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The COMMERCIAL & FINANCIAL CHRONICLE

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Our Reporter On "Governments"

The price level of United States Government securities is going to remain just about where it is today, if the Federal Reserve Board and Treasury can manage it. . . . They can. . . . And every investor in Governments, whether present or potential, may start working on the distribution of his bond portfolio with that basic consideration in mind. . . .

These are strong words, but they appear justified by every indication in the market. . . . The Federal Reserve System's promise to buy all Treasury bills offered to it at a 3/8% rate. . . . The Reserve Bank's heavy buying of Governments in the open market during the days of the "tap" issue. . . . The obvious and warranted campaign of the Treasury in the newspaper columns of recent weeks to reassure all buyers of the stability of the market and the attractiveness of Government offerings. . . . The concerted efforts of all financial sources to put over Treasury issues with a bang. . . . The optimistic remarks of dealers on the long-term trend of the market even while they disclose signs of temporary weakness "inside." . . . All these are straws in the wind. . . . All are important. . . . All suggest that what ought to be troubling an investor these days is not the trend of interest rates (or, to put it another way, the trend of prices) but the best distribution of maturities and the wisest distribution of holdings generally. . . .

And as for these points, it might be said that the advice of the American Bankers Association's Economic Policy Committee is worth serious study. . . . The committee favors the 10-year maturity range. . . . Suggests the Treasury sell banks securities with maturities up to 10 years and that the banks work out an average of about five years. . . .

That's for banks. . . . For corporations, the short-term issues plus the "tap" 2½s probably are best. . . . For individuals, there's nothing like the Series E bonds, or the other war obligations if the amount of investment is greater than permitted at the moment by law. (The tax-exempts might be considered too). . . . For insurance companies, the longer-terms, of course, are the answer. . . .

A Ceiling On Rates

And now to a story that is as important, this writer believes, as any new wrinkle in public financing operations. . . . To a development that has been given little attention because of the extraordinary interest in the tap 2½s. . . . And that is the Reserve Board's placement of a ceiling on short-term interest rates—which, in these days, we may consider is equivalent to a ceiling on long-terms too. . . . Especially since the system has become so adroit in its handling of open market buying operations. . . .

When the board announced it would buy all Treasury bills offered at a 3/8% discount, it was definitely placing a ceiling on rates. . . . It was, in effect, setting a second discount rate. . . . It was reassuring investors that they need not fear a steady rise in short-term interest rates. . . . It was telling all of us that the advance in discount rates—from 0.195% in March to 0.335% at the end of April—had gone far enough. . . . It was making this significant move too at a time when the Treasury was getting set to increase its bill offerings from $100,000,000 a week to $250,000,000 a week. . . .

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OUR REPORTER'S REPORT

Major institutional holders of railroad bonds are reported "culling" their portfolios with a view to disposing of substantial portions of carrier obligations that have been lugged along through good times and bad over a long period of years.

Liquidation of this nature while not being unduly pressed is reported nevertheless to be persistent and doubtless accounts in no small measure for the hesitation which has been noticeable among such bonds in recent weeks.

Insurance companies are understood to be especially active in that direction although "weeding out" has been going forward without much fanfare or discussion. The immediate outlook for a road is no criterion for judging its value as the story goes.

Rather these institutions are concerned with looking beyond the war period and its abnormal traffic situation. Having gone through the long depression, the holders are no longer disposed to follow the old rule of holding bonds until maturity.

Bonds of roads which are using the current "prosperity" to reduce their outstanding obligations and which in consequence will be in a position to earn fixed charges on a substantially smaller volume of business, naturally get preference over the less fortunately situated.

But quite evidently institutions are not disposed to regard the current situation as anything but temporary in duration, and their experience through the slump of the '30s is still fresh in mind.

Public Service of Indiana

That the underwriting fraternity has a vigorous appetite for new business goes without saying, particularly in view of the rush for the $4,000,000 of thirty-year

(Continued on Page 1935)

Favors Large Increase, Rather Than Reduction In Number of New York Stock Exchange Seats

An increase in the number of "seats" on the New York Stock Exchange to a total of 3,000 was advocated on May 19 by Charles E. Merrill, senior partner of Merrill Lynch, Pierce, Fenner & Beane, rather than a reduction in the number of memberships on the Exchange to 1,300 as proposed by some members. The views of Mr. Merrill were expressed at Los Angeles, as to which special advices from that city to the New York "Times" said:

He would favor making seats available to men of character and ability with less emphasis placed on capital requirements, and, if necessary, with arrangements made to help new members finance their seat purchases.

His idea is to encourage as many as possible of the leading local investment houses throughout the nation to become members of the Exchange.

Mr. Merrill, who is here visiting the local offices of his firm, estimates that there are about 1,000,000 customers who make a transaction through the New York Stock Exchange once or more a year.

There are around 7,000 account executives available to handle the business of these 1,000,000 customers. Before many months have passed Mr. Merrill anticipates that this number of customers will double and consequently he figures that the number of account executives will also have to be materially increased to handle the business.

His idea of increasing the number of New York Stock Exchange seats is to provide every town of 20,000 population and up with at least one Exchange representative.

Riter Elected Chairman

Henry G. Riter, 3rd, of New York, who is senior partner of Riter & Co., 40 Wall Street, New York City, was elected Chairman of the Board of Directors of Copperweld Steel Company at a meeting of the Board of Directors held in Pittsburgh. He has been a Director of the company since July 1, 1939. He succeeds William K. Frank, who resigned, and who is serving on the War Production Board.

"Exchange" Publishes Commemorative Edition

In connection with its 150th anniversary the New York Stock Exchange has published a commemorative edition of its magazine, "The Exchange," which takes up new developments in securities ownership and in the dividend position of listed stocks.

The magazine also deals with the financial and economic history of the country and the Stock Exchange in four historical chapters titled:

Formative Years, 1792-1817.

Development Years, 1817-1867.

American Economy in Full Flower, 1867-1917.

The Mass Production Era, 1917-1942.

In the leading article, the contribution of the Stock Exchange to the growth of America is discussed.

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NASD Committee To Raise Funds For USO

The National Association of Securities Dealers, Inc., announced the formation of the following committee in New York City to raise funds for the USO:

Richard C. Rice, Chairman, J. K. Rice, Jr. & Co.; Herbert Allen, Allen & Company; O. D. Griffin, Lord, Abbett & Co., Inc.; David J. Lewis, Paine, Webber & Co.; William Mueller, Jr., A. M. Kidder & Co.; Alexander Pinney, Craigmyle, Rogers & Co.; Henry G. Riter, 3rd, Riter & Co.; Clinton Shepperd, Swiss American Corp.; Joseph P. Simmons, Hart, Smith & Co.; P. J. Steindler, P. J. Steindler & Co.; Clarence E. Unterberg, C. E. Unterberg & Co.

Changes Firm Name To Gatch And Company

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Gatch Bros., Jordan & McKinney and Crago, Smith & Canavan, St. Louis Stock Exchange firm, with offices at 418 Olive Street, have changed their firm name to Gatch and Company. Partners and personnel remain the same.

EASTERN SUGAR ASSOCIATES

Both Preferred and Common Have Interesting Price Appreciation Possibilities

There is little question but that the $5 preferred stock of Eastern Sugar Associates, selling around 42, is an attractive purchase if viewed in the light of prospective earnings and dividend possibilities throughout 1942. Although dividends on the common stock appear to be remote, the stock, now at 10 or less should benefit substantially marketwise if anticipated earnings are any gauge of worth. The company's fiscal year ends on June 30, and earnings per share are expected to approach $11 or $12 on the preferred and between $4.50 and $5.25 on the common. In the 1941 fiscal year, $9.16 was earned on the preferred and $3.12 on the common. Both the preferred and common are traded over the counter.

