Hayden, Stone & Co.; The First Boston Corp.; Lehman Bros.; Goldman, Sachs & Co.; Kidder, Peabody & Co.; W. C. Langley & Co.; Stone & Webster and Blodget, Inc.; Blair & Co., Inc.; H. M. Byllesby & Co., Inc.; Emanuel & Co.; Wertheim & Co.; Alex. Brown & Sons; Eastman, Dillon & Co.; Laird, Bissell & Meeds; Hornblower & Weeks; G. H. Walker & Co., and Kuhn, Loeb & Co.

Interest Possibilities

Securities of the New York New Haven & Hartford RR. offer attractive interest possibilities at the present time, according to a circular being distributed by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of the circular may be had from the firm upon request.

Canadian Industrial Activity Remains High

General industrial activity in Canada remains unchanged at a high level, our index continuing for the third consecutive month to register 164 (1937 equals 100). The percentage of current factory capacity utilized fell from 115 at mid-March to 114 at mid-April, the downward trend occurring mainly in the heavy iron and steel industries owing to further plant expansion and reorganization.

Our wage payroll index for March was 190 (1937 equals 100), an increase of 7% over February and of 23% over March, 1941. As compared with a year ago the increases were 28% for both manufacturing and trade, with one of 17% for transportation and minor decreases for the other categories. The most striking increase over February was that in trade payrolls (comprising wholesale, retail and service trades), namely 27%.

The activity of the food group was slightly upwards, chiefly in flour and cereal products. In the clothing group there was a marked rise in the output of men's clothing (partly seasonal and partly on Government order), with minor rises in footwear, men's furnishings, cottons and woolens. Less activity is shown in the pulp and newsprint sections.

A moderate decline is recorded in the automotive trades, some units not having yet completed the retooling necessary for full conversion to Government orders, but the present level of activity as a whole is considerably higher than in the autumn of 1941. Gains are reported in every branch of the other iron and steel trades, notably in the heavy section.

Planting in the Prairie Provinces has been delayed by wet weather, with rainfall late in April of very heavy proportions in Saskatchewan. Seeding, however, is quite well advanced in the driest areas, southern Alberta and southwestern Saskatchewan. The spring moisture is well above normal in Saskatchewan, a most welcome condition in view of the less-than-average pre-season reserves, while the recent rainfall was sub-normal in Manitoba and Alberta where, however, there are good reserves. Taking all these factors into account, the new crop season, though late, has begun more satisfactorily than was in prospect a month ago.

Two Large Exchange Firms To Amalgamate

George F. Hackl, Jr., members of the New York Stock Exchange, formerly a partner in Gilbert Eliott & Co., will become a partner in Laird, Bissell & Meeds, New York Stock Exchange firm, on June 1st.

The majority of the personnel of Gilbert Eliott & Co., which will discontinue business as of June 1st, will likewise become associated with Laird, Bissell & Meeds.

It is also rumored that an amalgamation of Reynolds & Co. and Goodbody & Co. is in the offing.

Appeal Bd. Interprets Unemployment Law

Undertaking a national defense training course constitutes good cause for leaving employment voluntarily within meaning of the New York State Unemployment Insurance Law, according to a recent Appeal Board decision announced at Albany under date of May 1, by Milton O. Loysen, Executive Director of the Division of Placement and Unemployment Insurance of the State Department of Labor.

"Should a worker leave his employment voluntarily, 'without good cause,' he is subjected to certain penalties as far as collecting his unemployment insurance benefits is concerned," said Mr. Loysen. "That's why this Appeal Board decision and others included in this announcement are important to New York State workers." Other decisions, says the announcement, based on leaving employment voluntarily included:

Denial of a request for promotion did not constitute good cause for voluntarily leaving employment.

Anticipation of seasonal layoff was not good cause for voluntarily leaving employment.

Dislike of new assignment at which claimant worked a short period was not good cause for voluntarily leaving employment.

Denial of a request to change vacation plans was not good cause for voluntarily leaving employment.

The desire for higher wages and better promotional opportunities does not constitute good cause for leaving a job unless a benefit claimant has a reasonable prospect of other employment.

Voluntarily leaving employment rather than continue working under conditions which were acceptable for six years is without good cause.

Municipal Club Hears Schacher At Meeting

CHICAGO, ILL.—Dr. Gerhard Schacher was the guest speaker at the luncheon meeting of the Municipal Bond Club of Chicago on May 13. Dr. Schacher's subject was "He Wanted to Sleep in the Kremlin."

The Municipal Bond Club has decided to dispense with its usual Spring party, substituting luncheon meetings and similar affairs on its program, according to George L. Martin, Martin, Burns & Corbett, Inc., President.

New committee chairmen appointed are: D. T. Richardson, D. T. Richardson & Co., Program; A. G. Pickard, C. F. Childs & Co., Inc., Finance; Lloyd Jammer, R. S. Dickson & Co., Publicity; Woodward Burgert, Harris Trust & Savings Bank, Attendance.

Bocklet, Tyson To Be Partners In Gammack Co.

Charles J. Bocklet and H. Blair Tyson will become partners in Gammack & Co., 40 Wall St., New York City, members of the New York Stock and Curb Exchanges, as of June 1. Mr. Bocklet, a member of the Curb Exchange, was previously a partner in Howe & Co.

Goldschmid Now Assoc. Mgr. of Haupt NY Branch

Arthur Goldschmid, formerly with Leopold Spingarn & Co., has been appointed Associate Manager of the 501 Seventh Avenue office of Ira Haupt & Co., members of the New York Stock Exchange. According to an announcement made by the firm, Samuel E. Sweedler and Emanuel E. Dunn, co-Managers of the office will continue in that capacity.

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.

BROOKLYN, N. Y.—**Security Adjustment Corporation**, 16 Court St., announces that **Daniel Ohl**, formerly with Cassatt & Co., has been appointed Assistant Cashier of their firm.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Percy E. Morris** has been added to the staff of **Charles A. Day & Co., Inc.**, Sears Building.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Frederick N. Shannon** is now with **David A. Noyes & Co.**, 208 South La Salle St.

(Special to The Financial Chronicle)

FRESNO, CALIF. — **Alexander P. Gatti** has become associated with **Blyth & Co., Inc.**, Russ Building, San Francisco, Calif. Mr. Gatti was formerly Manager of the Bond Department of the Fresno office of Dean Witter & Co. Prior thereto he was Fresno Manager for Conrad, Bruce & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Dan H. McKellar**, formerly with Franklin Wulff & Co., Inc., has joined the staff of **Revel Miller & Co.**, 650 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Robert C. Davidson** and **Hays Matson** are now with **Pacific Company of California**, 623 South Hope St. Both were previously connected with Merrill Lynch, Pierce, Fenner & Beane.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Rodney Charles Crist**, formerly with Merrill Lynch, Pierce, Fenner & Beane, has become connected with **Sutro & Co.**, Van Nuys Building.

(Special to The Financial Chronicle)

ONTARIO, CALIF.—**Harvey O. Chapman** has become affiliated with **Pacific Company of California**, 623 South Hope St., Los Angeles. Mr. Chapman was formerly Ontario, Calif., Manager for Davies & Co., and prior thereto for White, Wyeth & Co.

(Special to The Financial Chronicle)

PORTLAND, ME. — **Albert E.** Gibbons is now associated with **H. M. Payson & Co.**, 93 Exchange St. Mr. Gibbons was previously with Harriman Ripley & Co., Inc., and its predecessor firm for many years.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **Albert B. Dewing, W. W. Gay, Hartley Hutchings** and C. R. Pettit have joined the staff of **Sutro & Co.**, 407 Montgomery St. All were previously connected with Revel Miller & Co.

(Special to The Financial Chronicle)

SANTA MONICA, CALIF. — **Frank J. Townsend** has become associated with **Pacific Co. of California**, 623 South Hope St., Los Angeles. Mr. Townsend was formerly Local Managed for Merrill Lynch, Pierce, Fenner & Beane, and for Banks, Huntley & Co.

(Special to The Financial Chronicle)

SEATTLE, WASH. — **John M. Brazier** has been added to the staff of **John R. Lewis, Inc.**, 1006 Second Ave. Mr. Brazier was previously with Merrill Lynch, Pierce, Fenner & Beane.

Robert H. Watson Now With F. S. Moseley

(Special to The Financial Chronicle)

CHICAGO, ILL. — Robert H. Watson has become associated with F. S. Moseley & Co., Field Building. Mr. Watson for the past 10 years has been associated with Blyth & Co., Inc., representing them in the Middle West, and was Manager of their St. Louis office. Prior thereto he was with Chase Harris Forbes Corp., and was Manager of the Bond Department for the Dime Bank of Ft. Wayne, Ind.

Ralph Bloom Now With Mitchell, Hutchins Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Ralph M. Bloom is now associated with Mitchell, Hutchins & Co., 231 South La Salle St., members of the New York and Chicago Stock Exchanges and other leading exchanges. Mr. Bloom was formerly with Langill & Co., specializing in real estate bonds and stocks. Prior thereto he was with Kirstein & Co.

James Hunt To Manage Trading For Hood Co.

DETROIT, MICH.—James H. Hunt has become associated with L. T. Hood & Co., Buhl Building, as manager of their trading department. Mr. Hunt was formerly manager of the trading department of S. R. Livingstone & Co. and prior thereto was with Palmer, Everham & Co. and Alison & Co.

Parks At Goldman Sachs

ALBANY, N. Y.—Gardner F. Parks, for a number of years in business in Albany as an individual dealer, has become associated with Goldman, Sachs & Co., 30 Pine Street, New York City, members of the New York Stock Exchange. In the past Mr. Parks was New York State representative for Gertler & Co., Inc., and was Albany manager for Bankamerica-Blair Corp.

Oil Royalties Interesting

An interesting list of current offerings of oil royalties as filed with the Securities and Exchange Commission has been prepared by Tellier & Company, 42 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association. Copies of the list may be had upon request from Tellier & Co.—ask for Schedule "A."

J. F. Reilly To Move

J. F. Reilly & Co., members of the New York Security Dealers Association, announce that on May 16 their offices will be moved from 50 Broad Street to 71 Broadway. Telephone and teletype numbers will remain unchanged.

UP-TOWN AFTER 3

NEW MOVIES

"This Above All" (20th Century-Fox), Tyrone Power and Joan Fontaine; with Thomas Mitchell, Henry Stephenson, Gladys Cooper, Nigel Bruce and Philip Merivale. Directed by Anatole Litvak. The Eric Knight best seller from which this picture was taken concerned itself with a philosophy of a disillusioned veteran of Dunkirk who fought to change the England he knew. A member of the lower middle classes he had suffered from the mistakes of the upper classes who he felt had brought his country to the brink of ruin. After Dunkirk, disgruntled and disappointed with the status quo, he deserted. But from here on the original story and the picture take different roads. He meets a girl on a blind date, a member of the WAAF, a daughter of the ruling classes he despises. At this point the Hays' office takes over. A week-end in the country becomes one of those highly improbable, but perfectly proper things. Finally the softening influence of love causes the boy to change his mind and go back to the army. All throughout the picture the hero is guided by Hamlet's ". . . to thine ownself be true." The sudden abandoning of his belief is never satisfactorily explained. But if the story structure is weak the acting is not. Tyrone Power as the confused boy is effective if not convincing. Joan Fontaine as the WAAF girl is charming. . . . **"Broadway" (Universal), George Raft, Pat O'Brien, Brod Crawford, Janet Blair, Anne Gwynne, Marjorie Rambeau.** An intriguing story with a biographic slant supposedly based on the life of George Raft himself. Raft, now a movie star, arrives in New York. While poking around a Broadway bowling alley, once the site of a night club where he got his start, he runs into the watchman and both begin reminiscing. In a flashback the story takes you back to the prohibition days of bootleg gin, hijackers and gang fights. It's an interesting picture and keeps your attention all the way. . . . **"Syncopation" (RKO), Adolphe Menjou, Jackie Cooper, Bonita Granville.** Some time ago the SEP ran a music popularity poll to determine the All American Dance Band. This picture is the result. As an answer to a jitterbug's prayer it has everything—top bands and hot music, some of it really excellent. But as adult entertainment with a sustained story to support it, it falls considerably short of even mediocrity. It's about how music from the deep South comes to Chicago and, after trying times sweeps the country. **"The Mayor of 44th St." (RKO), George Murphy, Anne Shirley.** This one also takes music and musicians as its central theme. It has to do with bands, how they're booked and how racketeers muscle in. At best it's a dull story though it has the music of Freddy Martin and his orchestra to sustain it.

ABOUT-THE-TOWN

Don Julio's (40 W. 8th St.), a typical Village night spot that claims to be the only Mexican night club in New York. A down cellar place, its entertainment and music is of the Latin variety. Some of it is pleasant and some just noisy. Don Julio (a dead ringer for Paul Whiteman) acts as m. c., comes on with a revolver shooting blanks on the theory that no sleeping while the show is going on. . . . **The Ice Terrace of the Hotel New Yorker** has a new show, "ICETOPPERS," that is about everything its enthusiastic press agent can claim for it. Starring Johnny Long and his orchestra, a sweet outfit; Bob Russell, m. c., who has one of the pleasantest singing voices we have heard in some time; the show is fast, interesting and eye and ear provoking. It's presented in a series of scenes, starting with a romance interrupted by the draft. Then there is a dream sequence followed by a Hawaiian setting that is something to see. With Bob Russell singing effectively in the background the girl skaters go softly through South Sea dances. The final scene is gay 90's with the girls dressed in the costumes of the period. The whole thing adds up to what is probably the best ice show the New Yorker has had in some time. . . . **Hotel Woodstock (127 W. 43rd)**, a side street hotel with a dining room cuisine that puts some of our grander hotels to shame. The dining room, done in Old English, overlooks the lobby which seems to be a beehive of activity. Next time you go to the theatre suggest you try the Woodstock for dinner. Not only is the food worthwhile but its location leaves you within easy walking distance of the theatre. . . . Our West Coast correspondent writes recommending **Bert Rover's Paris Inn (210 E. Market St., Los Angeles, Calif.)**. Says Fred Germano, headwaiter, "is a swell guy" and sums it up with ". . . good show and lots of fun here." While waiting for the Army to call me I went to **Maggi McNellis'** cocktail party at **Armando's** last week. Party was arranged to unveil Maggi's portrait, painted by Natalie Faber. While I don't know a thing about art I do know that Maggi is an attractive wench. But the portrait looks like a surrealist's impression of a Dali dream. The party, however, was a huge success. Maggi, sporting a green veil and a forest of orchids, sang "Twiddling My Thumbs." And can she sing it! **Eleanor (Rainbow Room) French** sang, **Ted Straeter** (Kate Smith's program) sang and played. Even **Jimmy Bryant**, turned song plugger, tried to impress with his latest brain child. But everybody was too intent on drinking Armando's place dry to pay much attention. Poor **Morton Downey** was in a position of the guy "who brought his harp to a party and no one asked him to play." No one asked him to sing. **Peter Arno** looked like he wanted to do something but he, too, wasn't asked. It was all very sad. Even **Danton Walker** tried to look self effacing as **Peggy** (Keep 'Em Laughing) **French** made him the subject of her song, "How I Subscribed to Liberty Magazine." Me? Oh, I tried holding hands with Maggi.

To Admit van de Rovaart

Harry van de Rovaart has become a partner in Combs, Maxwell & Potter, 25 Broadway, New York City, members of the New York Stock Exchange. Mr. van de Rovaart will act as alternate on the floor of the Stock Exchange for Richard P. Combs.

Tomorrow's Markets Walter Whyte Says—

Market feeling offerings. Reaction now indicated. Don't expect any "testing of bases." If any reaction carries prices back to recent lows, it will go lower. Suggest coming setback be used to buy stocks.

By WALTER WHYTE

Another week has gone by and instead of the market going down, it managed not only to hold most of the previous week's gains, but in some stocks add to them.

* * *

Now, no one likes an advancing market more than I. But to lull oneself into a feeling of confidence that all this market needs is a few day's rally to change it over from the dull listless draggy affair to a rip snorter of a bull market is not only silly; it's dangerous. Yet, during the last two weeks, the market has done a nice job. It managed to lumber forward against what seemed like heavy offerings and instead of being scared to death on meeting them, a condition with which we have been only too familiar, stood its ground. And, as previously mentioned, some stocks were even able to go through their offerings.

* * *

The question now uppermost is: What will the market do from here on? There are three possibilities. It can stand still. It can continue going up. It can go down. Obviously the news will continue to play a major part in whatever does happen.