The preferred stock has a peculiar requirement insofar as dividends on the common are concerned. The preferred was issued on Aug. 30, 1934, the date of reorganization of the old East Porto Rican Sugar Co. No dividend may be paid on the common until all dividends have been paid on the preferred since the date of issuance (Aug. 30, 1934); however, dividend arrears did not become cumulative until Aug. 30, 1937, three years after issuance. At the present, total arrears on the preferred are $19.17 per share, which arrears are calculated from Aug. 30, 1937. No dividends can be paid on the common, however, until an additional three years' dividend is paid on the preferred, thus meeting the requirement that preferred dividend from date of issuance be paid before the common can share in earnings. So far in 1942, $2.50 on account of arrears has been paid in two payments of $1.25 each—one on Feb. 10 and the other on May 11. If earnings approach expectations, larger payments appear in order this year.

Eastern Sugar Associates is one of the largest sugar producers in Porto Rico. It plants, raises and cultivates sugar cane, and manufactures and sells raw sugar. The greater part of its output is shipped to the United States, and since sugar entering this country from Porto Rico is duty free, Eastern normally has this advantage over the Cuban producers. The company's properties, located in Eastern Porto Rico, include four sugar factories — Central Juncos, Pasto Viejo, Santa Juana and Cayey—with combined annual capacity of 1,000,000 bags. Land holdings total about 51,000 acres, of which about 34,000 are owned and 18,000 leased. It is said that U. S. Government is negotiating for the purchase of some land owned by this company on an island off the East Coast of Porto Rico named Viequez, the land to be used in the expansion of our Porto Rican naval base. In the event the transaction is effected the company may realize a cash price in excess of $5,000,000 for the parcel sold. This would improve their financial condition materially.

In this connection, the subject of Porto Rican land legislation is an important consideration. The Porto Rican ownership-limitation law of 1900 restricts agricultural operations of corporations to 500 acres. Only in recent years has a strong effort been made to enforce the law. A land authority has been created whose purpose is to acquire land from holders of more than 500 acres. Land is supposed to be resold to cooperatives and small planters. Most of the Porto Rican producers contested the law, but the Porto Rican Supreme Court upheld it in March. Presumably, Eastern will be forced to divest itself of all its lands in excess of 500 acres—or about 33,500—unless the authorities make some other arrangements, which possibility does not appear likely. It is presumed that if the divestment goes through, Eastern, and the other Porto Rican producers also will find it more costly to purchase their requirements from the cooperatives than to grow the cane themselves. It is expected that some equitable price will be arranged for the properties, a large part of the financing probably to be arranged through a bond issue. This, of course, is problematical at the present, and any consideration of ways and means in this connection would be premature.

As stated at the beginning, the earnings outlook is bright. So long as the war lasts, exceptionally good earnings are in prospect for all West Indies sugar producers. These prospects have become enhanced for the Porto Rican companies, since supplies from the Philippines, which amounted to 854,000 short tons in 1941, have been cut off by the war, and it is estimated that imports from Hawaii (903,000 short tons last year) will decline to about 500,000 tons this year because of the shortage of shipping space. The Cuban crop for 1942 is expected to be 4,300,000 short tons against 2,700,000 in 1941. However, about one-third of the Cuban crop is to be diverted to the production of high-test molasses and only 1,070,000 tons will be available for United States consumption. The balance will be sent to the Allies.

The latest available balance sheet for Eastern Sugar Associates is for June 30, 1941. At that date, gross property account was carried at $13,012,000, which, after a depreciation reserve of $4,634,000, brought the net figure to $8,377,000. Net working capital at that time was $2,568,000. Total current assets were $4,612,000 and included cash $32,000, growing cane $669,000, compensation due from U. S. Government $417,000, and sugar and molasses on hand $2,640,000. Current liabilities totaled $2,043,000, of which the bulk represented bank loans of $1,671,000, one of $932,000 secured by sugar, and the other of $739,000 secured by a first mortgage on certain properties. In addition to the bank loans, there was a $100,000 mortgage in instalments beginning payable Dec. 31, 1942.

There are outstanding 107,736 shares of $5 preferred and 143,517 shares of common stock. The preferred is callable at 55 and entitled to 50 in liquidation. Both the preferred and common are held in a voting trust, the traded shares actually being known as shares of beneficial interest. The price record of the preferred and common follow:

	Preferred	Common
1942	49 -39	15 - 9¼
1941	39⅜-16¼	10¼- 5⅛
1940	31¼-16	14 - 5
1939	32 -12½	17⅜- 4
1938	20 -11	10⅝- 4
1937	48 -10	50¼- 5

N Y Bond Club Names Gordon For President

Albert H. Gordon, of Kidder, Peabody & Co., has been nominated for President of the Bond Club of New York for the ensuing year, to succeed J. Taylor Foster, of Spencer Trask & Co. The election will take place at the club's annual meeting to be held on June 18.

Richard de La Chapelle, of Shields & Co., has been nominated for the office of Vice-President, the post held by Mr. Gordon during the past year. Ferris S. Moulton, of R. H. Moulton & Company, has been nominated for Secretary, and Henry G. Riter, III, of Riter & Co., for Treasurer.

Nominations for members of the Board of Governors, to serve three years, include Joseph A. W. Iglehart, of W. E. Hutton & Co.; Lee M. Limbert, of Blyth & Co., Inc., and George D. Woods, of The First Boston Corporation. Victor Schoepperle, of The National City Bank of New York, has been nominated to serve the unexpired term of Richard de La Chapelle. Continuing as Governors will be A. Glen Acheson, of F. S. Moseley & Co.; Charles F. Hazelwood, of E. H. Rollins & Sons, Inc.; Harry W. Beebe, of Harriman, Ripley & Co., Incorporated; Eugene R. Black, of The Chase National Bank, and Joseph H. King, of Union Securities Corporation.

Members of the nominating committee were Francis T. Ward, Chairman, Eugene R. Black, H. H. Egly, Gerald E. Donovan and Percy M. Stewart.

Thomas E. Dewey will address the Bond Club of New York at its next luncheon meeting to be held at the Bankers Club on May 28. J. Taylor Foster, President of the Bond Club, will preside at the luncheon.

NY Municipal Club Renominates D. Wood

Overriding his personal wishes, the nominating committee of The Municipal Bond Club of New York has nominated David M. Wood, bond attorney, for reelection as President at the annual meeting to be held on Tuesday, June 16, 1942.

"During this next year particularly," says the report of the committee, of which Delmont K. Pfeffer, former President of the club, is chairman, "we believe our club should continue in office a man of recognized leadership in policies intimately affecting the municipal bond business."

Nominations for other officers and for members of the board of governors are: for Vice-President, Gordon B. Duval, of Halsey, Stuart & Co., Inc.; for Secretary, John J. Clapp, Jr., of R. W. Pressprich & Co.; for Treasurer, Fred W. Buesser, of the Chemical Bank & Trust Company; for Governors: LeRoy H. Apgar, of Harriman Ripley & Co., Inc., and Clifton A. Hipkins, Hipkins & Topping.

Members of the nominating committee, in addition to Mr. Pfeffer, are Orlando S. Brewer, of Phelps, Fenn & Co., and F. Bradford Simpson, Jr., of Lee Higginson Corporation.

Pope Made Director Of Commerce Ass'n

Allan M. Pope

The election of Col. Allan M. Pope as a Director of the Commerce and Industry Association of New York, Inc., was announced on May 14 by John Lowry, the Association's President. Col. Pope, who is President of the First Boston Corporation, will fill the unexpired term of Malcolm Muir, who recently resigned from the Board. Col. Pope is Chairman of the Association's War Service Committee, in which capacity he is heading the organization's program of cooperation with the national war effort.

Detroit Bond Club To Hold Spring Outing

DETROIT, MICH.—The Bond Club of Detroit announces that its Annual Spring Golf Party will be held at the Orchard Lake Country Club on Friday, May 22nd. In addition to golf, tennis, baseball, swimming and horseshoes, there will be active trading following dinner.

Jones B. Shannon, Miller, Kenower & Co., is chairman of the entertainment committee, assisted by Richard T. Purdy, First of Michigan Corp.; Howard Parker, M. A. Manley & Co.; Reginald MacArthur, Miller, Kenower & Co.; Julius Pochelon, Miller, Kenower & Co., and Charles C. Bechtel, H. V. Sattley & Co.

Attractive Situation

Portland Electric Power Collateral Trust 6s of 1950 offer an attractive situation at the present time, according to a circular being distributed by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Progress already made toward reorganization of the Portland Electric Power Company, and legislation recently introduced, whose enactment could cause a sharp rise in the price of the issue, are factors affecting this issue of the company. Copies of the circular describing the situation in detail may be had upon request from Scherck, Richter Co.

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Promote Executives Of Bankamerica Co.

SAN FRANCISCO, CALIF.—Bankamerica Co., 300 Montgomery Street, announce that R. W. Wild, H. T. Birr and C. M. Glass have been elected Vice-Presidents. Mr. Wild will continue to act as Secretary-Treasurer of the company in addition to his new duties. Mr. Birr is in charge of sales for the northern division, and Mr. Glass is manager of the trading department.

Paul Muth was elected Assistant Vice-President, in charge of the San Jose Division; Stanley Ryan, Assistant Vice-President in charge of the Fresno Division; J. P. Colburn, Assistant Vice-President in charge of the Long Beach Division; S. Cleo Hunter, Assistant Vice-President in charge of the San Diego Division; William H. Bluhm, Assistant Vice-President in charge of the Beverly Hills and Santa Babara Division; Chester V. Emmons, Assistant Vice-President in charge of the Reno, Nev., Division; Paul Royce, Assistant Vice-President in charge of the Los Angeles Sales Division, and Kirk C. Dunbar, Assistant Vice-President in charge of Pasadena Division.

Frederic E. Irwin and John Victor Petermann have been added to the firm's San Francisco sales staff. Both have had many years experience in the securities business, recently being associated with Franklin Wulff & Co., Inc.

Fred S. Goth Joins Merrill Lynch Firm

ST. PAUL, MINN.—Frederick S. Goth, well known in Twin City brokerage circles, has become associated with Merrill Lynch, Pierce, Fenner & Beane, First National Bank Building. Mr. Goth was formerly manager of the bond trading department for Piper, Jaffray & Hopwood in St. Paul and prior thereto was manager of the Trading Department of the First National Bank of St. Paul.

St. Louis Traders Club Members In US Service

ST. LOUIS, MO.—The Security Traders Club of St. Louis reports that many of its officers and members are in the armed services of the country.

Edward E. Haverstick, Jr., G. H. Walker & Co., the First Vice-President of the Security Traders Club of St. Louis, has been commissioned to serve as Lieutenant in the United States Naval Air Corps. and is now stationed at Quonset Point, Rhode Island.

Frank E. Pelton, Jr., Third Vice-President, who was associated with C. J. Devine & Company as resident manager of their St. Louis office, has been commissioned as First Lieutenant in the Army Air Forces; he is now stationed at Miami Beach, Florida.

Another member of the club, O. W. Rexford, local representative of the First of Boston Corporation, has been commissioned as Lieutenant in the Army Air Forces, and he is now stationed at Wichita, Kansas.

C. Thomas Ayers is now with the Signal Corps located at Camp Crowder, Missouri. Mr. Ayers formerly was manager of the Trading Department of Taussig, Day & Company, Inc. Earl Essert is stationed at the U. S. Naval Air Base at Corpus Christi, Texas. Mr. Essert was formerly the St. Louis exchange trader at Semple, Jacobs & Company, Inc.

Joseph Bronemeier of Smith, Moore & Company, has been appointed Second Vice-President of the Security Traders Club, and Haworth Hoch, of McCourtney-Breckenridge & Company, has been appointed Third Vice-President, to serve the remaining part of this year's term.

Washington Bond Club Cancels Annual Outing

WASHINGTON, D. C. — The Board of Governors of the Washington Bond Club announce, after serious deliberation, that in the interest of national conservation and economy this year's Bond Club outing, scheduled for June 12th, will be omitted. It was felt that with the recent gasoline rationing, the conservation of tires, and the absence of many members of the club in the armed services, it would be well to suspend the outing for the present.

H. Giger & Staff With Selected Investments

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Harold Henry Giger and Richard S. Shoninger have become associated with Selected Investments Company, 135 South La Salle Street, Chicago, which is opening an office in St. Louis. Mr. Giger, a member of the St. Louis Stock Exchange, was formerly President of the dissolved firm of Giger & Co., of which Mr. Shoninger was Vice-President. Ralph T. Meyer and Sylvan N. Sandfelder, also formerly of the Giger & Co. staff, have become connected with Selected Investments Company.

N. Y. Commerce Ass'n Names New Directors

The election of four new directors to the Board of the Commerce and Industry Association of New York, Inc., was announced on May 19 at the annual meeting of the members. Three, elected at the meeting, to serve a term of three years, were:

F. J. Andre, President, Sheffield Farms Co., Inc.

E. V. O'Daniel, Vice-President, American Cyanamid Co.

Francis L. Whitmarsh, President, Francis H. Leggett & Co.

At the meeting, announcement was also made by John Lowry, the Association's President, of the recent election by the Board, of Col. Allan M. Pope, President of The First Boston Corp., as a Director to fill the unexpired term of Malcolm Muir, President of Newsweek, Inc., who recently resigned. Col. Pope is Chairman of the Association's War Service Committee, in which capacity he is heading the organization's program of cooperation with the national war effort. Also reelected at the annual meeting to succeed themselves as Directors of the Association were:

Samuel D. Leidesdorf, S. D. Leidesdorf & Co.

Jeremiah D. Maguire, President, Federation Bank & Trust Co.

William Fellowes Morgan, Jr., Chairman of the Board, Brooklyn Bridge Freezing & Cold Storage Co.

Laurence A. Tanzer, Tanzer & Mullaney.

Stephen F. Voorhees, Voorhees, Walker, Foley & Smith.

Fahnestock Co. Adds Buttrick, Colloty

(Special to The Financial Chronicle)

NEW HAVEN, CONN.—Winthrop P. Buttrick and John J. Colloty have become associated with Fahnestock & Company, 205 Church Street. Mr. Buttrick was formerly for many years manager of the municipal department for The R. F. Griggs Company of Waterbury, with which Mr. Colloty was also connected.

Bendix To Be Partner

Adrian A. Bendix will become a partner in Ralph E. Samuel & Co., 115 Broadway, New York City, members of the New York Stock Exchange, on May 22nd. Mr. Bendix will act as alternate on the floor of the Exchange for Harold Eliasberg.

F. P. Amstrong Heads New Jersey Bankers

F. Palmer Armstrong, President of the Keyport Banking Co., of Keyport, N. J., was elected President of the New Jersey Bankers Association on May 16 at the closing session of their 39th annual convention at Atlantic City. Mr. Armstrong, who in the past two years has served as Treasurer and Vice-President of the Association, succeeds L. A. Chambliss, Vice-President of the Fidelity Union Trust Co., of Newark.

The Association elected to the Vice-Presidency Joseph G. Parr, President of the Trust Company of New Jersey, Jersey City, who was previously Treasurer, and named as Treasurer for the coming year Frank D. Abell, President of the First National Bank of Morristown. Three additions to the Association's Executive Committee were named. They were George S. Groff, Vice-President of the National Bank of Ocean City; John Annis, Vice-President of the Camden Trust Co., Camden. In addition retiring President Chambliss becomes ex officio a member of the Executive Committee.

The theme of the convention was the work of banks in New Jersey to speed victory through financial and credit aid to Government and war industry.

E. E. Agger, New Jersey State Commissioner of Banking, discussing the war problems of banking urged that bankers themselves take steps to withhold nonessential credit, so as to retard the inflation effect. He stressed the necessity for maintaining a sound banking structure. The incoming President of the Association, Mr. Armstrong, sounded a keynote of cooperation in Government financing as the theme of his administration. He pointed out that banks are going to be expected to take up some $20,000,000,000 in Government obligations during the coming fiscal year, and stated that this means three times the capital assets of each bank. "Thus," he said, "we are called upon to be a patriot, producer, prophet, regulating agency and bond salesman all at one time, besides running our own business in a better way than we have ever done before."