* * *

Up to this writing the news has been, for a change, good. The apparent victory of our navy in the Coral Sea and the Malta defeat of the Axis planes were both encouraging. But the continued sinkings of our ships off the Atlantic shore is certainly not good news. It is bad news. Our ships are sunk at a faster rate than they come off the ways. Still, it seems to me, that the market has full knowledge of this news, because in spite of its mixed nature it has not acted as a market that is ready to resume any down swing.

* * *

Some time ago a large financial house conducted a survey among market technicians to determine their opinion on the market trend. As of the beginning of April the survey showed that the majority believed the market would react to about 90-95, using Dow averages, with 95 as the favorite choice. At the end of April another survey brought out a still lower figure—85-90, with the lower figure attracting the majority. It is interesting to note that these were for short term. For the long term outlook, the opinion was almost unanimously optimstic.

* * *

I don't know what such a survey would uncover today, and I don't care. I don't like long term market predictions and hemming and hawing about the short term ones. Most stock minded people do not give a hang about what will happen say a year from today. It's what will be seen a week or a month from now that counts.

* * *

So to get back on the track.

* * *

I believe that the market will go up within the next two weeks to a month. In the meantime, I look for a combination of the two actions to dominate: slow reaction and dullness. On this reaction and dullness, I suggest that stocks be bought, or at least that holdings remain undisturbed. There is an outside chance that, instead of either or both of the above happening, the market may continue going up. If this occurs, the technical position of the market may be so impaired that selling would be advisable.

* * *

Of the various groups that make up the market, the steels, airplanes and coppers, act badly. On the other hand, the specialties and manufacturing, some rails and utilities act well.

* * *

Among these you theoretically hold the following: Atchison (now about 36¾) was bought at 35½-36. During the setback it managed to stay above its critical 34 level. Hold. International Harvester (now about 43) was bought there. Its stop, 41½, was never broken. Hold. Union Carbide (now about 61½) bought at 59, kept above the 57 stop point. Hold. Western Union (now about 26) bought at 25½, threatened the 24 critical figure a few times, but never lived up to its threat. Hold.

* * *

Of the other stocks, I think the following deserve more than passing attention. Air Reduction, now about 32, can be expected to sell off to

(Continued on page 1857)

RAILROAD SECURITIES

The railroad bond market as a whole has turned laggard in recent periods (apparently dating from the return of Laval to power in France and aggravated by a resumption of interest in industrial and utility equities since the tax bill has begun to take form), but there is one small section that continues to attract consistent buying interest. The favored, although not widely publicized, group is that list of underlying liens still selling at substantial discounts despite the importance of properties covered and well substantiated earning power. The impregnable position of such liens has been amply demonstrated by the attitude of the Interstate Commerce Commission and the courts in reorganizations now under consideration, highlighted last week by the action of underlying liens of Missouri Pacific.

The Alleghany interests, in outlining an alternative plan of reorganization for Missouri Pacific, proposed that the Pacific Railroad of Missouri mortgages and the Missouri Pacific 3rd Extended 4s should be paid off in cash with funds now in the treasury. In its plan, the Commission had effectively proposed the same treatment in providing that the coupon rate on the notes to be offered in exchange for the old underlying liens should carry interest at the rate of 3½%, or such other rate as would be necessary to make the new notes sell at par on issuance. Mounting evidence of the fact that operation of Section 77 of the Bankruptcy Act will not jeopardize the status of well situated mortgages as had been feared in the beginning, has also brought about a regeneration of investment confidence in the underlying mortgages of the solvent marginal roads.

Many rail men are now urging their clients to concentrate their buying on liens of this type, pointing out that in many instances they are selling substantially below similarly situated mortgages of roads actually in reorganization, and that bankruptcy of the obligor would likely improve, rather than detract from, the market position of a marginal road's best mortgages.

One of the issues being recommended on this basis is the Pennsylvania & New York Canal & Railroad Consolidated Mortgage. This mortgage is outstanding in three series in the aggregate amount of $8,500,000, all maturing in 1949 and with coupons of 4%, 4½% and 5%. Prices range from around 62 for the lowest coupon series to approximately 73 for the 5s. The road is a leased line of Lehigh Valley and in the Chandler Act readjustment of the latter the maturity of these bonds was extended for ten years from 1939 with the interest rates unchanged.

The road consists of some 123 miles of line and is right at the heart of the system. It is essential to operation of Lehigh Valley. The main segment consists of 96.56 miles from Wilkes-Barre to the New York State line at Sayre which is completely double tracked and forms the central portion of the main line from Buffalo to New York. With the exception of terminal properties it is the heaviest density section of the system and many analysts consider it an element of strength that, in relation to other parts of the system, it is not so heavily dependent on coal. The basic deterioration in anthracite coal traffic has been one of Lehigh Valley's major difficulties.

Indicated earning power of the mileage is high and it is generally believed that holders of the bonds would not be called on to make any sacrifice (except perhaps another maturity extension) even in a drastic reorganization. In this respect it is believed that the position of the bonds is further enhanced by the fact that it is a leased line rather than a direct Lehigh Valley lien. Under present bankruptcy laws, and judging by past procedure, a sound leased line mortgage with well demonstrated earning power is less apt to suffer even a temporary interruption of interest in reorganization than is a similarly situated direct lien of the bankrupt road. The Bankruptcy Act denies mortgage holders the right of foreclosure. In contrast, non-payment of rents may still bring exclusion of the lessee from utilization of the leased property. A case in point is the "Terre Haute" line of Chicago, Milwaukee, St. Paul & Pacific, where full interest has been paid on the leased line obligations throughout the reorganization proceedings even though the plan submitted by the Commission and approved by the District Court contemplates that a portion of the "Terre Haute"

(Continued on page 1858)

THE BOND SELECTOR

CONSOLIDATED TEXTILE DEBENTURES

Income 5s, Due 1953, Considered An Interesting Speculation

Consolidated Textile Co., Inc., manufactures a wide variety of cotton goods, including napped flannels, percales, printed napped flannels, crepes, fine brown sheetings, drills, print cloths, twills, and a number of printed and dyed fancy cotton fabrics. Its products are sold under established trade marks in both domestic and foreign markets. The company recently stated, "The present production of textiles is the largest in history. It is conservatively estimated that at least 50% is for various government purposes. About 55% of the fabrics manufactured by this Corporation's Southern Division is for the war effort, while all of the production of the Windsor Print Works Division is for civilian purposes."

Under terms of a reorganization plan as amended Feb. 24, 1938, this company was formed to take over the business of Consolidated Textile Corporation, which had been organized in 1919. The reorganization plan provided for the issuance of $500 in new 5% income debentures, due 1953, for each $1,000 principal amount of the old 8% convertible bonds due in 1941. In addition, each of the old bondholders received 100 shares of common stock of the new company per $1,000 principal amount held.

At Feb. 28, 1942, at the end of the company's semi-annual fiscal period, there were $1,258,225 of the 5% income debentures, due 1953, outstanding. On Sept. 4, 1941, Consolidated Textile redeemed 9.34% of the original face amount of the bonds, so that each holder of an original principal amount of $1,000 should have his bonds stamped, evidencing the payment of $93.40 and showing that his principal holding now is $906.60 rather than $1,000.

Although termed "debentures," the 5s, 1953 actually are secured by a lien on the company's Lynchburg Cotton Mill, the Windsor Print Works, and the company's copper rolls, subject to the prior lien of $105,652 3% certificate of indebtedness. This certificate of indebtedness is secured by a lien on all property except the Ella Cotton Mill. The company's net property account at Feb. 28, 1942, was carried at $885,545 (including copper rolls at an estimated value of $58,776). Since the company states that the "corporation's three plants are very old and contain much obsolete equipment—," the security behind the 5s, 1953, should not be given too much weight; rather should they be evaluated on the basis of earning power.

In the 1941 fiscal year, ended Aug. 30, Consolidated Textile reported sales of $5,794,000, a gain of 48% over 1940. Income available for fixed charges was $294,145, so that income bond interest requirements of $70,351 were earned 4.2 times. Interest on the debentures is payable as earned, and cumulative. All interest accrued to May 15, 1942, amounting to $145.81 on each $906.60 unpaid principal amount, will be paid May 15 to holders of record May 5.

The following shows the income account of Consolidated Textile for the 6 months ended Feb. 28, 1942:

Net sales	$4,228,078
Operating income	717,990
Depreciation	34,741
Available for interest	683,249
Debenture interest	31,314
Fed. income & excess profits tax	430,000
Net income	221,935
Times debenture interest earned	21.88

The company's financial condition at Feb. 28, 1942, was only moderately good, with net working capital of $701,665, equivalent to $514 per $1,000 of debt outstanding. Cash stood at $494,386, receivables $403,689, inventories $765,996, and total current assets $1,664,000. Total current liabilities of $962,406 included $188,906, representing the accrued debenture interest payable May 15.

At this writing, the bonds are quoted 50½-52 which quotation represents percentage of unpaid par value of $990.60. These bonds are believed to have speculative possibilities for those who are prepared to entertain the obvious risks inherent in a situation of this nature. Those holders of the old 8s, 1941 should turn in their bonds, for which they will receive $500 in new 5s, 1953 and 100 shares of common for every $1,000 face amount of old bonds. The new common sells around 1 1/16.

Bank Stocks Attractive

Mackubin, Legg & Co., 22 Light St., Baltimore, Md., members of the New York and Baltimore Stock Exchanges, have issued a circular stating why they believe that selected bank stocks should be included in every investment and semi-investment account.

The firm's bank and insurance stock department has also prepared an interesting memorandum on insurance companies which write a substantial percentage of ocean marine business, summarizing the current situation in these issues, and comparing distribution of 1940 and 1941 net premium volume by percentage for fire, motor vehicle, and ocean marine insurance for the various companies.

Copies of both circulars may be had from the firm upon request.

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—40⅝, low—14¾, last 37½.

Bank and Insurance Stocks

This Week — Insurance Stocks

As the 1941 operating experience of insurance companies unfolds itself statistically, one of the bright spots is the favorable casualty company operating experience, which appears strong enough to withstand any reasonable deterioration caused by general conditions.

In the first place, underwriting operations, thanks to sounder underwriting practices and success in obtaining heavier volume at adequate rates, entered the period of actual U. S. participation in War at a good profitable level. Best's compilation indicates underwriting profit, based on a combined loss and expense ratio of 91.8% for 1941, which equalled the previous record-breaking year 1939. That year in turn climaxed eight successive years of steady improvement, during which the combined loss and expense ratio declined successively from 108.2% in 1932 to 91.8% in 1939. In fact, the last six years have been the best underwriting years in the history of the casualty companies, the combined loss and expense ratios indicating an underwriting margin of nearly eight points during that period, averaging about 92%.

This progress is particularly indicated by the loss ratio alone, which declined from 66.3% in 1932, successively to 50.7% in 1939, and has since risen only two points, to 52.7%, despite general conditions conducive to higher losses. The expense ratio also dropped, from high of 41.9% in 1932 to 38.1% in 1936, rising then to 41.1% in 1939, but resuming decline with 40.8% in 1940 and 39.2% in 1941.

Such being the record of the recent past, what of the future? Under wartime conditions, an increased exposure to losses seems inevitable; for example, automobile accident frequency has increased, and number of workmen's compensation claims has risen as sustained high level of production and larger number of newly trained workers cause more industrial accidents. As labor and material costs edge up further, also, auto collision and property damage losses as well as those on surety bonds will rise.

All these factors concededly indicate a likely continuation of the creeping rise in loss ratios. However, to begin with, casualty companies' underwriting margin is good and is large enough to absorb reasonable reduction with the help of adequate rates and declining expense ratio. The casualty business appears definitely past the boom years' slipshod rate and expense practices, when volume was the sole consideration, and this increased attention to efficiency means that there is a good chance that underwriting will remain in the black.

If so, then stockholders and investors in insurance stocks should find casualty stocks of increased investment interest, for if their underwriting remains profitable, their growth factor would continue relatively high, and they would be coming out of this war with stronger investment values. Already, it should be noted that the casualty business, once the "ugly duckling," enjoys superior underwriting margin and at least equal volume importance compared to the fire companies.

The current soundness of the casualty companies' underwriting is especially indicated by Best's analysis that out of seventeen lines of casualty coverage, only two minor volume lines were unprofitable (on combined loss and expense ratios) in 1941. These were auto property damage (7% of total premium volume), with loss ratio of 75.8%, expense ratio of 37.6% and statutory underwriting loss of 15.7%; and auto collision (2% of total volume), with loss ratio of 66.5%, expense ratio of 39.8% and statutory loss of 10.9%.

By contrast, the "big three" volume lines all were well in the black—auto liability (25% of volume), with loss of 57%, expense ratio of 36.6% and profit of 4.2%; workmen's compensation (21% of volume), with loss ratio of 64.1%, expense ratio of 29.5% and profit of 5.3%; and accident and health (18% of volume), with loss ratio of 54.6%, expense ratio of 39% and profit of 5%. Liability other than auto, the other fairly large line (9% of volume) was also well in the black, with loss ratio of 40.3%, expense ratio of 44.4% and profit of 13.2%.

These are satisfactory margins, capable of absorbing substantial deterioration before becoming unsatisfactory.

As the second broad reason for deeming the casualty companies well equipped for wartime operation, the investment portfolios of casualty companies, consisting in largest part of cash and high grade bonds, afford better than average stability from both the investment income and market fluctuation standpoints. Casualty companies' reports show that about three-fourths of their assets consist of cash, agents' balances not over ninety days due, and bonds. Of the bonds, which total about half of the assets, Government bonds alone are about two-thirds of total bonds and one-third of total assets. As the inflow of expanded premium volume continues, these ratios of cash and bonds will probably increase, because most companies prefer not to add to stock holdings at this time of uncertainties, even over and above their policyholders' funds.

This concentration in liquid assets would not normally afford much prospect of capital appreciation as an aid to growth in surplus, but under wartime conditions highlighted by economic regimentation and high taxes which eliminate much of the appeal of equities, it appears to be the most feasible under the circumstances. Bond interest, for example, will not be affected by higher taxes at the paying end, although of course at the receiving end, insurance companies will be subject to lower net return after taxes.

Most casualty company dividends, however, appear to have a good degree of protection, principally on three counts:

(1) Investment income mainly derived from bond interest will be stable in volume;

(2) Additional investment of new funds will add to gross investment income;

(3) There currently exists a fair cushion over and above present dividends, in the nature of a primary reserve for protection of dividends.

Current dividends, both regular and extra, of a group of thirteen leading casualty companies were 89.8% of 1941 investment income of these companies, a 10.2% cushion. True, the high degree of liquidity means low yields on investments—yet investment income increased 5% for casualty companies in 1941, and has shown an increase in each of the past three years, largely because of larger volume of invested funds.

There is no such thing as any security immune from wartime influences, of course, but it would seem that dealers and investors well aware of the merits of insurance stocks as superior equity investments would find the casualty companies in a particularly strong position to face the future.

Correction

In the May 7th issue of the "Financial Chronicle," it was reported that Thomas A. Akin had become first vice-president of the National Security Traders Association, when the new officers were appointed after the resignation of Captain Herbert H. Blizzard, formerly president of the Association. The Executive Council of the Association appointed William Perry Brown of Newman, Brown & Co., Inc., New Orleans, La. first vice-president of the Association.

Thomas A. Akin is a member of the Executive Council of the Association.

Ins. Dividend Outlook

Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, Calif. have just issued an interesting circular discussing in detail the dividend outlook for insurance stocks, which the firm considers very optimistic. Copies of this circular and the April Insurance and Bank Stock Evaluator, which contains a comparative analysis of 85 insurance companies and 36 banks, may be had from Butler-Huff & Co. upon request.

The Securities Salesman's Corner

Some Observations About Security Merchandising And Promotion Under Today's Handicaps.

What do the leading grocery chains do when they want to put on a sale and increase their business? Or any of the other leading exponents of modern merchandising methods in the chain store or variety field? Do they hide all their most attractive items behind the counter where no one can see them? Do they run advertisements in the papers that are so involved and filled with technical explanations that no one takes the time or trouble to read them? Or do they pick out the best known, most popular items, and using the maximum of promotion material at their command, do they proceed to tell the public their story?