Virgil Gates In Boston

(Special to The Financial Chronicle)

BOSTON, MASS. — Virgil C. Gates is engaging in a general securities business from offices at 53 State Street.

S. E. Firms Association Governors To Meet

Completion of arrangements to hold the next regional conference of the Board of Governors of the Association of Stock Exchange Firms in Philadelphia was announced on May 19 by Frank E. Baker, regional chairman in the Philadelphia district. The 30 Governors who will attend the morning and afternoon sessions on June 15 and 16, will come from all parts of the country. On June 16, members of the Philadelphia Stock Exchange will honor the group at a dinner in the Hotel Warwick at which Ganson Purcell, Chairman of the Securities and Exchange Commission, will be the principal speaker. Edgar Scott, President of the Philadelphia Stock Exchange, will preside as toastmaster. Other speakers will be Emil Schram, President of the New York Stock Exchange; James F. Burns, Jr., President of the Association of Stock Exchange Firms, and Edward Hopkinson, Jr., Chairman Eastern Pennsylvania Group, the National Committee of the Securities Industry for War Financing. Many prominent guests are expected to attend the dinner, including:

Arthur H. James, Governor of Pennsylvania; Bernard Samuel, Mayor of Philadelphia; Robert L. Stott, Chairman of the Board of Governors of the New York Stock Exchange; John S. Fleek, President of the Investment Bankers Association of America; H. H. Dewar, President of the National Association of Securities Dealers, Inc.; Howland Davis, Executive Vice-President of the New York Stock Exchange; T. Jerrold Bryce, Securities Industry Liaison Officer of the War Savings Staff of the Treasury Department, members of the SEC and a representative of the Pennsylvania Securities Commission.

THE BOND SELECTOR

REPUBLIC OF PERU

Partial Interest Payments In View On Outstanding Dollar Bonds

Good news is in prospect for holders of Peruvian dollar bonds. As a result of recent closer economic and financial cooperation between the United States and Peru, the latter has agreed to resume, at an early date, debt service payments on outstanding dollar bonds. It is understood that preliminary discussions with the Bondholders Protective Council have already been initiated. Of course, it is to be expected that whatever payments are made will be relatively small, perhaps being somewhere between 1% and 2% annually. However, the step is encouraging, especially since coupons have not been honored in over ten years, and points to the willingness of Peru to meet its obligations as she becomes able.

As with most of the South American countries, Peru's 1941 favorable trade balance meant a good year all around. The 1941 favorable trade balance amounted to 136,300,000 soles compared with 87,100,000 soles in 1940. Of particular significance in this connection is the fact that the improvement was made despite lower gold exports. As a result, the country's foreign exchange position was strengthened, primarily in the closing months of the year when gold and foreign exchange holdings of the Banco Central rose by about 25%.

Peru's principal exports are agricultural commodities, and, unlike metals and petroleum which are worked by foreign capital, the farming business is largely owned by natives and the profits are kept in the country. The betterment in Peru's commercial balance in 1941 over 1940 was due almost wholly to the increase in cotton exports, of which Japan took over 60%. When the Pacific war broke out, it looked bad for the cotton crop, but this fear has been overcome by our agreement to purchase all the surplus cotton for the duration of the war. About 10% of the normal cotton acreage has been planted in flax, for which there is a good demand in this country, and the cotton crop will, in turn, be reduced by at least this amount.

In regard to exports of other commodities, the outlook is good. Among these are sugar and numerous strategic minerals, including copper, lead zinc, tungsten, antimony and vanadium. Oil, too, will be in demand by the Allies, who will, no doubt, take up the slack occasioned by loss of other customers.

Solution of and concrete agreements on Peru's economic problems were made after the arrival in Washington of that country's Finance Minister, Senor Dasso, some weeks ago. The agreements signed by Secretary Hull and Finance Minister Dasso included, most importantly, the following:

1. The Peruvian Amazon Corporation was organized for the purpose of hastening the production of wild rubber. This is being made possible through a fund of $1,125,000 made available by the United States for this purpose. At the same time, the Rubber Reserve Company agreed to purchase all of Peru's rubber production for five years.

2. Agreement for the purchase of Peru's surplus cotton by the Commodity Credit Corporation, previously referred to. At the same time, Peru agrees to reduce cotton plantings and to increase production of crops otherwise needed.

3. The establishment of a $25,000,000 credit to Peru through the Export-Import Bank to be used to assist the financing of purchases of United States materials and equipment for productive public works projects, and the development of agricultural, mineral and industrial production useful in hemispheric defense.

4. An agreement to send to

(Continued on Page 1944)

Chicago Chapter A. I. B. Elects Foster President

The election of W. Leland Foster as President of the Chicago Chapter of the American Institute of Banking is announced. Mr. Foster is associated with the Federal Reserve Bank of Chicago. It is further made known that Andrew J. Paine of the Continental Illinois National Bank & Trust. Co. has been elected Vice-President of the Chicago Chapter and Frank C. Cole of the American National Bank & Trust Co. was elected Treasurer. This is learned from the Chicago "Journal of Commerce" of May 15 (in its column by Nancy McInerny) which also states that new directors of the chapter include Howard J. Johnson, American National Bank & Trust Co.; Edward J. Kucera, Pioneer Trust & Savings Bank; Kenneth G. Morton, First National Bank; Lester J. Norvell, Continental Illinois National Bank & Trust Co.; Theodore O'Bryan, The Northern Trust Co.; Arthur E. Urick, Harris Trust & Savings Bank, and George McCament, Federal Reserve Bank of Chicago.

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.

NEW YORK, N. Y.—**Coffin & Burr Incorporated**, 70 Pine St., announce that **Cabell Halsey** is now associated with them in their municipal bond department. Mr. Halsey was previously with B. J. Van Ingen & Co., Inc., and Emanuel & Co.

(Special to The Financial Chronicle)

BELLEVILLE, ILL.—**John L. Hemann** has become associated with **Selected Investments Company**, 135 South La Salle St., Chicago. Mr. Hemann was previously a Manager of the local office of Giger & Co.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Walter F. Stevenson** has been added to the staff of **Raymond & Co.**, 35 Congress St. Mr. Stevenson in the past was with Christianson, MacKinnon & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Robert B. Pennington**, formerly for many years with Patterson, Copeland & Kendall, Inc., and Halsey, Stuart & Co., has become affiliated with **Behel, Johnsen & Co., Inc.**, 29 South La Salle St.

(Special to The Financial Chronicle)

CINCINNATI, O.—**Griffith R. Dye** is now with **Merrill Lynch, Pierce, Fenner & Beane**, Union Trust Co. Building. Mr. Dye was previously with Otis & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Ellis W. Johnson**, formerly with Dean Witter & Co., has joined the staff of **Merrill Lynch, Pierce, Fenner & Beane**, 523 West Sixth St.

(Special to The Financial Chronicle)

PASADENA, CALIF.—**James Harrison Logan** has become connected with **Hill, Richards & Co.**, Citizens Savings Bank Building.

(Special to The Financial Chronicle)

PASADENA, CALIF.—**Andrew Boyd** has been added to the staff of **Merrill Lynch, Pierce, Fenner & Beane**, 523 West Sixth St., Los Angeles.

(Special to The Financial Chronicle)

PORTLAND, ME.—**Ralph G. Libby** has become associated with **J. Arthur Warner & Co.**, Chapman Building. Mr. Libby was previously with Baldwin & Co., and prior thereto with Southgate & Co.

(Special to The Financial Chronicle)

SPOKANE, WASH.—**Leo R. Duffy** is now with **Murphey, Favre & Co.**, Spokane & Eastern Building.

(Special to The Financial Chronicle)

TOPEKA, KAN.—**William L. Hamilton** has become affiliated with **Elmore, Heath & Co.**, Central Building.