We do just the opposite in merchandising investment securities. If we find an issue of securities that we wish to bring before our clients, the first thing we do in these days of SEC supervision of the investment business, is to tell our statistical department to get up a report. Then the partners look it over. Then the legal department has its say about what could be included and what should be left out. Then, if anyone in the firm knows someone over at the SEC, we take the now thoroughly emasculated monstrosity over to their offices, and some young lawyer who never sold anything in his life, and who knows even less about investments, begins to tell us what else to leave out here and add there. When the thing comes back, it might as well go into the waste basket for all the good it will do anyone—either he who sends it or those who receive it.

If you think this is putting the case too strongly, then you just don't know how much direct mail advertising that emanates from investment firms goes into the wastebaskets of America. In our opinion, you are never going to see a real securities business again in the United States of America until the half-baked administration of the restrictive, strait-jacket, laws that we now labor under in this business, is tossed into the same wastebasket that most of our security advertising is now forced to go into.

Here's the way we'd like to write a letter to our clients right now. Here's the way we think the advertising department of a great chain store might do it. We don't know whether the SEC would pass this and we are not suggesting to any of our readers that they try it. Nevertheless, we think it's got more real "sell appeal" in it than all the long drawn-out analyses that could be written on the subject:

Dear Mr. So and So:

Would you like to keep your money in the bank and receive an income return of approximately 5%. In addition, you could have your money invested in one of the largest banks in the United States, The National City Bank of New York.

This is possible. The only thing you have to do in order to increase your income from present low levels of 1½% to 5% is to change over from a deposit account in the bank where you now keep your funds to the capital account of the National City Bank of New York.

No one needs any introduction to the National City Bank, but as investment dealers in this community, we feel it is our obligation to call attention to attractive investment opportunities when they present themselves. This is the first time since the lows of the depression that the shares of this great financial institution may be purchased to yield such an attractive return.

Please return the enclosed card today for further information.

Yours very truly,
BLANK & CO.,
Investment Securities.

P. S.—As you doubtless know, dividends have been paid continuously by the National City Bank for 128 years.

This letter, we think, follows the lines of correct procedure. It talks about a stock that is known from coast to coast. It is short and to the point. It shows how an increase in income can be procured. It brings out the bargain appeal (first time since the depression lows, etc.). It asks for action **today.** The card reply is convenient. The P. S. adds to the conservatism of the offering.

And SEC or no SEC, what's wrong with such a letter—and what's wrong with selling people stocks like National City Bank or any other sound security. If this country is going to remain America, this sort of security on a 5% basis should be sold to people. But how in Hades are you going to sell them if, every time you try and use a bit of practical salesmanship, you have to look back over your shoulder to see if some narrow-minded, young law-book with pants on, isn't running after you and yelling, "you can't say that, it's not allowed under section X, paragraph 3 of rule number three million and ten."

You figure it out—it's too much for us.

Henderson Materials Dir.

The resignation of William L. Batt as Director of the Materials Division of the War Production Board and the appointment of A. I. Henderson, Deputy Director, as his successor, was announced on May 12 by Donald M. Nelson, WPB Chairman.

Mr. Batt will continue to serve as head of WPB's Requirements Division, as American representative on the British-American Combined Raw Materials Board, as Chairman of the United States-Canada Coordinating Committee, and as coordinator of the Russian aid program.

Ira Griffith In Boston

(Special to The Financial Chronicle)

BOSTON, MASS.—Ira F. Griffith has opened offices at 53 State Street to engage in a general securities business.

Curb Govs. Approve New Commission Rates

The Board of Governors of the New York Curb Exchange at a regular meeting held on May 6 voted to submit to the members amendments to the Exchange Constitution giving effect to the recommendations of the Committee on Communications and Commissions for a new schedule of commission rates. In its May 6 announcement the Exchange stated that "the proposed new rates would have effected an increase of 20 to 21% in total non-member commission revenue during the last six months of 1941 and also during two recent days, according to studies made by the Committee of the actual trading volume for those periods." It is added that the recommendations involve no changes in commission rates for bonds or for stocks selling under 8/32 of $1 per share.

With respect to the proposed increases, the Curb's announcement says:

> For non-member rates an increase of 50¢ per 100 shares is proposed for stocks selling at 8/32 of $1 and under 50¢. For stocks selling at 50¢ and up to $10 per share a flat increase of $1 per 100 shares is proposed. The proposed commissions increase progressively at the rate of ¼ of 1% of the selling price on stocks selling over $10 and under $90 per share. At $90 per share and above a uniform commission of $35 per 100 shares would be charged. On transactions involving $100 or more the present minimum commission of $3 is to be raised to $5.
>
> An increase of approximately 10% over existing regular and associate member give-up rates is proposed for stocks selling at 8/32 of $1 and over. Increases of 10% and over are proposed in regular and associate member clearance rates on stocks selling at 8/32 of $1 and over.

From the announcement we also quote:

> Another amendment is proposed which would enable the Committee to determine and fix special commissions for rights and warrants and for when-issued securities.
>
> The Board of Governors also adopted amendments to the rules so as to permit special offerings with a special commission to the purchaser's broker. These special offerings are limited to securities covered by the recent ruling of the Securities and Exchange Commission on special offerings and, except in special circumstances, are limited also to offerings involving at least 1,000 shares of stock or shares having an aggregate market value of $25,000, whichever is greater.
>
> The Board of Governors at the same meeting voted to submit to the membership another constitutional amendment further clarifying the status of temporary member firms.

Wm. Johns To Be Feted

William H. Johns, Chairman of the Board of Batten, Barton, Durstine & Osborn, Inc., its first President, and one of its three founders, will be honored today at a luncheon in the Hotel Roosevelt celebrating his 50 years in the advertising profession.

Mr. Johns became associated in 1892 with the George Batten Company, later serving as Vice-President and President of that advertising agency. During the first World War he was appointed by President Wilson as Chairman of the advertising division of the Government's Public Relations Committee. With the merger of Barton-Durstine-Osborn with the George Batten Company, Mr. Johns became President and served in that capacity until 1936.

Investment Trusts

Investment Company Briefs

Notwithstanding the declining price trend for stocks and the continued low level of stock transactions on leading securities exchanges, the dollar volume of Dividend Shares purchased by investors in April 1942 materially exceeded that of April, 1941, it was reported in Calvin Bullock's *Bulletin*. As of April 27, 1942, the dollar volume of Dividend Shares purchased in March and April, 1942, was 59% greater than in the same two months in 1941.

It was also reported in the *Bulletin* that during the three months ended March 31, 1942—a period during which the volume of transactions on the New York Stock Exchange was at its lowest level in any three months' period for many years—the management undertook portfolio revision with respect to 16 different securities. After giving effect to these changes, the portfolio on March 31, 1942, expressed in terms of $10,000 of net assets, was diversified among 99 stocks of 97 corporations in 20 industrial groups.

* * *

No bonds were added to or eliminated from the Manhattan Bond Fund portfolio during the month of April, although changes were made in the relative percentage weightings of some of the issues held.

Manhattan Bond Fund, Inc., reports that practically all of the companies represented in the portfolio have, by now, issued their statements for 1941. On average, interest requirements were earned slightly more than twice; the highest ratio which has existed during the life of the Fund.

* * *

Speaking of the purchase of war bonds in his message of April 27, President Roosevelt said:

> If these purchases are to have a material effect in restraining price increases they must be made out of current income.

"The basic purpose of war bonds is to 'soak up' excess current income—not to transfer holdings of private securities from individuals to banks (which is what must happen if people in general sell corporate securities in order to buy war bonds).

"The proper procedure for the individual is to keep a mental, or written, division between his capital and his income accounts. The latter, as much as possible, should be directed to war bonds. The former, representing his capital, should be invested in corporate securities according to his best judgment. This program, and this alone, squares with the national purpose." . . . from Lord, Abbett's *Abstracts*.

* * *

A breakdown of the portfolio of Selected American Shares, Inc., as of April 30, 1942, shows 11.3% of the assets invested in railroad securities and 11.2% in oils. The next highest percentage investments are 9.5% in metals and 8.6% in chemicals. Of the total assets, 87.1% was invested in common stocks, 2.4% in preferred stocks, 4.7% in bonds, and the remainder 5.8% in cash.

* * *

A common sense discussion of the new price ceiling regulations is presented in the May 7, 1942, issue of Investment Timing service published by the National Securities & Research Corporation. The economic experience of other countries is briefly reviewed in addition to discussions of the problems of manufacturing and wholesaling and operations of price ceilings.

"Britain has gone about price regulation, if anything, in a more piecemeal manner than we have," it is stated in regard to the experience of others, "and much dissatisfaction has been expressed. But the rise in the British cost of living, which was 28% from the opening of the war to April, 1941, when price standards were widely applied, has been only 1% since.

"Canada's price ceilings are much more complete than ours, with only seasonal vegetables, furs and direct sales by farmers excepted. Wage rises as such have been stopped, but a 'cost of living' bonus is given to equalize earnings. However, no increased bonus has been necessary since December, and since the first of that month, when price ceilings were imposed, the cost of living has scarcely risen. Subsidies have also been adopted.

"Stock prices in both countries have behaved better than here; in England, they have actually risen while earnings and dividends fell. This has been partly attributed to the use of excess purchasing power to buy securities."

* * *

"It is quite true that a rise to 4% for primary interest rates could cause losses of 20 or 25 points in highest grade moderately long-term bonds, but why should such an occurrence depress or even impede the further rise of junior issues earning their interest by an adequate and increasing margin and selling to yield nearly double or more than double the 4% figure?

"Don't forget the great attractiveness of such bonds for the income-conscious investor who fears the inroads of taxes on dividends.

(Continued on page 1858)

Municipal News & Notes

Suggestions for constructive national-State-local tax action in view of necessary and increasing war requirements, coupled with sharp criticism of certain current proposals in the Federal tax field, has been expressed by the National Council of Real Estate Taxpayers to the House ways and means committee.

The taxpayers' group warns against current proposals which would increase the present conflict, competition and overlap between Federal Government and State-local government. Typical of such proposals, the statement says, is that advanced by the National Association of Manufacturers and some chambers of commerce, which suggest that the net income tax as outlined by the U. S. Treasury Department be softened and a general sales tax imposed.

"These proposals would add to the existing confusion without materially improving the revenue structure of the Federal Government. If adopted, they would tend to weaken the local and State financial structure," the council holds.

"Historically, the Federal Government has had primary rights in the net income tax field, and by implication the States have had the sales tax as their field. If the income tax is to be the field of the Federal Government, then any action by the Federal Government further invading the States' field of revenue is basically unsound," the council declares.

"Federal taxation for war purposes must be greatly increased. But in the meantime local and State government finances, which feel also the impact of increased demands, find many tax sources drying up. Decreased use of automobiles, reduced stocks of local merchandise, etc., already have been reflected in reduced State revenues. The property tax for many years has been at the point of diminishing returns. In this situation serious further incursion of the Federal taxing power into local fields, as through Federal sales taxes, would weaken the financial stability of our cornerstone local and State governments, and so tend to weaken the entire national fnincial structure."

Municipalities Seen Facing Revenue Problems

Carl H. Chatters, executive director, Municipal Finance Officers Association, speaking before the Regional Conference on Emergency Fiscal Problems, at its meeting in New York last Friday, said the war has aggravated municipal problems. He pointed out that while the cities were continuing and in many instances were increasing services, their revenues were decreasing. The situation, he declared, was becoming serious.

John F. Sly, Professor of Public Affairs, Princeton University, spoke on "Can State and Local Government Services Be Curtailed to Aid the War Effort?" He declared that with decreasing revenues from taxes, many services would have to be curtailed. Such curtailment, he said, would have to be done intelligently.

Fiscal Unity Urged for U. S., States

Speaking at the same conference, Harold D. Smith, director of the Federal budget, outlined a broad program for harmonizing State financial policies with President Roosevelt's war-time inflation control program.

Mr. Smith contended that this was not a proper time to reduce State and local taxes. He urged the States to cut down operating costs while maintaining tax rates at present levels. Accumulating surpluses, he said, should be used to pay off debts or to build up balances to finance post-war improvements.

"State policy during this war," Mr. Smith said, "should have three central objectives: to strengthen the war effort, to preserve the quality and vitality of the State and local governments, and to prepare for the post-war world."

Property Tax Assessments May Decline, Tax Rates Rise by 1943

Real and personal property assessments probably will decline and tax rates rise within the next two years as a result of changes brought on by the war, a report by the National Association of Assessing Officers showed last week.

Full impact of war changes on property assessments will not appear until 1943 or 1944 for two reasons, according to the report, which was based on information from assessors throughout the country. The reasons:

Most of the large amount of building construction completed in 1941—of which $5,200,000,000 in private construction is nearly all taxable — will be assesed for the first time this year. And the high value of merchandise inventories, built up by buying at the end of 1941 in anticipation of shortage, should result in increased property assessments in 1942 at least.

In two years or so, however, local tax rates in many localities may be increased sharply if the property tax is to continue supplying 80% of total revenue, as it has in recent years. Almost all ordinary expenses of government are increasing because of salary raises and increased costs of materials and supplies, it was pointed out. In addition, new and expensive defense activities are being added.

Factors contributing to the reduction of revenue from the property tax, according to the report, which appears in the current issue of "Municipal Finance," are as follows:

1. Land taken over by the Federal Government for military and naval establishments and other tax exempt uses is increasing in amount.

2. Curtailment of automobile use will destroy or greatly reduce utility of the large number of real estate parcels used for dealers' salesrooms, service stations, public garages, parking lots, tire stores, gasoline stations, etc.; consequently, rents, then market values and finally, assessments, will decline.

3. Curtailment of automobile usage will reduce the value of properties dependent on this form of transportation—urban properties removed from car and bus lines, suburban home sites, golf clubs and resort properties.

4. Stoppage of production of various kinds of goods will result in wiping from the assessment rolls manufacturers' inventories of machinery, raw materials, goods in process, and finished products. This applies especially to "durable" commodities, such as automobiles, furniture and fixtures.

5. Occupants of properties housing other types of businesses, such as hardware and building supply stores, will suffer decreases in sales because of priorities and will seek reduced rents, which in turn will make landlords demand reductions in assessed valuations in hope of reducing their taxes.

6. Stoppage of private building construction except in areas important to the war effort will practically erase this form of annual increase in assessment rolls.

Some types of real estate, such as private residences, amusement places, warehouses and parcels near public transportation systems may possibly rise in value, according to the report.

State Income, Sales Tax Collections Up; Motor Fuel Revenues Decrease

State income and sales tax collections are bearing out predictions of increase made earlier this year, while State motor fuel tax receipts show symptoms of decline, according to the Federation of Tax Administrators.

At least six States—Wisconsin, Oklahoma, North and South Carolina, Kentucky and Tennessee—report substantial increases in income tax collections, and four States—Michigan, Missouri, North Carolina and Oklahoma — show mounting sales tax revenues. In addition to the 19 eastern and northwestern States where gasoline deliveries have been reduced 33%, such non-rationed States as Arizona, Illinois, Michigan, Oklahoma and Kentucky report gas tax revenue decreases.

State sales tax collections have continued to go up since the first of the year despite increased wartime curtailment of durable consumers' goods, the Federation said. Arizona reported sales tax receipts for the first three months of 1942 were 13% above the preceding quarter. In Michigan, sales and use taxes brought in $6,100,000 in February against $5,500,000 a year ago.

Gasoline Tax Revenue Loss Presents Problem

The outlook for State revenues, particularly in regard to the gasoline tax, was brought to the fore recently, when a leading investment advisory organization lowered its ratings on obligations of six different States. These changes, of particular interest to bank investors in such bonds, pointed out the expected lower gasoline tax yields, declining trends from other State tax sources and rising costs as contributing to an uncertain fiscal picture in certain situations.

The specific changes were: West Virginia general obligations from Aa to A; several Arkansas issues from Baa to Ba; Mississippi general obligations from A to Baa, New Mexico highway debentures from A to Baa, North Dakota real estate bonds from A to Baa, and South Dakota rural credit and rural credit refundings from A to Baa.

Gasoline taxes are relied upon to provide the Federal Government with upward of $300,000,000 a year and among the States gasoline and other motor vehicle taxes sometimes account for more than half of all State revenues. Until rationing is tried out, however, no one knows just how seriously these revenues will be curtailed.

Value of Exemption Removal Deemed Slight

The net result of removing tax exemption from State and municipal securities, as proposed by the Treasury, would be "utterly insignificant" as far as revenue is concerned, Prof. Fred R. Fairchild of Yale University declared in Chicago recently. At the same time, such a move might curtail and in some cases completely eliminate certain municipal functions, he added.

As far as the total economy is concerned there is no point in aiding one level of government at the expense of another, Dr. Fairchild told a taxation session at the annual meeting of the Chamber of Commerce of the United States. The Federal Government, he said, would gain some $200,000,000 in revenues by the Treasury proposal, but the States and cities would have $175,000,000 added to their future borrowing costs.

The State and city governments, he noted, would have to raise their tax rates or curtail municipal functions in order to meet this added cost factor. Because of legal limits on the interest rates which they can pay, some local governments might have to cut off completely certain of their usual functions, according to Professor Fairchild.

States Allowed More Tax Power

Overruling a 10-year-old decision, the United States Supreme Court held recently that a State where a company is incorporated may tax a transfer of the corporation's stock when a nonresident stockholder dies.

Led by Justice Douglas, the Court majority upset an opinion by the Utah Supreme Court refusing the State power to tax Union Pacific Railroad Company shares owned by the late Edward S. Harkness of New York City. Justices Jackson and Roberts dissented.

Mr. Douglas declared that Utah, where the Union Pacific is incorporated, was trying to do what Maine endeavored to achieve but was prevented from doing by the Supreme Court in First National Bank vs. Maine on Jan. 4, 1932.

He added, however, that "the rule of immunity against double taxation espoused by (the Maine case) has long been rejected" in other Supreme Court decisions.

521 Cities in U. S. Operate Under City Manager Form of Government

With adoption of the city manager plan by 19 cities in 1941 and eight this year, 521 cities and towns and six counties in the United States now operate under this form of government, the International City Managers' Association reported May 1.

The 541 total includes one out of every five cities of more than 10,000 population, the Association said. While 20 of the 92 cities over 100,000 population are city manager cities, the highest ratio is found in the group between 50,000 and 100,000 population—29 cities or 27.4%.

On an international basis, the total of city manager cities is raised to 544 by addition of 17 Canadian, five Irish and one Puerto Rican cities. In the United States the largest council manager city is Cincinnati, population 455,000; the smallest, Bendix, N. J., 40. Under the city manager plan, known more formally as the council manager plan, the manager is appointed and his tenure of office controlled by the city council.

Seven States do not have laws permitting adoption of the council manager form of government, according to the Association. Cities in the other States may adopt the plan under constitutional home rule provisions, by provisions of an optional charter law, or by ordinance under permissive legislation. Adoption of the plan in a number of these States, however, is restricted to cities within certain population limits. Cities of the seven States

with neither statutory nor constitutional provisions for adoption of the plan may adopt it only with specific legislative consent, or make the plan effective by ordinance pending passage of enabling or home rule legislation.

N. J. Modified Rail Tax Bill Approved

Governor Edison of New Jersey signed into law last Friday the new railroad franchise tax ceiling bill. The measure fixes a minimum franchise tax of $4,000 on all railroads and imposes a maximum equal to 3.6% of assessed property valuation. Combined with the present flat 3% property tax, the new law means that no railroad can be taxed more than 6.6% of its assessed property valuation, regardless of how high its earnings may go.

The bill was designed to aid small railroads, such as the Hudson & Manhattan, New York, Susquehanna & Western and others from what it was declared amounted to confiscatory taxation under the tax laws passed last July. The new law will cost the State about $725,000 in 1941 and 1942 taxes, but its sponsors claim this will be made up in the future.

Louisiana Highway Bonds—Additional Security Sought

Additional security to enhance the sale value of $10,000,000 State highway bonds, secured primarily by the dwindling gasoline tax, will be proposed to the Legislature in a bill being prepared by State Treasurer A. P. Tugwell. None of the said bonds has been sold, though authorized by the 1940 Legislature and subsequently approved by constitutional amendment. The bill would pledge future surplus in the Confederate veteran's pension fund as additional security.

The Confederate veteran pension system is financed through proceeds from three-quarters of a mill Statewide ad valorem tax and, though there are outstanding pension bonds, enough will be retired and the mortality rate of veterans will have progressed to such a point by 1945 or thereabouts, that a surplus is forecast in the Confederate fund.

Though the highway department has been reluctant to issue any further bonds, adopting a pay-as-you-go basis in 1940, sale from the $10,000,000 issue may be the only source of operating funds during the war emergency.

With the additional security little trouble is anticipated in selling the bonds should they be placed on the block as first maturities would be timed in 1946 and thereafter, and, anticipating end of the war before them and a return to normal of the gasoline tax yield, the initial gasoline tax security would in itself be sufficient.

Arizona Supreme Court Rules on County Road Bonds

The Arizona Supreme Court recently directed the State Loan Commission to refund nearly $5,000,000 5½% and 6% serial road bonds of Maricopa County. This was a distinct, disagreeable surprise to bondholders since these obligations had been considered non-callable. The court is said to have ruled the State Loan Commission is obligated to refund the bonds if the county believes a lower interest rate can be secured by such move.

It is felt that should this decision be construed as applying to other local units in Arizona, it may well be that all such bonds issued by the subdivisions are subject to call at any time, whether floated as callable or non-callable obligations.

Pa. Municipal Bureau Service to Be Extended

The Department of Internal Affairs, Harrisburg, Pa., in the latest issue of its monthly bulletin, reported in part as follows:

To the Municipal and Local Officers of Pennsylvania:

The Bureau of Municipal Affairs of the Department of Internal Affairs is making plans to be of increased service and usefulness to the local governments of Pennsylvania.

The purpose of the Bureau, by terms of the statutes establishing it, is to act primarily as a clearing house of municipal endeavor. One of its chief functions is to collect and make available statistical and other information that will be of practical use to municipalities of this Commonwealth.

The Bureau of Municipal Affairs is divided into a Division of Information, a Division of Landscape Architecture, and a Division of Bond Approvals. Each of these three Divisions endeavors to assist local governments of the Commonwealth in the performance of their duties in their various fields of work.

Local government officials are urged to write the Bureau of Municipal Affairs not only for information and service that the Bureau may be able to render directly, but also to request aid in any local government problems that may arise in which the Bureau may be able to be of general assistance. In making such requests, local officers will aid the Bureau to develop its program of service so that it will be of utmost benefit to local administration.

Canada Debt Paying Record Found Excellent

In its report to United States investors holding more than $5,000,000,000 in bonds of foreign countries, most of them sold since Great War No. 1, Foreign Bondholders Protective Council, Inc., New York City, gives details which will be of interest to investors holding the same bonds even though the report goes only to the end of 1940. The summary country by country at least gives some idea of where relations have to be resumed when war is over and at least constitutes one of the factors which have to be considered when first measures are concluded for feeding, transporting the transplanted and re-employing Europeans.

The prospects are promising to date for Latin-American countries being able to resume more payments because as yet these have not been invaded, but the record shows Canada's 698 Dominion, Provincial and municipal bond issues payable in New York to the amount of $1,922 millions (and on which contractual interest is $83.5 millions) to be serviced in full or part except for one-half of 1%. The bond issues making partial payment were only 4.6% of the total (based on last coupon paid in 1940). In Latin America 70.71% made no payment and in Europe 50%.

Alberta bonds and municipal bonds guaranteed by that Province and St. Boniface and Weyburn bonds continued in default. Frozen funds in the United States were being used by Belgium, Denmark, France, Finland, Hungary and Norway to meet full debt service in 1940.

Municipal Financing At Low Ebb

Municipal financing for a number of months has been running at the lowest level in recent years. April financing was the smallest for the month in the last four years. The four months' total was the smallest for the period since 1934. An important factor in the low level of new issues is the postponement of capital expenditures by municipalities as part of general wartime policies and material shortages.

This downtrend was sharply accented this week when it was revealed that the calendar of listed bond sales for the period Monday through Saturday aggegated less than $1,000,000. It has been many years since the municipal fraternity faced such a meagre schedule. This condition developed rapidly when the market for municipal bonds had just about regained its equilibrium after repeated attacks from high Government quarters on the tax immunity of municipal bonds. With every indication now that the tax status of these obligations will remain unchanged, at least for a year, the price structure has improved substantially of late. Dealers and purchasers of the limited amount of new issues offered report a broadening investment demand for these tax-exempt securities. Now, the supply has come almost to a standstill, at least temporarily.

While investor demand for new issues suggested basic strength in the market, traders reported that other activity was at the lowest level in recent periods. Although there was no general tendency to lower prices, traders said that it was difficult to move bonds without shading prices and some slight concessions were noted on shorter maturities.

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.

May 19

$505,000 Albuquerque, N. Mex.
This city last sold bonds in February, 1940, the award going to Sidlo, Simons, Roberts & Co., and the J. K. Mullen Investment Co., both of Denver, jointly.

May 26

$2,616,000 Cincinnati, Ohio
These are bonds now held in the investment account of the city's sinking fund.

June 1

$964,000 Akron, Ohio
In Aug., 1941 this city awarded bonds to a syndicate headed by the BancOhio Securities Co. of Columbus. Second highest bid entered by the Provident Savings Bank & Trust Co. of Cincinnati, and associates.

Tomorrow's Markets Walter Whyte Says—

(Continued form page 1853)

about 29-30. If obtainable at this range, I suggest buying it. Allis Chalmers, now about 24, also acts well. If obtainable under 23, I suggest it.

* * *

Last week, and the week before, I mentioned something about the market "testing a base." Looking at the market today, I don't think any such "test" will be made. On the contrary, if the market goes down far enough to test the lows of two weeks ago it will go lower. Of that I have little doubt.

So summing up, I think that after say, 2 or 3 points slow sell off, the market will resume its upward advance. It is on this minor sell off that what buying is planned should be executed.

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.]

Views Stock Market As In Buying Zone

(Continued from First Page)
perhaps not be considered at this time. Thus, we are left with stocks as offering now the best opportunity for profit and income with which to offset the declining purchasing power of the dollar.

"Most of my associates and friends are terribly bearish. They talk as though the country was going to the dogs. Conditions may get worse before they start to improve—but what of it? The recent Laval business struck a sour note and off goes the Dow-Jones averages. If the Germans get the French fleet—wham!—they may go off some more! Perhaps the market has not as yet discounted all the bad news. If not, so much the better. The lower stocks go, the more attractive they are and the higher their yields. Furthermore, the worse the war gets, the quicker it will be over.

"I never made a dime following the crowd. When they sell I buy. From the action of the market in recent months some drastic liquidation has been going on. This is a 'buy' sign to me. Lack of volume in trading is another favorable indicator. Quiet market days are good ones in which to pick up a few shares. I'd no more buy in a boiling market than I would sail out of Gloucester in a heavy storm. Considering the prospects for some real inflation and the high surplus of cash awaiting investment, a little encouragement is all the market needs to show some real strength. Investors who put cash now into common stocks should profit in the end. They will also perform a real service in easing the ultimate effects of a post-war boom through their being in a position to get out further than to get in!"

Our Reporter's Report

(Continued from First Page)
tion. As long as the rule remains in force it must be complied with in good faith by the companies subject to it and not circumvented by dilatory and obstructive procedures."

International Tel. & Tel.

The saying that "coming events cast their shadow before" appears to have been borne out once again in the case of International Telephone & Telegraph Corporation debentures.

Over a period of weeks the debenture 4½s and 5s have shown evidence of quiet absorption marketwise. Their performance had been accepted as indicating quite clearly that "something was imminent" since few of the bonds found their way back to market.

Now it develops that the company has arranged a $25,000,000 credit with the Export-Import Bank, the funds to be applied to acquisition of debentures at certain prices in the open market, and to its expansion work. This credit will be used only when, and to the extent required by such operations, but it could conceivably result in a sharp cut in carrying costs to the corporation.

National Distillers Corp.

Dealers reported a fair reception was granted the $15,000,000 of seven-year debentures of the National Distillers Corporation, carrying a 3¼% coupon and brought out at par.

The first corporate undertaking in a fortnight this issue, by reason of its relatively short maturity, liberal yield, and other factors, attracted wide interest among investors.

But it had been recognized as an undertaking which would require more than the ordinary amount of effort on the part of sponsoring bankers. In other words a bit of a selling job was anticipated.

Other Issues On "Tap"

The underwriting world hopes that the National Distillers offering will prove the first of a series of undertakings which have been percolating over a period.

Next in line after the Public Service Company of Indiana's small issue is taken care of, will be $15,000,0000 of first mortgage 3s of the Public Service Electric & Gas Company.

That issue, incidentally, was another which was destined for private placement until the SEC stepped in and ordered competitive bidding on its contention that the company could obtain a better price than by direct sale.

Philip Morris & Co., Ltd., presumably will move to market its 49,666 shares of preferred stock at the first opportunity to be followed probably by $6,000,000 debentures.

And R. H. Macy & Co., Inc., if the signposts are reliable, should be in registration shortly on something in the way of new money financing.

Railroad Securities

(Continued from page 1853)
rental shall be put on a contingent basis.

Aside from the fundamental value of the lien, it is being pointed out that the position of the lessee has been improved materially under the stimulus of the war boom, and that if the war is a long one it is possible that Lehigh Valley may be able permanently to avoid necessitous reorganization. The company has already eliminated its RFC debt entirely, and in 1941 bank loans were reduced from $6,924,900 to $3,125,000. Aside from the bank loans and equipment maturities which are covered by a wide margin by equipment depreciation, the only maturities falling due ahead of the Pennsylvania & New York Canal & Railroad mortgage consist of $178,000 this year, $2,000,000 in 1945 and $5,000,000 in 1948. In comparison, cash and special deposits stood at $10,758,000 at the end of February, a gain of $1,141,000 over a year ago despite the substantial debt retirements.

N. Y. Stock Exchange Weekly Firm Changes

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

Transfer of the Exchange membership of William V. B. Findley to John L. Weeks will be considered by the Exchange on May 21.

The proposed transfer of the Stock Exchange membership of Robert H. Grant, 3rd to Herbert S. Whitman will be considered on May 21.

Will F. Nicholson of Denver withdrew from partnership in Harris, Upham & Co., New York City, as of April 30, 1942.

Francis M. Barker retired from partnership in Frank B. Cahn & Co., Baltimore, Md., April 30, 1942.

Melzar M. Whittlesey and Kenneth D. Hull, the latter a limited partner, retired from partnership in Joseph Walker & Sons, New York City as of April 30th.

Kirk & West, New York City, dissolved as of April 30.

Municipal Club To Hear

The Municipal Bond Club of New York will hold its next luncheon meeting on Tuesday, May 26, at the Bankers Club in New York City. Guest speaker will be Stephen O. Fuqua, Major General, U. S. Army, ret., military affairs editor of "Newsweek." His subject will be "Survey of the Battle Fronts of the World."

Investment Trusts

(Continued from page 1855)
"Of course if prime credit interest rates were to go to the 7% figure of the 1920 period all bond prices would suffer but who expects such a development today or even in the discernible future?" From the *New York Letter*, published by Hugh W. Long & Co., sponsors of Manhattan Bond Fund, Inc.

* * *

The Union Dealer, published by Lord, Abbett & Co., for the information of dealers distributing the shares of Union Trusteed Funds, Inc., suggests that the general public is apt to think of bonds solely as top-grade or "money bonds" on the one hand, and speculative, low-priced "credit bonds" on the other hand. They overlook the in-betweens.

These "in-between" bonds according to *The Union Dealer* are: "bonds with a good reason to buy on a hold-to-maturity basis; bonds with regular, well-covered coupon payments; bonds with interest returns at least twice that of money bonds; bonds in the 75 price range."

The portfolio of Union Bond Fund "B" is comprised of these "in-between" bonds. The portfolio is diversified among thirty different issues with an average rating of better than B. The average price of the portfolio bonds is 73.1 and the net calculated current yield at market is 5.64%.

NYSE Short Interest Higher On April 30

The New York Stock Exchange announced on May 7 that the short interest existing as of the close of business on the April 30 settlement date, as compiled from information obtained by the Stock Exchange from its members and member firms, was 530,636 shares, compared with 513,546 shares on March 31, both totals excluding short positions carried in the odd-lot accounts of all add-lot dealers. As of the April 30 settlement date, the total short interest in all odd-lot dealers' accounts was 66,323 shares, compared with 71,578 shares on March 31.

The Exchange's announcement further said:

> Of the 1,241 individual stock issues listed on the Exchange on April 30, there were 33 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than than 2,000 shares occurred during the month.
>
> The number of issues in which a short interest was reported as of April 30, 1942, exclusive of odd-lot dealers' short position, was 438, compared with 424 on March 31, 1942.