In Armed Forces

Floyd D. Cerf, Jr., of Floyd D. Cerf Company, 120 South La Salle Street, has enlisted in the United States Naval Coast Guard. He is located at the U. S. Coast Guard Training Station in Company F, at Curtis Bay, Md. He expects to remain there about a month and then leave on active duty.

Francis O. McDermott, a member of the Chicago Stock Exchange for more than 18 years, has been commissioned a Lieutenant in the Naval Reserve as an aviation volunteer specialist. He has left Chicago for a 30-day special indoctrination course at the naval academy at Annapolis.

Daniel Zick, Farwell, Chapman & Co., 208 South La Salle Street, has been commissioned a First Lieutenant in the Air Corps and is stationed at Miami Beach, Fla.

Henry Beissner, Jr., formerly a partner in Moroney, Beissner & Co., Esperson Building, Houston, Tex., has retired from the firm, having volunteered his services to the Navy, in which he is now a Lieutenant, junior grade.

Thomas Swift Is Now With Brailsford, Rodger & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Thomas L. Swift has become associated with Brailsford, Rodger & Co., 208 South La Salle Street, members of the Chicago Stock Exchange. Mr. Swift was formerly with J. H. Bell & Co. and Taylor, Duryea & Co.; prior thereto he was an officer of Drum & Co.

Veteran Is Back In Army

CINCINNATI, OHIO — George H. Kountz, Manager of the Municipal Department of Einhorn & Co., Dixie Terminal Bldg., has been commissioned as a Captain in the Army Air Corps.

In World War I, Kountz served as a Sergeant in Co. F, 147th Infantry in France and Belgium, and was awarded the Silver Star, the Order of the Purple Heart, and the Verdun Medal.

Captain Kountz, who has been in the bond business for the past 20 years, is married, and has a ten-year-old son, Dick. He is to report for duty in Washington on May 27.

Tomorrow's Markets Walter Whyte Says—

"Peace" rumors sweeping the Street. In the past everybody was concerned with war; they are now worried about peace. Market sell-off due to technical factors, not news. Consider near reaction "buy" point, not warning signal.

By WALTER WHYTE

Wall Street is a strange place.

* * *

Before the war everybody went around with glum faces, worried about what the market would do if war would come. When it finally did come everybody was troubled about what stocks to buy. Finally, after due deliberation, the general consensus was that the favorites of World War I were the ones to buy. So right away the steels, coppers, airplanes and other immediate beneficiaries of the hostilities began running up like mad.

* * *

Then the Street started thinking about what would happen if the United States got into it. Well, today we are in up to here. But the war babies of yesterday are the neglected orphans of today.

* * *

As this is being pounded out on the typewriter, the Street has a new worry. This time it is Peace. Now everybody wants to know what will happen to securities if hostilities cease sooner than expected. This leads to other thoughts. A problematical peace is, according to rumors, just around the corner. Remarkable how the Street, with hardly enough business to open its doors mornings, gets all excited about a mythical "peace."

* * *

On what this latest peace talk is based is beyond me. That a great deal of it is based on Axis propaganda is probable. That some of it is due to wishful thinking, is also true. That the failure of the much vaunted German war machine to get going against the Red Army, is also partly responsible. Yet the failure of an offensive, or the success of one, doesn't make for an early peace. Wars are not begun or ended on battlefields. They start and end frequently on economic fronts. Germany didn't lay down its arms in 1918 because its armies were defeated in the field. It was the breakdown of civilian morale, brought about by economic pressure, that brought that war to an end.

If anybody thinks that such a condition is in the immediate offing in Hitler's Germany, they are mistaken.

* * *

Time and again I have read "expert" opinion about how Germany could not start a war, or fight it long, because of ersatz material; oil, aviation gas, rubber, etc., etc. Well, up to the time the Nazis ran into the Red Army, which by the way, not a military expert thought much of, she was doing all right. And so far as military experts go, it doesn't take much of a memory to recall the chauvinistic forecasts of our own officials in the Army, Navy and on the floor of Congress, who were so busy pooh-poohing the Japs and the possibility of being embroiled, that when war finally came, we were caught with our breeches at half mast.

* * *

The same is true of the stock market, though to a lesser degree. With peace murmurs all around us, the market is beginning to slip off from its highs. That this reaction is normal, as a recognition of previous resistance levels, is blithely ignored. People who buy and sell securities, always want reasons. The more fanciful these are, the better reception they get.

* * *

Yes sir, Wall Street is a strange place.

* * *

Last week I went out on a limb and advised the purchase of two additional stocks to the ones already recommended. But in spite of the recommendation, I warned that prices were then approaching a level from which a sell off was indicated. So far the sell off has not been serious. I doubt whether, based on recent action, it will be. But some side slip is in the offing, whether it be caused by news or be just a technical manifestation.

* * *

At this writing you still hold the following issues: Atchison at 35½; International Harvester 43; Union Carbide 59 and Western Union at 25½. Their critical levels still hold and until they are violated the advice to retain all positions continues in effect.

* * *

The two stocks recom-

(Continued on Page 1938)

RAILROAD SECURITIES

The general defaulted rail market has been in the doldrums for about a month, with volume of trading off sharply and the usual trading favorities fluctuating in a fractional range. Such action was not entirely unexpected and many rail men are of the opinion that the overall tone may not show any significant change for another two weeks to a month. There have been two factors tending to focus speculative interest on other sections of the market, and away from the reorganization list which had pretty well monopolized attention for a year or more.

For one thing, there has been at least a partial clarification of the probable 1942 corporate tax picture, and it is now fairly obvious that the final bill will lay the greatest stress on drawing off excess profits. It will, therefore, work less of a hardship than the original Treasury proposals on public utilities and selected industrials with a favorable invested capital base. Many investors and speculators who had previously been switching from these utility and industrial equities into reorganization rails as a tax haven, and who have seen their former stocks sell off sharply in the interim have been switching back with substantial profits.

The second factor is that somewhat of a "peace" psychology has been developing ever since the beginning of spring, and buyers of rails have long been cautioned by uninformed sources to "beware of the railroads in a post-war economy." Neither of these factors is expected to be a market consideration for very long. Considering the magnitude of the war effort it must be obvious that further tax inroads into corporate earnings are inevitable in future tax bills, and the steady paring of dividends, already very much in evidence, will have a sobering effect on equities. At the same time, any rational appraisal of the status of reorganization bonds proves them to be outside the "war baby" class. Reorganizations have been set up on the basis of severe depression earnings with capitalizations deemed impervious to any post-war deflation. In fact, when contemplating the post-war potentialities, it is difficult to conceive of a safer haven for investment funds than reorganization securities whose present prices largely, or wholly, represent new bonds they are to receive.

At the same time that there have been developments tending to attract buying attention to other sections of the list, there has been little constructive news of a specific nature bearing on the reorganization picture. There have been no important interest requests lately, no important plans have been completed by the Commission, and there have been no court decisions bearing on reorganization procedure. This news stalemate is apt to be broken shortly.

The most important potentiality and one which should stimulate the entire list, is on the question of the invested capital base to be allowed reorganization roads. Informed quarters look for legislative action on this point some time in June. Action is generally expected to be favorable for the carriers, providing for an invested capital base independent of the new capitalizations allowed by the Commission. Such remedial legislation will relieve the roads from the threat of insuperable excess profits taxes inherent in present interpretations of existing tax laws. It will materially strengthen the position of the proposed new equities and should expedite a number of reorganizations where, as in the case of Misosuri Pacific, opposition of junior creditors has centered mainly around the inequitable tax burden faced by the reorganized company.

Other potential reorganization developments looked for in the near future include District Court decisions on the 'Frisco and "Rock Island" plans, a final Commission plan for Denver & Rio Grande Western, court confirmation of the Missouri Pacific plan on the basis of the creditor vote, a substantial interest request by "New Haven" and, possibly, a Supreme Court decision by June 1 on petitions for rehearings in the "St. Paul" and "North Western" cases. While none of these prospective developments will have as broad significance as the tax legislation, each will have some significance as bearing on the general reorganization machinery, and to that extent will have an influence on the entire market. It is on these bases that railroad analysts expect a broadening of the interest in the general list during the next few weeks, bringing to an end the unhealthy selective, and largely "rumor," market experienced in the recent past.

Tourist Gas Ration Cut

The Canadian Legation in Washington announced on May 12 that Canada would reduce the gasoline ration for American tourists entering that country, beginning May 15. This is the date that rationing of gasoline begins for nearly 9,000,000 motorists in 17 Eastern States. It is stated that the new Canadian regulations, issued by Oil Controller G. R. Cottrelle, will abolish the 20-unit coupon book which permits tourists in Canada for more than 48 hours to buy 100 gallons of gasoline and allows them to obtain a ration book with four coupon units sufficient to buy 20 imperial gallons.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—40⅜, low—14¾, last—37.

DIVIDEND NOTICES

AMERICAN CYANAMID COMPANY

PREFERENCE DIVIDEND

The Board of Directors of American Cyanamid Company on May 19, 1942, declared a quarterly dividend of 1¼% ($.125) per share on the outstanding shares of the 5% Cumulative Preference Stock of the Company, payable July 1, 1942 to the holders of such stock of record at the close of business June 12, 1942.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company on May 19, 1942, declared a quarterly dividend of fifteen cents (15c) per share on the outstanding shares of the Class "A" and Class "B" Common Stock of the Company, payable July 1, 1942 to the holders of such stock of record at the close of business June 12, 1942.

W. P. STURTEVANT,
Secretary.

Bayuk Cigars Inc.

A dividend of thirty-seven and one-half cents (37½¢) per share on the Common Stock of this Corporation was declared payable June 15, 1942, to stockholders of record May 29, 1942.

Checks will be mailed.

John A. Snyder
TREASURER

Philadelphia, Pa.
May 15, 1942

MAKERS OF PHILLIES

ELECTRIC BOAT COMPANY

33 Pine Street
New York, N. Y.

The Board of Directors has this day declared a dividend of fifty cents per share on the Capital Stock of the Company, payable June 10, 1942, to stockholders of record at the close of business May 27, 1942.

Checks will be mailed by Bankers Trust Co., N. Y., Transfer Agent.

H. A. G. TAYLOR, Treasurer

May 15, 1942.

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a dividend of Fifty Cents ($.50) per share on the Common Stock, payable June 30, 1942, to stockholders of record at the close of business on June 9, 1942. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*
Philadelphia, May 15, 1942.

OFFICE OF
LOUISVILLE GAS AND ELECTRIC COMPANY
CHICAGO ILLINOIS

The Board of Directors of Louisville Gas and Electric Company (Delaware), at a meeting held on May 15, 1942, declared a quarterly dividend of thirty-seven and one-half cents (37½c) per share on the Class A Common Stock of the Company, for the quarter ending May 31, 1942, payable by check June 25, 1942, to stockholders of record as of the close of business May 29, 1942.

At the same meeting a dividend of twenty-five cents (25c) per share was declared on the Class B Common Stock of the Company, for the quarter ending May 31, 1942, payable by check July 28, 1942, to stockholders of record as of the close of business May 29, 1942.

G. W. KNOUREK, Treasurer.

OFFICE OF NORTHERN STATES POWER COMPANY (WISCONSIN)
Chicago Illinois

The board of directors of Northern States Power Company (Wisconsin), at a meeting held May 12, 1942, declared a dividend of one and one-quarter per cent (1¼%) per share on the Preferred Stock of the Company, payable by check June 1, 1942, to stockholders of record as of the close of business May 20, 1942, for the quarter ending May 31, 1942.

N. H. BUCKSTAFF, Treasurer.

DIVIDEND NOTICES

Imperial Oil Limited

NOTICE TO SHAREHOLDERS AND THE HOLDERS OF SHARE WARRANTS

NOTICE is hereby given that a semi-annual dividend of 25c per share in Canadian currency, has been declared, and that the same will be payable on or after the 1st day of June, 1942, in respect to the shares specified in any Bearer Share Warrants of the Company of the 1929 issue upon presentation and delivery of coupons No. 57 at:

THE ROYAL BANK OF CANADA,
King and Church Streets Branch,
Toronto, Canada

The payment to Shareholders of record at the close of business on the 18th day of May, 1942, and whose shares are represented by registered Certificates of the 1929 issue, will be made by cheque, mailed from the offices of the Company on the 29th day of May, 1942.

The transfer books will be closed from the 19th day of May to the 30th day of May, 1942, inclusive and no Bearer Share Warrants will be "split" during that period.

The Income Tax Act of the Dominion of Canada provides that a tax of 15% shall be imposed and deducted at the source on all dividends payable by Canadian debtors to non-residents of Canada. The tax will be deducted from all dividend cheques mailed to non-resident shareholders and the Company's Bankers will deduct the tax when paying coupons to or for account of non-resident shareholders. Ownership Certificates must accompany all dividend coupons presented for payment by residents of Canada.

Shareholders resident in the United States are advised that a credit for the Canadian tax withheld at source is allowable against the tax shown on their United States Federal Income tax return. In order to claim such credit the United States tax authorities require evidence of the deduction of said tax, for which purpose Ownership Certificates (Form No. 601) must be completed in duplicate and the Bank cashing the coupons will endorse both copies with a certificate relative to the deduction and payment of the tax and return one Certificate to the Shareholder. If Forms No. 601 are not available at local United States banks, they can be secured from the Company's office or the Royal Bank of Canada, Toronto.

Under existing Canadian Regulations:

(a) Payment of this dividend to residents of enemy or enemy occupied countries is prohibited.

(b) Payment thereof to residents of other portions of Continental Europe or of the French Empire and China is prohibited but such residents may direct the deposit to their credit in a Canadian Bank of all amounts payable to them.

(c) Other non-residents of Canada may convert this dividend at current Canadian Foreign Exchange Control rates into such foreign currencies as are permitted by the General Regulations of the Canadian Foreign Exchange Control Board. Such conversion can only be effected through an Authorized Dealer, i.e., a Canadian Branch of any Canadian Chartered Bank.

Shareholders residing in the United States may convert the amount of the current dividend into United States currency at the official Canadian Foreign Exchange Control rate by sending at their own risk and expense, coupons, or dividend cheques properly endorsed, to The Agency of The Royal Bank of Canada, 68 William Street, New York City, which will accept them for collection through an authorized dealer, or direct to any authorized dealer of the Canadian Foreign Exchange Control Board.

Shareholders residing in countries other than the United States to whom payment is not prohibited as above noted may convert the amount of the current dividend by sending at their own risk and expense, coupons, or dividend cheques properly endorsed to The Royal Bank of Canada, King and Church Street Branch, Toronto, Canada, or to any other authorized dealer or to The Agency of The Royal Bank of Canada, 68 William Street, New York City, U. S. A., with a request for a draft in such foreign currency as is permitted in settlement of same, but they should first satisfy themselves that this action is not prohibited by the Foreign Exchange Control Regulations of the country in which they reside.

By order of the Board,
W. J. WHITLING, Secretary.

56 Church Street,
Toronto 2, Canada.
15th May, 1942.

Magma Copper Company

Dividend No. 79

On May 19, 1942, a dividend of Fifty Cents per share was declared on the capital stock of Magma Copper Company, payable June 15, 1942, to stockholders of record at the close of business May 29, 1942.

H. E. DODGE, *Treasurer.*

The United Gas and Electric Corporation

One Exchange Place, Jersey City, New Jersey

May 13, 1942.

The Board of Directors this day declared a quarterly dividend of one and three quarters per cent (1¾%) on the Preferred Stock of the Corporation, payable June 20, 1942, to stockholders of record June 5, 1942.

J. A. McKENNA, Treasurer.

KENNECOTT COPPER CORPORATION

120 Broadway, New York City

May 19, 1942.