In the following tabulation is shown the short interest existing at the close of the last business day for each month for the last two years:

1940—	
May 31	428,132
June 28	446,957
July 31	479,243
Aug. 30	474,033
Sept. 30	517,713
Oct. 31	530,442
Nov. 29	515,548
Dec. 31	459,129
1941—	
Jan. 31	498,427
Feb. 28	487,151
Mar. 31	537,613
Apr. 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
Apr. 30	530,636

SEC Adopts New Form

The Securities and Exchange Commission announced on May 6 the adoption of a quarterly report form to be used by management investment companies under both the Securities Exchange Act of 1934 and the Investment Company Act of 1940. According to the Commission, "the new form, known as Form N-30B-1, supplants Form 8-K, the current report form under the Securities Exchange Act of 1934 insofar as it is applicable to management investment companies having securities listed and registered on a national securities exchange." It is the second periodic report form to be adopted under the Investment Company Act of 1940, says the Commission, which adds:

> Form N-30B-1, is designed to elicit current information with respect to sales and repurchases of securities, restatements of capital, status as to diversification of portfolio and portfolio turnover. Other items of the form call for information regarding changes in management personnel and subsidiaries. The form is required to be filed by management investment companies within 30 days after the close of each fiscal quarter of each fiscal year.
>
> The form is being sent to approximately 300 management investment companies. Copies may be obtained from the Publications Unit of the Commission, 18th and Locust Streets, Philadelphia, as well as from the Commission's regional offices.
>
> In connection with the adoption of Form N-30B-1, the Commission adopted Rules N-30B1-1 and N-30B1-2 under the Investment Company Act, Rules X-13A-8 and X-15D-5 under the Securities Exchange Act of 1934, and amended Rule X-13A-6 under the latter Act.

SEC Amends Inv. Co. Rule

The Securities and Exchange Commission on April 28 announced the adoption of an amendment to Regulation S-X so as to make that regulation applicable to the form and content of financial statements filed by unincorporated management investment companies which are issuers of periodic payment plan certificates. "The principal change effected by the amendment," says the Commission, "causes the statement of income and other distributable funds to show separately the balance of income before gain or loss from security transactions and the gain or loss from security transactions. The amendment also includes certain clarifying changes in Article 6 and Article 6A." The Commission also says:

> The amendment is designed to adapt the present requirements for use by companies subject to the Investment Company Act of 1940, but also is applicable to statements of investment companies filed under the Securities Act of 1933 and the Securities Exchange Act of 1934. It is contemplated, however, that further amendments or a general revision of the requirements as to the form and content of financial statements of investment companies may result from study of the financial statements filed as part of the registration statements of investment companies under the Investment Company Act of 1940.

Ten Issues Interesting

Newburger, Loeb & Co., 40 Wall St., New York City, members of the New York Stock Exchange and other leading Exchanges, announce that their statistical department has prepared a circular containing brief descriptions of 10 interesting issues. Copies of this circular will be sent by Newburger, Loeb & Co. upon request.

H. R. Baker Absorbs Franklin Wulff Staff

SAN FRANCISCO, CALIF — H. R. Baker & Co., Russ Building, members of the San Francisco Stock Exchange, announce that they have taken over the sales organization of Franklin Wulff & Co., Inc. H. R. Baker & Co., as a result of this enlargement of its organization, will extend its activities to Southern California and will have offices in San Francisco, Los Angeles, San Diego, Oakland, Sacramento, Passadena, Fresno, Long Beach, Stockton, Beverly Hills, Eureka, San Jose, Modesto and Santa Ana.

Franklin Wulff & Co., Inc., specializing in bank and insurance stocks, simultaneously announced the discontinuance of its activities.

In Armed Forces

William C. Carlin, of the Dayton, Ohio, office of Westheimer & Co., Third National Bank Building, is on leave of absence from the firm, having entered the armed services on May 1.

Stuart A. Prosser, co-Manager of the Chicago office of Fahnestock & Co., 135 South La Salle St., has been commissioned a Captain in the United States Army and is on duty at Chanute Field, Rantoul, Ill.

Milton R. Underwood, proprietor of Milton R. Underwood & Co., Gulf Building, Houston, Tex., has entered the armed services. The offices of Milton R. Underwood & Co. will be closed for the duration.

Triumph Explosives Report

Sweetser & Co., 65 Broadway, New York City, members of the New York Stock Exchange, are distributing a circular on Triumph Explosives, Inc., giving comparaitve sales and profits, liabilities and assets and book value of outstanding stock, including figures contained in the semi-annual report of the company. Continued increase in the sales and earnings of Triumph Explosives, according to Sweetser & Co., should make possible even larger payments of dividends than heretofore as the working capital position of the company improves.

With reference to the explosion in the Versailles, Pa., plant of the Central Railway Signal Co., a subsidiary of Triumph Explosives, Inc., a memorandum from Sweetser & Co. states: "Central Railway Signal Co. is a subsidiary of Triumph Explosives, Inc., and owns and operates five plants throughout the country. The scene of the explosion was a building of the Versailles plant, devoted exclusively to the manufacture of railroad signal torpedoes.

"When questioned over the telephone, Mr. G. H. Kann, President of Triumph Explosives, Inc., stated that while he greatly regretted the loss of life incurred, the company will suffer no financial loss, since it is fully covered by insurance."

US Loan For Paraguay

The Paraguayan Embassy in Washington has informed the Foreign Office that the United States will grant a loan of $4,000,000 for public works, the Foreign Office said on May 8, according to United Press advices from Asuncion. These advices added:

> The funds will be spent with the advice of four public health experts to be sent by the Office of the Coordinator of Inter-American Affairs. It also was revealed that the first lend-lease shipment of arms from the United States would arrive here soon.

Foresees 6 Million Women Engaged In War Work

The Bureau of the Census reported on May 10 that in order to meet wartime needs for labor, millions of young married women will be called upon to take the places of men in industry. The Census Bureau indicates that as yet labor shortages were limited to particular occupations and localities. The Bureau continued:

"The main problem at present is to utilize efficiently the existing labor supply by reducing unemployment to a minimum, increasing hours of work of the under-employed and shifting workers from non-essestial industries or from jobs that make inadequate use of their training.

"In the future, however, as more and more men are drawn into military service and as production for civilian use approaches a minimum, it will be necessary to increase the total labor supply to continue the expansion of war production.

"With allowance for some abnormal increase in addition to the usual growth, there are probably about 55,000,000 workers in the labor force of the United States at present, including men in the armed forces.

"This number would have to be increased by some 8,000,000 to make the proportion of the population employed or in the armed forces reach the estimated level during World War I."

Regarding the figures a Washington dispatch of May 10 to the New York "Times" said:

Census figures indicate that less than one-fourth of such an increase could be achieved by drawing more men into the market, because nearly all of the potentially employable males are already in the labor force.

Under the 1940 census only about 2,000,000 men of 18 to 64 years of age were able to work and not confined to institutions but were not in the labor force.

Even if all of this category were employed 6,000,000 or more additional workers would have to be drawn from the female population to provide an increase of 8,000,000.

The chief reserve of labor supply is among women 18 to 44 years old, of whom 85% of those not gainfully employed in 1930 were married.

In the 1940 census 18,200,000 women were in this age group and were not in the labor force but were able to work and not in institutions. Since then their number has probably increased to about 19,000,000.

Although 9,500,000 women were in the 45 to 64 age group, additions of them to the labor force will be small unless there is a marked change in the willingness of employers to hire older women.

To be near production centers the additional workers will have to be drawn principally from young women in cities and comparatively few from rural areas and small towns. The 18 to 44 group in 1940 comprised 13,900,000 from urban areas and 4,300,000 on farms.

Senate Passes WAAC Bill

The Senate on May 12 by a vote of 38 to 27 passed the bill to create a Women's Auxiliary Army Corps. The bill, which has already passed the House, would permit the WAAC to enroll up to 150,000 women between the ages of 21 and 45 for non-combatant service anywhere in the world.

An attempt in the Senate to restrict the corps' service to within the United States was defeated by a vote of 37 to 26. House passage of the measure was referred to in our issue of April 30, page 1712.

War Building Continued Strong In April

War construction contracts continued in large volume during the month of April, according to a statement released on April 16 by the F. W. Dodge Corporation. The dollar total of building and engineering contracts awarded last month in the 37 Eastern States amounted to $498,742,000. This was a 23% increase over April, 1941. While the April total was 18% under the March figure, the drop is not considered to signify a trend, since April was the period of drastic curtailment of civilian construction, and at the same time a period of planning for large war construction projects to be started hereafter.

The April figures brought the contract total for the first four months of this year up to $1,859,944,000, compared with $1,462,156,000 in the first four months of 1941; an increase of 27%. Non-residential building contracts increased 37%; residential building contracts increased 20%, and public works and utilities contracts increased 22%. Included in the residential classification were 140,394 family dwelling units in new residential buildings, at a total contract cost of $528,242,000. The number of units increased 29% over the first four months of 1941, while the dollar volume increased 7%; this reflects a decrease in average unit costs, due to the elimination of nearly all types of new housing outside the war housing classification.

In addition to the large construction volume in the 37 Eastern States, there has been a proportionate amount in the 11 Western States, and a considerable, though unannounced, volume of work at various overseas sites.

Silver Shortage—Metal Now Being Rationed

Due to the demands of commercial and industrial users, an informal rationing of silver is now in effect. Handy & Harman, New York bullion dealers, report that the shortage of supply compared with demand now makes it necessary to limit metal sales to the arts and crafts but industrial companies, using silver in war work, are being supplied.

With regard to the crisis in silver supplies, an Associated Press account of May 8 stated:

The substitution of silver for copper, nickel, tin, aluminum and other war-needed nonrusting metals by civilian industry also has skyrocketed demand from non-war manufacturers.

The War Production Board, in its order last week banning iron and steel from more than 400 common civilian articles, specifically permitted the use of silver, or gold, as a substitute.

American factories, a large bullion dealer estimated, could use 140,000,000 ounces of silver profitably this year at current prices—if they could get it. The total supply for the year, however, was figured at 100,000,000 ounces.

This shortage of supply compared with demand has made necessary, trade reports said, an informal rationing or doling out of silver to users because it would be impossible to supply the metal they want at prevailing prices.

Paradoxically, the trade points out, the United States Treasury owns more than 3,000,000,000 ounces of silver.

The catch, silver men say, is a three-way price policy, explained this way:

Foreign silver brings 35 cents an ounce at the Treasury, and industry pays a fraction of a cent more to obtain its requirements.

Domestic silver, under the law passed July 6, 1939, must be bought by the Treasury at 71.11 cents an ounce. Such purchases in 1941 were estimated at about 70,000,000 ounces.

Under this law, the Treasury cannot sell that same domestically mined silver for less than $1.29 an ounce.

The Treasury agreed to loan 40,000 tons of silver to the power industry for use in busbars, through which electricity passes on its way from generators to power lines. Now the talk has turned to loans for other industrial purposes.

The Treasury could "farm out" a good deal of its silver, by the way, without affecting the amount of silver coin in circulation. It has on hand more than 480,000,000 silver dollars and millions of dollars more in subsidiary coin, in its vaults.

Forced Savings Bill Introduced In House

Legislation calling for enforced savings through payroll deductions and proposing an over-all ceiling on wages and farm commodities was introduced in the House on May 11 by Representative Gore (Dem., Tenn.). Representative Gore's bill calls for the purchase of war bonds and stamps with the enforced savings. The plan provides for compulsory weekly pay deductions starting at 6% for single workers making $20 a week and at 7% for married persons making over $30 a week. The percentage ranges upward for larger incomes until it requires the investment of all money in excess of $25,000 (after payment of taxes) in bonds. The war bonds would be issued by the Treasury at the year-end; they would be limited to 1% interest and non-negotiable except in stipulated cases.

In a statement bearing on his plan, Representative Gore said that "dependence upon voluntary money is as archaic and inadequate in total war as reliance upon voluntary enlistment into the armed forces." He also criticized the Treasury plan "to ring doorbells and persuade people to make a perfectly good and profitable investment of their money in Government bonds."

Mr. Gore at the same time introduced a "companion bill" to fix ceilings on farm commodities and wages. He said this was necessary "to round-out the anti-inflation program." This latter measure would amend the Price Control Act of 1942.

Smith Heads Savs. Assn.

Levi P. Smith, President of the Burlington (Vt.) Savings Bank, was elected President of the National Association of Mutual Savings Banks at the conference held in New York City on May 8. The organization represents deposits of $10,500,000,000 and 15,500,000 depositors. Mr. Smith served as Vice-President of the organization during the last year and has been active in mutual savings bank affairs for some time.

George J. Bassett, President of Connecticut Savings Bank, of New Haven, was elected Vice-President of the Association; Edmund P. Livingston, Vice-President of Union Dime Savings Bank, of New York, was chosen Treasurer, and John W. Sandstedt, of New York, Executive Secretary.

At its concluding session on May 8 the Association, according to the New York "Herald Tribune," adopted a resolution calling for appointment of a special committee, representative of all sections of the nation where mutual savings banks operate, "to promote the purchase of war savings bonds and other useful savings practices, and to this end tender their services to the Treasury of the United States with a view to effect the fullest use of the nation's facilities for saving."

The Association adopted another resolution commending the railroad industry "for its ability to assume the unusual burdens of war-time traffic and for its achievements in meeting unprecedented demands with adequate and efficient service."

In a short talk to the conference following his election as President of the Association, Mr. Smith said that "greatly increased saving by the enlistment of a part of every pay envelope and salary check must be the keynote of our new national economy." He added:

It is indispensable that as much as 10% of individual incomes be devoted to the purchase of War Savings Bonds. This demand of the Treasury involves no hardship in view of what is at stake. Mutual savings banks of the country, as the time-honored missionaries of thrift, have done well to assume leadership in the furtherance of this program.

The forbidding alternative to voluntary and independent war saving is the mobilization of earnings by some form of forced saving. Fortunately, we have a record national income, which makes voluntary saving possible, and gives assurance that whatever is put aside today will provide a sound cushion against after-war reaction.

Navy Sets Up Section To Work With Banks

The Navy Department announced on May 11 the establishment of a finance section to work with banks in financing war production. The section is to be headed by Sidney A. Mitchell, formerly of Bonbright & Co., New York. In its announcement the Navy Department said:

"When a contractor or subcontractor is in need of financing to carry out his contract, the matter, will in the regular course, come to the attention of the finance section through the Federal Reserve Bank of the district in which the contractor is located.

"The finance section will then discuss the business of the contractor with the appropriate purchasing bureau which will determine whether the business meets the requirements laid down in the Executive order (an order authorizing such finance transactions). If this is the case, the finance section will, . . . discuss the means of financing with the contractor's local banks and the Federal Reserve Bank in his district, and to the extent necessary will participate in or guarantee loans made by the bank."

ODT To Limit Use Of Rubber-Borne Carriers

President Roosevelt, by executive order, on May 4 delegated to Joseph B. Eastman, Director of Defense Transportation, the power to control and limit the use of rubber-borne transportation facilities.

Mr. Roosevelt placed within the scope of Mr. Eastman's authority "all rubber-borne transportation facilities, including passengers, buses, taxicabs and trucks." It directs Mr. Eastman to "develop programs to facilitate the continuous adjustment of the Nation and its transport requirements to the available supply of transportation services relying upon rubber."

The directive sets forth that the Office of Defense Transportation shall:

"Formulate measures to conserve and assure maximum utilization of the existing supply of civilian transport services dependent upon rubber, including the limitation of the use of rubber-borne transportation facilities in non-essential civilian activities, and regulation of the use or distribution of such transportation facilities among essential activities."

US Bank Agencies Urge Amortization Of Debts

In a joint statement issued on May 7 the Comptroller of the Currency, the Board of Directors of the Federal Deposit Insurance Corp., and the Board of Governors of the Federal Reserve System recommended to all banks that the principle of amortizing debts, incorporated in Regulation W, relating to consumer credit and certain bank loans, be extended to other loans not covered by the regulation, particularly single-payment loans to individuals for non-productive purposes.

The statement said the joint action was taken in accordance "with that part of the President's special message to Congress of April 27 which urged the paying of debts as a restraint upon rising living costs." The text of the statement follows:

One of the greatest advances in banking practices during recent years has been the wide acceptance of the principle of amortization of debts. This principle is incorporated in Regulation W, issued by the Board of Governors of the Federal Reserve System, which related to consumer credit and applies to certain types of bank loans.

In the exercise of their supervisory responsibilities, the Comptroller of the Currency, the Board of Directors of the Federal Deposit Insurance Corp., and the Board of Governors of the Federal Reserve System urge that the principle of amortization be extended to other loans which are not subject to the provisions of Regulation W, particularly to the volume of single-payment loans to individuals for non-productive purposes presently outstanding.