A cash distribution of twenty-five cents (25c) a share and a special cash distribution of twenty-five cents (25c) a share have today been declared by Kennecott Copper Corporation, payable on June 30, 1942, to stockholders of record at the close of business on May 29, 1942.

A. S. CHEROUNY, Secretary.

THE ALABAMA GREAT SOUTHERN RAILROAD COMPANY

Washington, D. C., May 20, 1942.

A dividend of $4.50 per share on the Preferred Stock of The Alabama Great Southern Railroad Company has been declared payable June 26, 1942, to stockholders of record at the close of business June 2, 1942.

A dividend of $4.50 per share on the Ordinary Stock has been declared payable June 26, 1942, to stockholders of record at the close of business June 2, 1942.

C. E. A. McCARTHY,
Vice-President and Secretary.

Bank and Insurance Stocks

This Week — Bank Stocks

Further study of the earnings outlook for banks under the proposed 24% normal tax and 16% surtax confirms the probability of maintained or even moderately better earnings, depending on the volume expansion in earning assets, over the next year or so.

Volume expansion in holdings of Government securities, whether banks are volume-minded or not, appears inevitable in view of the magnitude of the War financing needs of the Treasury. With a deficit of $33,000,000,000 to finance for the 1943 fiscal year, the Treasury will have to rely on commercial banks to take a substantial portion of this financing. How much will depend on the amount of financing placed with non-commercial bank investors, including wage-earners through voluntary or even compulsory wage deductions for the purchase of War Savings Bonds and Stamps.

The Economic Policy Commission of the American Bankers Association estimates that the commercial banks will take about $22,000,000,000 of the deficit financing. This compares with total earning assets of $51,000,000,000 for all commercial banks in the U. S., of which the sixteen New York City reporting member banks alone have about $12,000,000,000.

In addition to Government securities, loans for defense work may be stimulated sharply by the Executive Order dated March 26, 1942 followed by Regulation V, authorizing the War Department, the Navy Department and the U. S. Maritime Commission to guarantee bank loans made to firms working on contracts and sub-contracts on Defense production. This regulation and the Executive Order are designed to supply through banks the credit needs of many manufacturers whose credit rating ordinarily would not be good, but which is fortified by the Government guarantee.

Faced with this volume outlook, inhibitions against expansion must go. The FDIC has indicated that merely because the ratio of capital funds to deposits and earning assets is less than 10%, it will not be concerned, provided the quality of bank assets remains high. The Economic Policy Commission calculates that the estimated expansion in Governments would reduce the capital ratio from 9.9% June 30, 1941 to 8.1% June 30, 1943, and the capital ratio to earning assets, from 14.3% to 10.2%.

But, since the increased earning assets would consist mainly of Government securities, the decline in bank ratios would not indicate impaired soundness of the banks, the Commission declares, and proposes that the effect of the reduced ratios be allowed for by selling medium and short-term Governments to the banks.

And the normal peacetime legal restrictions on national bank loans, that they should not exceed 10% of capital and surplus, will not be applied to loans under Regulation V.

In view of both the pressure for volume expansion in War securities and loans, and the official release from peacetime investing limitations, individual banks must and are as a patriotic necessity participating to the fullest in the War effort. Nevertheless, it is apparent that banks must have the excess reserves with which to expand earning assets further for the War effort.

Excess reserves, for example, of New York City banks are down to $535,000,000, the lowest since March 9, 1938. At present expansion multiple of about 5:1, this would support theoretically a mere $3,000,000,000 expansion, compared to the $22,000,000,000 in Governments alone available for all banks (New York banks as a group are normally heavy buyers of Governments).

The Treasury, therefore, must sooner or later reduce reserve requirements or otherwise provide larger excess reserves for New York City banks. With combined normal and surtax scale of 40%, the net return on medium term Governments would not make it interesting to banks to have to borrow reserves at the Federal, where the borrowing rate on advances secured by Governments is 1%.

Assuming, therefore, that no impediments to volume expansion exist, it is probable that earnings of New York City banks could show moderate improvement over the next year despite heavier taxes.

For example, if New York City should take one-fourth of the $22,000,000,000 in Governments (not an extreme estimate), of medium term maturity, yielding average of say, 1% gross and .6% after 40% taxes, the $33,000,000 additional gross would amply offset the effect by heavier taxes of estimated 15% reduction in present operating earnings of about $89,000,000.

Even if the New York City banks took only $3,000,000,000 more in Governments—the indicated expansion power of their present low excess reserves—the improved gross would on the above basis be $18,000,000, or still about twice the $9,790,000 effect of a 15% estimated reduction of operating earnings caused by a 40% tax scale.

To the extent that the New York City banks took more Governments, or improved their yield on them, the above improvement in earnings could be bettered.

At present, the capital ratios of New York City banks are 12% of earning assets and 9.7% of deposits. A $5,500,000,000 expansion in Governments would mean capital ratio of 8.5% of earning assets, which would then consist of about three-fourths in Governments, of medium-term maturities.

The question arises: should dividends be reduced, in order to absorb the effect of the higher taxes; and any net earnings improvement from expansion then be added to the ploughed back earnings? It is obvious that no amount of ploughed back earnings is going to hold up the capital ratio in the face of mounting volume of earning assets required by the War effort.

In view of this, why reduce dividends when volume expansion in medium term Governments is likely to offset higher taxes and leave a margin for other costs? Many bona fide investors in bank stocks who have retained their shares because of their need for steady income—especially insurance companies and trust beneficiaries—are not primarily interested in growth in book value, from larger ploughed back earnings, as is evidenced by prevailing large market discounts of book values. The June dividend meetings of banks, therefore, are awaited with particular interest for indications of bank policy on dividends.

THE YALE & TOWNE MFG. CO.

On May 19, 1942, a dividend No. 207 of fifteen cents (15c) per share was declared by the Board of Directors out of past earnings, payable July 1, 1942, to stockholders of record at the close of business June 10, 1942.

F. DUNNING, Secretary.

Elected Director

Frederick L. Schuster, Vice-President of the Lehman Corporation, has been elected to the Board of Directors, it was announced today by Robert Lehman, President. Mr. Schuster has been associated with the Lehman Corporation since its formation in 1929 and for the past five years has been in charge of Economic Research for the firm of Lehman Brothers.

Lehman Corporation is one of the largest of management type Investment Trusts and reported on March 31 of this year net assets of $49,000,000. In addition to Robert Lehman and other partners of Lehman Brothers, the Board of Directors includes Wendell L. Willkie, Dwight F. Davis, Thomas A. Morgan, Herbert P. Howell, J. Herbert Case and I. J. Harvey, Jr.

Calif. Business High

Business activity in California during April maintained the high level of recent months, according to the Current Business Outlook just released by the Wells Fargo Bank of San Francisco. The Wells Fargo index of California business (in which 1935-39 equals 100) stood at 194.7 in April, as compared with 195.4 in the preceding month and 142.7 a year ago.

The Securities Salesman's Corner

Making Every Action Important Will Increase Sales

Some years ago it was our good fortune to know one of the most successful Life Insurance Agents in the country. For five days out of the week this fellow virtually ate, breathed, and slept life insurance. The other two days he played just as hard as he had worked on the other five. Out of all the lessons in selling intangibles that we learned from him probably one thing stands out more clearly than any of the rest.

Every Thing He Did Was Important

The point we are attempting to bring out is that whether we are selling securities, life insurance or fish hooks, it is just as important as we ourselves believe our job to be. For some of us, selling securities is just an indifferent sort of task from which we gain a livlihood. For others, every day is another challenge. Each interview is an opportunity. Each new client is one more building block in our own particular edifice. Each mistake is something to be corrected and every scrap of knowledge about our work is diligently to be collected. It is our belief, that contained in these two widely divergent attitudes toward our work, lies the reason for the fact that many securities salesmen are still doing an excellent volume of business and on the other hand there are some who can barely earn a living.