The examiners for the respective agencies are being instructed to pay particular attention in the course of their examinations to individual debt to determine whether it is being reduced and to the circumstances which may be preventing its reduction or preventing it being put on an amortization basis.

The examiners are likewise being instructed to include in their reports of examination comments as to the extent to which the bank has co-operated in the program for reduction of personal indebtedness incurred for non-productive purposes, and as to the results achieved.

In order to provide a measure of the volume of personal loans, banks will be asked from time to time to report information as to the amounts of single-payment personal loans on their books in addition to information now being reported as to installment paper.

The amendment to the Board's Regulation W relating to consumer credit was given in our May 7 issue, page 1780.

Cuba Withdraws US Notes

United States silver certificates and Federal Reserve notes, which have been accepted throughout Cuba as legal tender on the same basis as Cuban notes, will be withdrawn from circulation and replaced by Cuban currency, Oscar Garcia Montes, Minister of the Treasury, announced on May 7.

United Press Havana advices, from which the foregoing is learned, explained that there has been a shortage of Cuban currency for a year, but the Government has ordered a 10,000,000 peso issue of silver certificates printed immediately, half of an authorized issue of 20,000,000 pesos.

The new issue, it is stated, will be backed by gold which will be purchased immediately, Garcia Montes said.

Banking School Adds Ten

The addition of ten new instructors to the faculty of The Graduate School of Banking to teach the various subjects, is announced by Dr. Harold Stonier, director of the school, for the coming year. The Graduate School of Banking is conducted for bank officers by the American Bankers Association. It offers a two-year course, including three resident sessions of two weeks each at Rutgers University, New Brunswick, N. J., and two years of extension work at home. The 1942 resident session at Rutgers will be held June 15 to June 27. Six hundred bank officers are now enrolled in the school.

The new members of the faculty come from seven States. They include:

Frank E. Donnelly, Assistant Vice-President and Secretary, Monroe County Savings Bank, Rochester, N. Y.

T. Allen Glenn Jr., President, The Peoples National Bank, Norristown, Pa.

S. Guernsey Jones, Assistant Cashier, National Newark & Essex Banking Co., Newark, N. J.

John S. Linen, Vice-President, Chase National Bank of New York.

Gwilym A. Price, President, Peoples-Pittsburgh Trust Co., Pittsburgh, Pa.

Harold Randall, Assistant Vice-President, Cleveland Trust Co., Boston.

Harold E. Reeve, General Counsel and Secretary, Chicago Title and Trust Co., Chicago.

Albert C. Simmonds Jr., Vice-President, Bank of New York, New York City.

Harry R. Templeton, Vice-President, Cleveland Trust Co., Cleveland.

Edward A. Wayne, Secretary, North Carolina Bankers Association, Raleigh.

The Graduate School of Banking has a faculty of 49 instructors, divided between bank executives, college professors, and governmental department executives.

The addition of three others to the School's faculty was noted in these columns on May 7, page 1787.

U. S.-Peru Trade Treaty

A reciprocal trade agreement between the United States and Peru was signed at the State Department in Washington on May 7 by Secretary of State Hull and David Dasso, Peruvian Minister of Finance. The pact provides concessions covering most of the trade between the two nations, which was $41,066,000 in 1940. This agreement is in addition to the lend-lease aid extended by the United States to Peru in March, estimated to amount to $29,000,000 (as noted in our March 19 issue, page 1160), and a $25,000,000 credit previously extended by the Export-Import Bank.

With regard to the trade treaty, the New York "Journal of Commerce" in its Washington advices May 7 stated:

The treaty, which was concluded in less than five months after the announcement of intention, grants duty reductions by the United States on Peruvian sugar, long staple cotton, bismuth, cocoa leaves, and hair of the alpaca, llama and vicuna. At the same time the State Department announced that, at Peru's request, the Tariff Commission has agreed to undertake an investigation to determine whether it is possible to consolidate all quotas on long staple cotton into a single global quota.

Included in the list of 35 United States products on which Peru granted duty reductions are autmobiles and trucks, dried fruits, canned vegetables and fruits, typewriters and calculating machines, prepared oats, fresh apples, pears and plums. In addition, Peru agreed to freeze existing customs duties on 15 other items.

On May 1 Mr. Dasso was the guest at a luncheon given by the Pan American Society and the Peruvian-American Association held at the Bankers Club in New York, and at which Frederick E. Hasler, President of the Pan-American Society and of the Continental Bank & Trust Co., presided. The New York "Herald Tribune" of May 2, reporting this, said:

Mr. Dasso stressed the need for greater exchange of goods and services between the United States and Peru. His own country will be asked to increase production of vital war materials, he said, by persuasion rather than by mandatory decrees. Every emphasis will be placed upon the output of export goods, he added, and also upon foodstuffs and other essentials.

A need was seen by Mr. Dasso for greater and continued absorption by the United States of Latin American products of all kinds. He expressed the view that the war emergency will stimulate this process and also occasion an imprevment of communications. Air lines and motor roads especially must be augmented, he declared.

Settlement of the default on Peruvian dollar bonds is already under discussion with the Foreign Bondholders Protective Council, Inc., he added. Without divulging the basis of the discussion, Mr. Dasso said he looked forward to a "firm and durable foundation" for continued service on invested capital, as a consequence of the negotiations.

US-Brazil Rubber Deal

Brazilian Finance Minister Arthur de Sousa Costa announced on May 8 that under terms of an agreement with the United States, Brazil would apply a $5,000,000 United States credit to rapid expansion of Brazilian rubber production.

In reporting this, Associated Press advices from the Rio de Janeiro also said:

The United States, through the Rubber Reserve Co., will purchase all excess Brazilian rubber at a basic price of 39 cents a pound, f.o.b. Belem, he explained.

For purchases in excess of 5,000 tons a premium of 2½ cents a pound will be paid and for any purchases over 10,000 tons the premium will be 5 cents a pound.

In addition, Brazil will sell to the United States all excess manufactured rubber goods.

The agreement, to last five years, will be subject to periodic adjustments.

The agreement on rubber was reached in Washington early in March; referred to in these columns March 12, page 1064.

Volunteer War Saving Called Imperative

Reviewing developments of the year as they affect the thrift capital of the Nation, and emphasizing the economic importance of volunteer war saving, Andrew Mills Jr., President of the Dry Dock Savings Institution, New York, and President of the National Association of Mutual Savings Banks, opened in New York City the conference of that organization on May 6 for a three-day discussion of national affairs.

Mr. Mills noted that "our institutions today serve 15,500,000 depositors, having to their credit $10,500,000,000," and in his address said:

United States Government bonds, held by our institutions, increased during the year 1941 by $398,000,000 to a total of $3,591,000,000, representing a percentage of assets of 30.51, compared with 26.30 the year before. This increase, translated into the purchase of equipment vital to our war effort, would run into amazing figures.

Owing to the stoppage of all housing, except in so-called defense areas, our outlet for mortgage investments is to that extent limited. Defense housing is as necessary to the war effort as the factories producing equipment—for the workers must be adequately housed—and the Government will have to provide such housing to the extent that private enterprise is unable to meet the demand. We believe that as far as possible this housing should be financed by private capital, but only where it can be absorbed after the war into existing communities. Savings bankers are showing great interest in mortgages upon this type of housing, insured by the Federal Housing Administration. In New York, especially, they, in cooperation with their instrumentality, the Institutional Securities Corporation, are in position to handle this business efficiently.

Savings bank life insurance has shown marked development in Massachusetts, its birthplace; in New York, and in Connecticut, which took up this activity on Jan. 1, 1942.

Mr. Mills also said:

In March, 1941, weeks prior to the start of the campaign to sell Defense Savings Bonds, savings bankers representing the National Association, and the Savings Banks Association of the State of New York, called upon Secretary of the Treasury Morgenthau to offer the wholehearted cooperation of the mutual savings banks of the country in the furtherance of that effort. This offer was accepted in the spirit in which it was made.

Up to March 31 of this year our institutions had sold a total of $379,000,000 of these securities, and April sales should bring the figure to considerably more than $400,000,000.

Mr. Mills also stressed the importance of educating an increasing number of people to the value of saving out of current income, saying that "it is of vital importance to the whole country that unnecessary spending be discouraged and the spirit of thrift prevail. He concluded:

Saving brings strength, the strength required to attain victory, and victory only will bring lasting peace.

Job Aid For Men Over 40

Federal Security Administrator Paul V. McNutt announced on May 2 the readiness of every local office of the United States Employment Service to cooperate with all citizens' organizations and Governmental agencies in the campaign to find jobs for men over 40. Instructions have been sent to every State representative of the Service, he said, to work closely with veterans' organizations, civic and religious groups, and representatives of labor and business to attain the objectives of National Employment Week (May 3-9) as announced in the President's recent proclamation—referred to in our April 23 issue, page 1630.

"Industry's extraordinary demand for men," said Mr. McNutt, "has somewhat shifted the emphasis of this year's campaign. Although the slogan still is 'Job for Men over 40,' it is beginning to appear that the search will have to be, not so much for jobs as for men to fill the jobs. Representatives of the Employment Service will make a special effort to see to it that employers are given every opportunity to locate the older men whose skills are now so urgently needed in the war production plants, in those turning out essential consumer goods, and for farm work."

Shipping Priorities To Aid Latin-American Trade

A system of shipping priorities, designed to expedite the movement of goods to the other American Republics in the interests of the war program and hemispheric defense, was jointly announced on May 6 by the Board of Economic Warfare, the State Department at Washington and the Coordinator of Inter-American Affairs.

Under the system, each export license will bear a shipping priority rating which will govern shipping operation. The ratings will be assigned entirely on the basis of the "use" of the goods, it is stated.

These ratings were defined by the BEW's Office of Exports as follows:

"Rating (A) will be assigned to licenses authorizing exportation of articles and materials contributing directly to the war program of the United States or to hemispheric military defense.

"The rating (B) will be assigned to licenses for articles and materials essential to the maintenance of industrial, economic and civilian life of the country of destination.

"Rating (C) will be assigned to licenses for commodities deemed important to the industrial and civilian life of the country of destination, but for which there is no immediate urgency, and the lack of which would not cause economic dislocation.

"Rating (D) will be assigned licenses for non-essential articles and commodities, which, while desirable, appear unnecessary in war-time, and for which there are substitutes, or without which the economic and civilian life of the country of destination would not be seriously harmed.

"Rating (AA) is a special rating held in reserve to be applied to cases which are considered of the utmost importance and urgency."

Repaymts. Outweigh Loans

While it was advancing more money than in April since 1937, the Federal Home Loan Bank of Chicago last month received repayments greater than its disbursement, thus averting any net credit expansion, A. R. Gardner, President of the Chicago Bank, reported on May 11. It is stated also that a net decrease was evidenced in the bank's loans outstanding to member savings, building and loan associations in Illinois and Wisconsin. The April volume of advances totalled $1,100,833, an increase of 7.2% over the like month of last year and a seasonal upturn of 53% from March.

Quezon Arrives In U. S.

President Manuel Quezon of the Philippine Commonwealth arrived in San Francisco on May 8 with his family and members of his Cabinet. President Quezon plans to go to Washington where he will established headquarters for the Commonwealth Government. He had reached Australia in late March and his voyage across the Pacific came as a surprise. He was met at a San Francisco pier by Oscar L. Chapman, Assistant Secretary of the Interior, and Lieut. Gen. J. L. De Witt, head of the Western Defense command. In Associated Press advices from San Francisco President Quezon was quoted as saying:

I have repeated over and over that the Philippines will stand by the United States to the bitter end. Thank God the facts proved I was right, and that we still are standing by the United States. I am proud of the way the Filipino soldiers have conducted themselves in battle.

RFC Spent $13 Billion In War Effort: Jones

Secretary of Commerce Jesse Jones on April 30 made an accounting of the more than $13,000,000,000 which the Reconstruction Finance Corporation and its subsidiaries had spent in the last two years in the war effort, ranging from purchase of the entire Cuban sugar crop to rehabilitation of a Newfoundland railroad.

Addressing the U. S. Chamber of Commerce meeting in Chicago, Mr. Jones said that some of the outstanding items which went to make up the $13,000,000,000 were $1,912,000,000 to build aircraft plants, $360,000,000 for magnesium plants, $700,000,000 for plants to manufacture synthetic rubber, and $182,000,000 for shipyards. He added:

"These expenditures will provide plant capacity sufficient to increase our annual production of aluminum to 2,100,000,000 pounds, as against 300,000,000 pounds two years ago, 600,000,000 pounds of magnesium per year, as against 33,000,000 pounds a year ago; 800,000 tons of synthetic rubber a year, as against 25,000 tons. The synthetic rubber plants should come into production during 1942 and '43."

Cooperation Needed for Food Production Goals

Attainment of food production goals will require the full cooperation of every farmer and farm worker, and every man, woman, boy, and girl throughout our agricultural areas, M. Clifford Toownsend, Director of the Office of Agricultural War Relations, U. S. Department of Agriculture, declared on May 7. Speaking before the International Association of Public Services, at Louisville, Ky., Mr. Townsend said, "we have changed problems, and we must all—you, the farmer and I—use our ingenuity to discover new ways of getting our job done." He added that the success or failure of the goals set for all farm products will be directly dependent upon complete community understanding and cooperation, which in turn is directly dependent upon how adequately the Employment Service and the Department of Agriculture can organize to serve each community. Saying he believes that the farm labor situation can be adjusted to meet production goals, Mr. Townsend stated that the means for alleviating the farm labor situation can be grouped into these three categories:

(1) Securing full utilization of the labor force normally employed in agriculture by operating labor pools exchanging labor, using more family workers, and similar cooperative measures.

(2) Retention of workers on farms by increasing the attractiveness of farm work through higher earnings, better housing, more continuous employment, and similar methods.

(3) Bringing into the farm labor force persons not normally employed in agriculture.

Trade Luncheon to Hear

Wayne C. Taylor, Undersecretary of Commerce, will be a participant in the program arranged for the New York Foreign Trade Week for 1942, and will deliver an address at the World Trade luncheon gathering of business and professional men, and Government officials at the Hotel Astor, New York City, on May 18.

The subject of Mr. Taylor's remarks will be "Foreign Trade's Place in the War Effort," it is announced by James S. Carson, Chairman, New York Foreign Trade Week Committee. Mr. Taylor was one of the delegates to the Rio Conference in January.

Calendar of New Security Flotations

OFFERINGS

NATIONAL DISTILLERS PRODUCTS CORP.

National Distillers Products Corp. filed registration statement with SEC for $15,000,000 7-year sinking fund debentures, due March 1, 1949. Interest rate will be supplied by amendment

Address—120 Brodway, New York City

Business—Company is chiefly engaged, directly or through subsidiaries, in the distillation, storage and sale of various types of American whiskies, including "Old Grand-Dad," "Old Taylor," "Old Overholt," "Mount Vernon," "Crab Orchard," etc.

Underwriting—Glore, Forgan & Co. and Harriman Ripley & Co., Inc., both of New York City, are named principal underwriters. Names of the other underwriters will be supplied by amendment.

Proceeds to the extent of $11,000,000 will be used to repay presently outstanding bank loans of company, and the balance will be used for general corporate purposes

Registration Statement No. 2-4991. Form A-2. (4-23-42)

National Distillers Products Corp. filed an amendment with the SEC disclosing that its $15,000,000 7-year $3\frac{1}{4}$% sinking fund debentures, due March 1, 1949, will be offered to the public at 100; underwriting commission is $1\frac{7}{8}$%. Twenty underwriters, headed by Glore, Forgan & Co. and Harriman Ripley & Co., Inc., will participate in the public offering of the debentures

Offered—May 13, by a syndicate headed by Glore, Forgan & Co., Harriman Ripley & Co., Inc., and including Blyth & Co., Inc., Hayden, Stone & Co., The First Boston Corp., Lehman Brothers, Goldman, Sachs & Co., Kidder, Peabody & Co., W. C. Langley & Co., and Stone & Webster and Blodget, Inc.

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.

TUESDAY, MAY 19

CALIFORNIA UNION INSURANCE CO.

California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

Address—San Francisco, Calif.

Business—Engaged in the underwriting of fire, automobile and other forms of insurance

Underwriting—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

Offering—The common stock registered will be offered to the public at a price of $22 per share

Proceeds will be used for additions to capital and surplus

Registration Statement No. 2-4992. Form A-1 (4-30-42 San Francisco)

DESPINA GOLD MINES, LTD.

Despina Gold Mines, Ltd., **refiled** a registration statement with the SEC for 1,030,000 shares common stock, $1 par

Address—Montreal, Quebec, Canada

Business—Company is engaged in the gold mining business

Underwriting—Underwriter is Canadian Securities Distributors

Offering—The 1,030,000 shares of common stock will be offered to the public at 35 cents per share; 1,000,000 shares will be offered for the account of the company, and the remaining 30,000 shares for the account of a selling stockholder

Proceeds to company will be used for working capital purposes

Registration Statement No. 2-4636, refiled with SEC 4-30-42

WEDNESDAY, MAY 20

THE DELAWARE & HUDSON CO.

Committee for first and refunding mortgage 4% bonds, due May 1, 1943, of the company, filed a registration statement with the SEC for certificates of deposit to be issued for first and refunding mortgage 4s, due May 1, 1943, of the company

Address of Company—New York, N. Y.

Composition of Committee—Members of the committee calling for deposit of the bonds, are: Charles True Adams, Chairman; Howard Elliott, Jr., Vice-Chairman; Allen K. Brehm; James J. Minot; H. Duncan Wood. Secretary for committee: Douglas G. Wagner, 40 Exchange Place, New York City. Depository: Continental Bank & Trust Co., New York, N. Y.

Terms of Issue—The certificates of deposit are to be issued by the committee for deposit of the outstanding first and refunding mortgage 4% bonds, due May 1, 1943, of the company, under a deposit agreement dated April 15, 1942. There are $49,890,000 principal amount of such bonds outstanding, of which $5,000,000 principal amount are to be called initially by the committtee. Committe states that the deposit of the bonds is desired in order that concerted action on the part of the holders may be obtained, in view of the approaching maturity of the bonds, with the view, if possible, of formulating a plan for meeting the maturity of the bonds

Registration Statement No. 2-4993. Form D-1 (5-1-42)

SEARS, ROEBUCK & CO.

The Savings and Profit Sharing Pension Fund of Sears, Roebuck & Co. employees, and Sears, Roebuck & Co., jointly filed a registration statement with the SEC for: 25,000 memberships in the Savings and Profit Sharing Pension Fund of Sears, Roebuck & Co. Employees; and 175,000 shares of capital stock, no par, of Sears, Roebuck & Co.

Address—Fund: 3333 Arthington Street, Chicago. Company: 925 S. Holman Ave., Chicago, Ill.

Business—The fund has been in effect since 1916, its purpose being to permit employees to share in the profits of company; and to provide a plan through which each eligible employee may accumulate his own savings, the company's contributions to the fund, and the earnings on his accumulations in the fund, as a means of providing an income for himself at the close of his active business career. On Jan. 31, 1942, the fund held 743,835 shares of capital stock of the company and uninvested cash of $6,309,219

Offering—The 25,000 memberships in the fund represent the maximum estimated number of memberships which may be offered to eligible employees of the company during the 12 months' period following the effective date of the registration statement, upon their becoming eligible for membership. The 175,000 shares of capital stock of the company represent the maximum number of shares which, it is anticipated, may be purchased by the fund for its members during said period in accordance with the rules of the fund

There will be no underwriting

Proceeds will be used to purchase shares of stock of the company

Registration Statement No. 2-4996. Form A-2. (5-1-42)

SUNDAY, MAY 24

PHILIP MORRIS & CO., LTD., INC.

Philip Morris & Co., Ltd., Inc., filed a registration statement with the SEC for 49,666 shares of cumulative preferred stock, $100 par value (dividend rate to be furnished by amendment), and 893,988 rights, latter to be issued in connection with issue of subscription warrants evidencing rights to subscribe for the 49,666 shares of preferred stock

Address—New York, N. Y.

Business—Engaged in manufacture and sale of cigarettes and smoking tobaccos, principally "Philip Morris," "Paul Jones," "Marlboro" and "English Ovals" cigarettes

Offering—The 49,666 shares of preferred stock will be offered for subscription to common stockholders of company, on the basis of one share of preferred stock for each 18 shares of common stock held. The subscription price per share, the stock of record date, and the expiration date of subscription offer, will be furnished by amendment

Underwriting—Such of the 49,666 shares as are not issued under the subscription offer, will be sold to the public by underwriters, at a price to be supplied by amendment. Principal underwriters are Lehman Brothers and Glore, Forgan & Co., both of New York, N. Y. The names of the other underwriters will be furnished by amendment

Proceeds will be used to reduce outstanding bank loans

Public Sale of New 3% Debentures also Proposed—In the registration statement summarized above, the company stated that its board of directors intend to authorize the sale of 20-year 3% debentures, due May 1, 1962, in an aggregate amount not to exceed the difference between $11,500,000 and an amount equal to the aggregate par value of the shares of new preferred stock which presently are proposed to be sold by the company. The company states that this new issue of debentures is proposed to be sold shortly after the expiration of the rights to purchase the new preferred stock, following the filing of a registration statement with the SEC covering such debentures

Net proceeds to the company from sale of such debentures would be used to pay the unpaid balance of the company's bank loans, and the balance would be added to working capital

Registration Statement No. 2-4994. Form A-2. (5-5-42)

Philip Morris & Co., Ltd., Inc., filed an amendment with SEC on May 11, 1942, disclosing that its 49,666 shares of cumulative preferred stock, $100 par, would bear a dividend rate of $4\frac{1}{2}$%. The shares of preferred stock will first be offered to common stockholders for subscription, through warrants, and the unsubscribed portion of the preferred stock will then be offered to the public. The public offering price per share will be furnished by later amendment. Today's amendment also lists the underwriters who will participate in the public offering of the unsubscribed portion of the preferred stock, with percent of unsubscribed preferred stock to be purchased, as follows:

Lehman Brothers, New York	9.0%
Glore, Forgan & Co., New York	9.0
Bear, Stearns & Co., New York	1.2
A. G. Becker & Co., Inc., Chicago	3.1
Branch, Cabell & Co., Richmond	.5
Alex. Brown & Sons, Baltimore	1.2
Frank B. Cahn & Co., Baltimore	1.0
Davenport & Co., Richmond	.5
R. S. Dickson & Co., Inc. New York	1.0
Dillon, Read & Co., New York	4.9
Dominick & Dominick, New York	2.3
Emanuel & Co., New York	1.0
Goldman, Sachs & Co., New York	4.4
Granbery, Marache & Lord, N. Y.	.5
Hallgarten & Co., New York	1.7
Harriman Ripley & Co., Inc., N. Y.	4.4
Ira Haupt & Co., New York	1.7
Hayden, Stone & Co., New York	4.4
Hemphill, Noyes & Co., New York	4.4
Hirsch, Lilienthal & Co., New York	.5
Hornblower & Weeks, New York	3.1
Jackson & Curtis, Boston	1.7
Kuhn, Loeb & Co., New York	4.9
Ladenburg, Thalmann & Co., N. Y.	4.4
Lazard Freres & Co., New York	3.1
W. L. Lyons & Co., Louisville	.5
Mackubin, Legg & Co., Baltimore	1.2
Laurence M. Marks & Co., N. Y.	1.2
Mason-Hagen, Inc., Richmond	1.0
Merrill Lynch, Pierce, Fenner & Beane, New York	3.1
Reinholdt & Gardner, St. Louis	1.0
Riter & Co., New York	1.2
Schwabacher & Co., San Francisco	1.7
Scott & Stringfellow, Richmond	1.7
I. M. Simon & Co., St. Louis	.5
Stein Bros. & Boyce, Baltimore	.5
Stern Bros. & Co., Kansas City	1.0
Stifel, Nicolaus & Co., St. Louis	.5
Swiss American Corp., New York	1.0
Union Securities Corp., New York	4.4
G. H. Walker & Co., St. Louis	1.2
Watling, Lerchen & Co., Detroit	1.0
Wertheim & Co., New York	1.7
White, Weld & Co., New York	1.7

PUBLIC SERVICE ELECTRIC & GAS CO.

Public Service Electric & Gas Co. filed a registration statement with the SEC for $15,000,000 first and refunding mortgage 3% bonds, due May 1, 1972

Address—80 Park Place, Newark, N. J.

Business—This operating public utility company, a subsidiary of Public Service Corp. of New Jersey, is engaged primarily in the production and purchase of electric energy and manufactured gas and in the distribution and sale thereof in the State of New Jersey, including Newark, Jersey City, Paterson, Trenton, Camden, Elizabeth, Bayonne, Hoboken, Passaic, Perth Amboy and New Brunswick

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

Proceeds will be added to company's cash funds; cash funds have been and are to be called upon, among other things, for expenditures in the ordinary course of business for property additions and improvements

Registration Statement No. 2-4995. Form A-2. (5-5-42)

WEDNESDAY, MAY 27

LONE STAR STEEL CO.

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 warrents to purchase common stock; and 75,000 shares no par common stock

Address—Dallas, Texas

Business—Company is engaged in the manufacture of pig iron and steel

Underwriting — No underwriters are named in registration statement

Offering—The debentures will be offered to the public at 100; each $500 principal amount of the debentures will carry one warrant entitling the holder to purchase 25 shares of common stock of company, at $10 per share. Of the 75,000 shares common stock registered, 25,000 shares are reserved for issuance upon exercise of the warrants, and 50,000 shares will be offered to the public at $10 per share

Proceeds will be used for working capital purposes

Registration Statement No. 2-4997. Form S-2. (5-8-42)

SATURDAY, MAY 30

HINMAN AVENUE BUILDING CORP.

The voting trustees for the Hinman Avenue Building Corp. common stock filed a registration statement with the SEC covering voting trust certificates for 1,848 shares of common stock

Address—Chicago, Ill.

Voting Trustees are John R. Fugard and others

Business—Apartment building

Registration Statement No. 2-4998. Form F-1. (5-11-42)

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 southern 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

Amendment filed May 1, 1942, to defer effective date

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)

Registration Statement withdrawn May 11, 1942

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)

Amendment filed May 7, 1942 to defer effective date

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co. a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof: and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s. 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

Amendment filed May 5, 1942, to defer effective date

EAST TEXAS SALT WATER DISPOSAL CO.

East Texas Salt Water Disposal Co. filed a registration statement with the SEC for 19,750 shares common stock, $100 par value

Address—706 Citizens National Bank Bldg., Tyler, Tex.

Business—Incorporated on Jan. 20, 1942, under laws of State of Texas. Business of company will be the gathering, storing and impounding of water containing salt and other substances produced in the drilling and operation of oil wells in the East Texas oil fields, and the prevention of the flow of such water into streams. Company's outstanding common stock is owned principally by a group of seven large oil companies.

Underwriting and Offering—The common stock will be offered to the public direct by the company, through its officers and employees, at $100 per share. There will be no underwriting.

Proceeds will be used for working capital and corporate purposes.

Registration Statement No. 2-4986. Form A-1 (4-13-42)

Registration effective 12:30 p.m. E.W.T. on April 17, 1942

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 $102\frac{1}{4}$, 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)

Amendment filed May 5, 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 $4\frac{1}{2}$% 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 $4\frac{1}{2}$% preferred stock on basis of one share of $4\frac{1}{2}$% 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 $4\frac{1}{2}$% 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 $4\frac{1}{2}$% 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 to defer effective date filed April 27, 1942

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)

Amendment filed May 2, 1942, to defer effective date

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)

HUNTER MANUFACTURING CO.

Hunter Manufacturing Co. filed registration statement with the SEC for 109,560 shares of common stock, of 25 cents par value

Address—Croydon, Pa.

Business—During two years ended Sept. 30, 1940, operations of company consisted of the manufacture and sale of Rex railroad signal lights and the manufacture and sale, on an experimental basis, of munitions. Since that date, the company has been primarily engaged in the munitions business

Underwriters—Nelson Douglass & Co., Los Angeles, Cal., and Barrett Herrick & Co., Inc., New York, each have agreed to underwrite 46,500 shares of the common stock registered, or a total of 93,000 shares

Offering—The 109,560 shares registered will be offered to the public at $4 per share; the underwriting commission is 80 cents per share. 93,000 shares are unissued and are to be offered to the public

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for the account of the company; the remaining 16,560 shares registered are to be purchased by the underwriters, under purchase option, from certain stockholders, and will be publicly offered

Proceeds will be used to purchase or redeem all the outstanding 36,000 shares of 6% cumulative preferred stock, $5 par value, and for other corporate purposes

Registration Statement No. 2-4990. Form S-2. (4-23-42)

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)

Amendment filed May 2, 1942, to defer effective date

ILLINOIS COMMERCIAL TELEPHONE CO

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

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

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

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

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

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

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,096 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)

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 3¾% bonds, due 1971, and 24,000 shares of $5 cumulative preferred stock, no par value

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

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

Registration Statement withdrawn May 8, 1942

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 altered 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)

Amendment filed May 8, 1942, to defer effective date

INTER-MOUNTAIN TELEPHONE CO.

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

Address—Sixth and Crumley Sts., Bristol Tenn.

Business—Supplies telephone service in portions of Virginia and Tennessee

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

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

Proceeds will be received by the underwriters

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

Registration Statement withdrawn May 8, 1942

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

Illinois Securities Co. is reorganization manager

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

Registration effective 4 p.m., EWT, on May 6, 1942

LIBERTY AIRCRAFT PRODUCTS CORP.

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

Address—Farmingdale, N. Y.

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

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

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

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

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

Registration Statement withdrawn May 8, 1942

MILLER TOOL & MFG. CO.

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

Address—Detroit, Mich.

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

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

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

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

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

Amendment filed May 5, 1942, to defer effective date

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., filed an amendment with SEC on May 7 to its original registration (No. 2-4893) filed Nov. 11, 1941, to the effect that it proposes to issue $4,000,000 first mortgage series D 3⅜% bonds, due 1972, at the present time. Originally company asked permission to issue $42,000,000 first mortgage series D 3⅜% bonds, but received no bids for the issue Dec. 16, 1941

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

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

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

Proceeds will be used to finance new construction and other improvements to fixed capital

Bids will be received by the company at Room 830, Peoples Gas Building, 122 So. Michigan Ave., Chicago, before 12 noon, CWT, on May 18, for the sale of the issue

Effective—10 a.m. EST, on Dec. 6, 1941

SHENANGO VALLEY WATER CO.

Shenango Valley Water Co. filed registration statement with SEC for 7,000 shares 5% cumulative preferred stock, $100 par

Address—Sharon, Pa.

Business—This subsidiary of Consumers Water Co. supplies water service principally in the city of Sharon, Mercer County, Pa.

Underwriting and Offering—The 5% preferred stock will first be offered in exchange to holders of the outstanding 6% preferred stock, on basis of one share of 5% preferred plus $5.18 in cash for one share of 6% preferred. Holders of at least 3,686 shares of 6% preferred must accept exchange offer before such exchange will be made. Such of the shares of 5% preferred as are not issued under the exchange offer will be underwritten and sold to the public, at 100. H. M. Payson & Co., Portland, Me., is the principal underwriter; names of the other underwriters will be supplied by amendment

Proceeds will be used to redeem all of the outstanding unexchanged 6% preferred stock, to pay the cash adjustment called for by the offer of exchange, to pay whole or part of outstanding $236,000 of notes payable of company, and to provide funds for completion of plant additions and improvements

Registration Statement No. 2-4983. Form A-2. (4-3-42)

Registration statement withdrawn April 30, 1942

SOUTHWESTERN PUBLIC SERVICE CO.

Southwestern Public Service Co. filed a registration statement with the SEC for: $18,500,000 of first mortgage and collateral trust bonds, due Feb. 1, 1972; $5,500,000 serial notes, due in equal annual amounts from Nov. 1, 1943, to Nov. 1, 1953, inclusive; and 85,000 shares of 6% cumulative preferred stock, $100 par value

Address—Dallas, Texas

Business—This company and its subsidiaries are engaged principally in the generation, transmission, distribution and sale of electricity, serving certain communities in Texas, New Mexico, Oklahoma, Louisiana, Arkansas and Arizona. Under a plan of integration and simplification proposed to be consummated under section 11 of the Holding Company Act simultaneously with the consummation of the present proposed financing, the company proposes to effectuate the following transactions: Merger of Community Power & Light Co. and General Public Utilities, Inc. (the two present parent companies of the company) into the company; liquidation of Texas-New Mexico Utilities Co.; recapitalization and partial liquidation of Gulf Public Service Co.; purchase of Panhandle Power & Light Co., Cimarron Utilities Co. and Guymon Gas Co.; and refunding of the entire outstanding funded debt of the company itself. Upon completion of the transactions involved in foregoing, it is expected that the company will have no parent

Underwriting—Dillon, Read & Co., of New York, is the principal underwriter; the names of the other underwriters will be supplied by amendment

Offering—The bonds, serial notes and 6% preferred stock, will be sold to the public, at prices to be supplied by amendment

Proceeds from sale of the new securities will be added to the company's general funds and will be applied to effectuate the various financial transactions involved in the plan of integration and simplification, and the refinancing of the company's outstanding funded debt

Registration Statement No. 2-4981. Form A-2. (3-31-42)

Amendment filed May 6, 1942, to defer effective date

STANDARD AIRCRAFT PRODUCTS, INC.

Standard Aircraft Products, Inc., filed a registration statement with the SEC covering $300,000 5½% convertible serial and sinking fund debentures, due 1943-1947

Address—Dayton, Ohio

Business—Company manufactures and develops aircraft products, etc.

Offering—The 1943 maturity ($48,105) will be offered to the public at 100. The other maturities will be offered in exchange for 33,585 shares ($7.50 par) 40 cents cumulative preferred stock on a par for par basis as follows: debentures maturing 1944, $62,000; debentures maturing 1945, $62,000; debentures maturing 1946, $62,000; and debentures maturing 1947, $65,895

Underwriting—The debentures aggregating $251,895 may be sold through underwriter at 100. R. N. Webster, President, has agreed to sell through underwriter the $190,537 debentures he has agreed to exchange for his 25,405 shares of preferred stock. G. Brashears & Co. is named principal underwriter. R. N. Webster may be an underwriter

Proceeds of $48,105 (1943 maturity) will be used for working capital

Registration Statement No. 2-4988. Form A-1. (Filed in San Francisco 4-20-42)

Amendment filed May 6, 1942, to defer effective date

TREASURE MOUNTAIN GOLD MINING CO.

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

Address—Denver, Colo.

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

Underwriting—None

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

Proceeds will be used for working capital

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

Amendment filed April 25, 1942, to defer effective date

UNION ELECTRIC CO. OF MISSOURI

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

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

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

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

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

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

Union Electric Co. of Missouri, on Feb 3, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed April 27, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

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

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

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

Proceeds—To repay current debt and $2,635,000 first mortgage bonds held by parent and associated companies, and for construction costs

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

Amendment filed April 23, 1942, to defer effective date

UNITED GAS CORPORATION

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

Address—2 Rector Street, New York City

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

Underwriters—None

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

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

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

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

Amendment filed May 5, 1942, to defer effective date

VIRGINIA PUBLIC SERVICE CO.

Virginia Public Service Co. on April 29, 1942, filed amendment registration statement, disclosing that it now proposes to sell, under the competitive bidding rule of Holding Company Act, $26,000,000 of first mortgage 3¾% bonds, due Feb. 1, 1972, and $10,500,000 of sinking fund debentures, due May 1, 1957; debentures are to bear interest at not exceeding 5% per annum, with specific interest rate to be supplied by later amendment.

Previously, in its original registration statement filed with SEC Dec. 13, 1941, company then proposed to sell $22,800,000 first mortgage 3½s, due 1971, $5,700,000 2½% to 3½% serial notes, due Dec. 1, 1951, 70,000 shares 5¼% cumulative preferred stock, $100 par, and 628,333 shares common stock no par.

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

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

Net proceeds from the sale of the $26,000,000 3¾% bonds and the $10,500,000 debentures, will be used as follows: $37,239,193 to the redemption, purchase or prepayment of all funded debt of the company and Virginia Public Service Generating Co.; $360,000 to pay expenses of present financing; payment of accrued interest on the debt securities to be retired; and the balance will be pledged under the mortgage to be available for property additions.

Public offering prices, and names of the underwriters, will be furnished by post-effective amendment to the registration statement

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

WEST INDIES SUGAR CORP.

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

Address—60 E. 42nd St., New York City

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

Underwriters will be named by amendment

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

Proceeds will be received by the selling stockholders

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

Amendment filed April 21, 1942, to defer effective date

Amends Prospectus Form

The Securities and Exchange Commission has made known an amendment to the instruction book for Form A-2 which is the form used, generally speaking, for registration of securities of seasoned corporations under the Securities Act of 1933. The amendment relates to the instructions regarding the short form prospectus for employees' savings, profit sharing or pension plans, says the Commission, which also states:

It permits the omission from such prospectuses of certified financial statements meeting the Commission's requirements provided the prospectus includes or is accompanied by financial statements which, except for certification, are in substantial compliance with the Commission's requirements and provided further that certified statements meeting those requirements are made conveniently available to employees who are members of the plan at their places of employment within 120 days after the end of the fiscal year.

Wall Street To Hold Patriotic Rally

The financial district's greatest patriotic rally since the days of World War I will be held at the corner of Nassau and Wall Streets on Monday, May 18, beginning at 12 Noon. Emil Schram, President of the New York Stock Exchange, which is observing its 150th anniversary, will preside. The United States Army Band from Fort Jay will give a concert, Miss Lucy Monroe will sing a solo and there will be community singing of patriotic and service songs led by the Downtown Glee Club, an organization of 200 voices and conducted by George Meade, choirmaster of Trinity Church.

Frank C. Walker, Postmaster General of the United States, will give the keynote talk. Newbold Morris, President of the Council of the City of New York; Richard C. Patterson, Chairman of the New York State War Savings Staff, and Winthrop W. Aldrich, Chairman of Chase National Bank, representing the general financial community, will also participate.

The vital necessity for those at home to support the men in service by investing in War Bonds will be emphasized. The United States Army will have on display a variety of military equipment so that those attending the rally can clearly visualize what their dollars are buying.

Special guests who will attend include Lt. William McC. Martin, Jr., United States Army, previous President of the Stock Exchange, and Lt. Charles B. Harding, United States Navy, previous Chairman of the Board of the Exchange.

The facade of Federal Memorial Hall will be decorated with flags and red, white and blue bunting. Jeeps, tanks and artillery will flank the speakers' stand, which will occupy the spot where George Washington took the oath of office as first President of the United States, during whose administration the New York Stock Exchange was organized.

Many downtown business organizations are planning to allow their employees extra time for lunch so they may attend the rally. A loud speaker system will be installed.

Before and after the rally the A. W. V. S. will maintain a booth for selling War Stamps and War Bonds on the fourth floor, 20 Broad Street, where the New York Stock Exchange Philatelic Society will hold its annual stamp exhibit.

Our Reporter On "Governments"

(Continued from First Page)

source can sell these, it's the financial community's high-priced sales force. . . . But at the rate things are going today, Morgenthau may well be pleased if he gets his $350,000,000. . . . That's a lot of money. . . .

He probably will get the money, some experts predict. . . . He may get more. . . . But whether he gets the cash this time or not isn't nearly as important as the fact that Morgenthau is leaning entirely upon non-commercial banking sources for the cash. . . . He's ignoring the institutions that make up the market itself, that are responsible for its price swings, that are the very meaning of the Government mart. . . .

The 2½s aren't an especially attractive issue, as Government issues go. . . . Just compare it with the war bond series E, for instance. . . . On one, there's a return of 2.9% for 10 years. . . . On the other, there's a return of 2.5% for 25 years. . . . Why any individual should buy the 2½s is beyond the understanding of this column. . . . Probably none but the wealthiest and most patriotic will. . . .

INSURANCE COMPANY POWER

As far as insurance companies are concerned, their buying power is definitely limited. . . . Their excess reserves can't be increased or decreased at will. . . . They have just so much cash to invest—whether it's at 2.5% for a bond that has a bottom of par or whether it's at 3% for an obligation of an American corporation. . . .

To get an idea of insurance company purchases to date may be significant, therefore. . . . Up to the end of April, the leading life insurance companies of the United States bought about $500,000,000 Government bonds, representing nearly 43% of their total investments for 1942. . . . In the same 1941 period, they bought $215,000,000 Government obligations, representing nearly 19% of their total purchases for that time last year. . . . So far this year, the insurance companies have bought about $1,200,000,000 of securities and mortgages, which is just about what they invested in 1941 during the same months.

Now let's see what they can buy during the balance of the year. . . . We should be able to figure it out just on the basis of the statistics at hand. . . . Being liberal, the answer is the insurance companies may be expected to purchase $1,500,000,000 U. S. Government obligations, preferably carrying long-term maturities, in the 1943 fiscal year. . . .

That's all. . . . Less than the amount the Treasury is asking from the market this month. . . .

MUTUAL SAVINGS BANKS

These aren't of much importance as Government bond investors these days. . . . Between the normal ceiling on their investments and the fact that the banks are fighting a movement on the part of deposits to draw down their accounts, the savings institutions, in fact, may be expected to dwindle in importance as Government bond buyers. . . .

The amount? . . . Well, they bought $312,000,000 Government issues in the 1941 fiscal year. . . . They apparently are going to have added $300,000,000 to their portfolios when this fiscal year ends. . . . Put the figure at the same mark and we can expect the savings banks to contribute $300,000,000 during the 1943 fiscal year. . . .

OTHERS

In the 1941 fiscal year, sources other than commercial banks actually sold Government bonds on balance, the figures show. . . . The total went down $300,000,000. . . . In 1942, the American Bankers Association recently estimated that sources outside of commercial banks may be considered responsible for $2,400,000,000 of the increase in the public debt. . . .

Consider that figure for 1943, therefore. . . . It's probably as close to accurate as we can find. . . .

THE CONCLUSION

We have driven at a definite point in presenting these figures, incidentally—a point which should be clear by now. . . . Obviously, if the Treasury is to persist in (1) issuing tap issues and (2) excluding commercial banks, it may expect to raise only minor amounts of money from use of this method. . . .

Therefore, either the Treasury is going to abandon (1) the system entirely or (2) include commercial banks next time or (3) make the tap method of financing a minor part of its over-all financial policy. . . .

These are important conclusions, if they're correct and the statistical evidence suggests they are. . . .

England has had a good experience with its use of the tap method of financing. . . . But England has not excluded commercial banks from the issues at any time. . . . In fact, England leans most heavily on these for response to its war-time sales of tap issues. . . .

INSIDE THE MARKET

There'll be more about the tap method in the coming weeks. . . . In the meantime, here are some items around. . . .

Still much talk of changing the status of Federal Reserve member banks in New York and Chicago from Central Reserve City banks to Reserve City Banks and by so doing, giving these banks about $750,000,000 in additional excess reserves and expanding their ability to buy Government bonds by about $3,750,000,000. . . . Requirements against deposits would be cut from 26 to 20% in these cities if that simple step were taken by the Reserve Board. . . .

Market hasn't been acting well, but dealers believe that was to be and is to be expected. . . . The launching of war-time novelties in bond peddling is bound to be disturbing—temporarily. . . .

Tax-exempt securities seem more attractive all the time despite their high prices. . . . All you need do is read the tax story headlines and you have the explanation for that suggestion. . . .

Purchase of intermediate-maturity bonds by commercial banks recommended by shrewd dealers now—as these are the only ones not affected by the recent new issues. . . .

Emanuel to Admit Schubert

Charles B. Schubert will be admitted to partnership in the New York Stock Exchange firm of Emanuel & Co., 50 Pine St., New York City, on June 1.

Sagar Admitting Delaire

Alvin J. Delaire will be admitted as of June 1 to partnership in W. S. Sagar & Co., 30 Pine St., New York City, members of the New York Stock Exchange.

Result Of Treasury Bill Offering

The Treasury on May 11 sold its first series of $250,000,000 of 91-day bills under the May financing program. Secretary Morgenthau invited tenders for these bills, dated May 13 and maturing Aug. 12, 1942, on May 8, and they were opened at the Federal Reserve banks on May 11. The following details of this issue are revealed:

Total applied for—$546,350,000.

Total accepted—$250,692,000.

Range of accepted bids: (Excepting two tenders totaling $15,000).

High—99.938, equivalent rate approximately 0.245%.

Low—99.905, equivalent rate approximately 0.376%.

Average price—99.907, equivalent rate approximately 0.368%.

15% of the amount bid for at the low price was accepted.

There was a maturity of a similar issue of bills on May 13 in amount of $150,049,000.

The increase in the offering of Treasury bills from the regular $150,000,000 issue, to take care of maturities, to $250,000,000 is part of the Treasury's three-point May financing program. Secretary Morgenthau had revealed on April 30 that the bill issue, beginning with those dated May 13, would be $250,000,000 for the next several weeks, thus providing the Treasury with $100,000,000 in "new money." The other parts of the financing program involved the offering of $1,250,000,000 of 2% bonds of 1949-51 and an unspecified amount of 2½% bonds of 1962-67 (see these columns of May 7, page 1792, for details).

In a circular calling attention to the increased bill offering, Allan Sproul, President of the Federal Reserve Bank of New York, had the following comment to make:

In recent years there has been a scarcity of high grade short term paper available for temporary investment of the funds of banks, corporations and others, and a plethora of such funds seeking investment. In these circumstances yields on Treasury bills declined to levels so low as to be unattractive to many banks and other investors. With the increase in weekly offerings now announced, however, Treasury bills will be more generally available, and the rise in yields that has occurred during the past six months has made them more attractive investments.

It is believed, therefore, that the larger offerings of these securities will serve a useful purpose in providing employment for funds which banks and others wish to keep in liquid form because of anticipated or possible needs for the funds within relatively short periods. The presence of a larger volume of Treasury bills in the market should be helpful in promoting a better distribution of excess bank reserves, as the shifting of reserves from places where there are large surpluses to points where additional reserves are needed would be facilitated by purchases and sales of these obligations. As an added means of assuring the liquidity of investments in Treasury bills, aside from the short maturity and ready marketability of the securities, the Board of Governors of the Federal Reserve System announced on April 30 that the Federal Open Market Committee had directed the Federal Reserve banks to purchase for the System Open Market Account all Treasury bills that may be offered to them, on a discount basis at the rate of ⅜% per annum. This arrangement gives assurance to purchasers of Treasury bills that, in case they have a need for cash before the maturity of the bills, they can obtain it by selling Treasury bills to the Federal Reserve Bank, if necessary.

NYSE Inter-American Hospitality Committee

Emil Schram, President of the New York Stock Exchange, announces the formation of an Inter-American Hospitality Committee, composed of members of the Exchange and partners of Stock Exchange firms, which is prepared to welcome Latin Americans to the Exchange and to the financial district. Mr. Schram, on behalf of the Committee, has sent invitations to Latin American Consuls General, the Presidents of Latin American Chambers of Commerce, and to others prominent in Inter-American affairs.

Clinton O. Mayer, Jr., a member of the Exchange, with offices at 120 Broadway, is Chairman of the Committee. Other members are: Robert DeF. Boomer, of Auchincloss, Parker & Redpath; Jean Cattier, of White, Weld & Co.; Edward L. Cohen, of Edward L. Cohen & Co.; W. Palmer Dixon, of Carl M. Loeb, Rhoades & Co.; Reginald V. Hiscoe, at Thomson & McKinnon; Ralph D. Kellogg of W. R. K. Taylor & Co.; Jerome Lewine, of H. Hentz & Co.; Robert A. Magowan, of Merrill Lynch Pierce, Fenner & Beane; Cornelius Shields, of Shields & Co., and Joseph E. Swan, of E. F. Hutton & Co.

RFC Builds Hotel For D. C. Girl War Workers

A new 250-room hotel for girl war workers in Washington will be ready for occupancy in about two weeks, it was announced on May 11 by Ralph S. Scott, builder. In reporting this, a Washington dispatch to the New York "Herald Tribune" said in part:

The hotel has a corridor called "Lovers' Lane." On each side of "Lovers' Lane" are "beau parlors" with velvet curtains. Each of these rooms bears a romantic title.

These parlors will be decorated in the style and period of the lovers whose names adorn the entrance. In addition, an electric organ has been installed a tone end of the corridor to lend a musical touch to the meetings.

The rooms will cost the girls $8 a week.

The $500,000 building, erected with funds of the RFC, will house only women war workers. Already there are twice as many applications as there are available rooms. The building is at 22d and O Streets, N. W.

Offer Retail Appeal

The 6% cumulative preferred voting trust certificates of Houston Oil Co. of Texas and the certificate of deposit 5s of 1973 and 6s of 1949 of Philadelphia & Reading Coal & Iron Co. have particular retail appeal, according to circular issued by Schoonover, de Willers & Co., Inc., 120 Broadway, New York City. Copies of these interesting circulars may be had from Schoonover, de Willers & Co. upon request.