As a typical illustration of the value of this attitude of making every action **important**, we well remember how our life insurance friend once made a very substantial sale. We see here why he could make sales of $100,000 while many other salesmen would have missed an opportunity, or at best, sold only a small policy.

During the course of a dinner party a certain wealthy lady friend turned to him and asked him about life insurance. Instead of picking up a conversation right at that time he tactfully arranged that he should call her for an appointment. Now this in itself is nothing new to any experienced salesman. It is academic to pick the right time and place to discuss business. The important sales lesson here is that he was able to arrange the appointment. What was an idle question on the part of his friend became a matter of importance to her. It became important because this life insurance salesman didn't talk cash values, dividends, settlement options or "die to win." With him, life insurance was a living thing, an important thing, something to be placed among one's most cherished possessions and because it was so he said the right thing to his friend so as to give her the impression that **here was something she really ought to talk about at his office or her home because any thing so important was worthwhile discussing seriously and not in a casual manner when they were socially enjoying themselves at a dinner party.**

Isn't there an old saying, something to the effect that two boys were busily engaged laying brick, one was asked what are you doing, and he answered "building a cathedral." Probably the other fellow remained a brick mason all his life for all he said was "can't you see for yourself, I am laying brick!"

Canadian Industrial Activity Remains High

General industrial activity in Canada remains unchanged at a high level, according to the Canadian Bank of Commerce of Toronto, which states that their index has continued for the third consecutive month to register 164 (1937=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," the bank's report continued, adding:

"Our wage payroll index for March was 190 (1937=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."

Our Reporter's Report

(Continued from First Page)

3⅜% bonds sold in competitive bidding on Monday.

With nine groups bidding for the issue, the group headed by First Boston Corporation and the Mellon Securities Corporation took down the bonds at a price of 101.68.

Offering publicly yesterday at 102¾ found a heartening response, and the bonds were reported moving readily along to investors.

Amer. Tel. 2¾s

Among the interesting offerings this week was the secondary marketing of a block of $1,000,000 of American Telephone & Telegraph Company 2¾s of 1970.

This represented a portion of an aggregate issue of $140,000,000 of the bonds placed privately with a large group of insurance companies in 1940, and was understood to mark the first public appearance of any part of loan.

Major interest centered around the thought that in present circumstances this operation might be the forerunner of similar sales of other utility and industrial loans which had been placed privately in the last few years.

Revenue Project Bonds

Reports coming in over the first week-end of gasoline rationing in the East afforded a rather definite idea of what wartime curtailment of motoring, as the American public knows it, likely will mean to the revenues of toll bridges, roads and tunnels over the duration.

That the general run of such obligations has maintained a firm undertone in face of this rather discouraging prospect must be ascribed to certain conditions surrounding them.

First of all few new issues of this type have become available in recent months, and now of course the prospect is for a dearth of them for several years. Meanwhile the supply of municipals of other types likewise has been and promises to continue extremely light for some time to come. Many projects which ordinarily would be financed in the municipal market are going over until after the war.

Public Service Gas & Electric

As far as the corporate new issue market is concerned, there is nothing in immediate prospect. The nearest offering now in sight is that of the Public Service Electric & Gas Company first mortgage 3s.

That issue in the amount of $15,000,000 will be offered in competitive bididng early in June, and indications point to another highly active day for investment bankers.

This issue, incidently, had also been slated for private placement until the SEC stepped in on the contention that a better price should be forthcoming in open bidding.

Act On More FHA Funds

The conference report on the bill increasing to $800,000,000 the Federal Housing Administration's authority to insure mortgages for housing of war workers was adopted by the Senate on May 18 and was sent to the House. The present FHA limit of $300,000,000 is said to be exhausted. In addition to the $500,000,000 increase, the bill raises present limits on insured mortgages for single-family and multi-family home units.

The House approved the measure on April 22 (as indicated in our April 30 issue, page 1703) but due to the changes made by the Senate in passing it on May 6, a conference was required to adjust differences.

Investment Trusts

Men with substantial investments who are going into our armed forces are finding investment trusts to be the answer to their investment problems.

These men will be unable to handle their own portfolios for the duration. Yet it is in times of rapid change such as these when securities need the most constant supervision. Some provision for this supervision must be made and made quickly.

Many have turned to the investment companies to secure the proper management of their funds. One investment company reports that one of their dealers has brought in half a dozen accounts in the past two weeks which have been divided up among several investment companies of different types.

The advantages of such a program for the man going into the service are obvious. In the first place, he is obtaining portfolio management which, though once uncertain, has "come of age" and proved its worth in recent years. As pointed out in this column two weeks ago, 25 out of 25 investment companies outperformed the Dow-Jones Industrial Average in the period from the outbreak of war in September, 1939, through April 30, 1942.

In the second place, through the use of investment companies, the actual number of securities held by the individual is reduced to a very small number—reducing legal problems, transfer problems, estate problems, tax problems—all of which would be difficult for the man "somewhere" in the army or "somewhere" at sea.

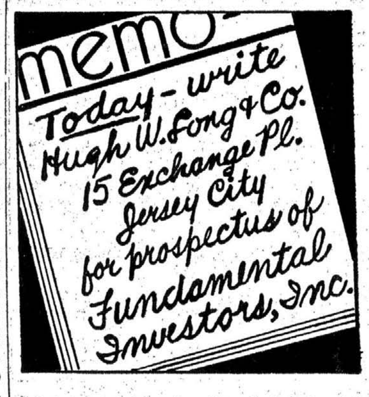
In the third place, the cost of investment company management is small. The original sales "load" of about 7½% often proves less than the cost in commissions and taxes of buying and selling an individual portfolio. The management fee—which generally is between ½ of 1% and 1% of the assets annually—and the fact that the trusts have outperformed the accepted market averages in recent years shows that the management is more than good enough to justify this fee.

* * *

The following reassertion of faith in the future of our country was published as part of an article on "The Stock Market in War Environment" in "Perspective," issued by the Investment Management Department of Calvin Bullock.

"The seeming paradox of deep depression in the stock market at a time when corporate net earnings are not far from their levels of the years of peace-time prosperity, is to be explained of course in large measure as the effort of the market to adjust itself to the impairment of corporate profits and equity values implicit in the conditions of an all-out war environment. **Nor is anything to be gained by shutting our eyes to the unpleasant fact that the stock market depression is also a reflection of a lack of investment confidence in the future of our private enterprise system.** It has become necessary, for the successful prosecution of the war effort, that the Government assume rigid and total control of production, consumption, prices, profits, rents, interest rates and private incomes—all of the basic economic factors except one, namely, wages. Many investors appear to hold the gloomy opinion that this is a preview of the state capitalism that will be a permanent social product of the war and that we are witnessing the end of the era of private capitalism. As for ourselves, we reject this view. Granting that the demands of a changing world will require a modification of our private enterprise system and a deeper penetration of government into the economic sphere, we believe that there will remain great areas for the exercise of private initiative and the profitable employment of private capital. We are still too close to our pioneering heritage in this country, we have retained too much of the individualistic spirit of self-reliance and enterprise, to be willing to embrace the enervating philosophy of state capitalism.

"If this discussion appears to be wandering far from the realm of investment policy, let it be said that the answer to this problem is the major premise of investment policy. If the investor agrees that we shall emerge victorious from this war with our democratic system of government and our profit system of private enterprise substantially intact, then the problem of common stock investment becomes, as heretofore, that of weighing the impact of current economic forces on corporate earnings and equity values."



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Investment Company Briefs

"Someone has observed that this country is now in somewhat the same position as England was two years ago," says Massachusetts Distributors' "Brevits." "It may be recalled that at that time England was completing conversion to a complete war economy. The tax structure was put on a full war basis; inflation controls were being established; all out enforcement of priorities, rationing and other such restrictions had begun. As a consequence, uncertainty as to how drastic such measures might be and how they would affect business, profits, liv-

(Continued on Page 1943)

Municipal News & Notes

Although not unexpected, the action of the House Ways and Means Committee last Friday in rejecting the Treasury's proposal to tax the interest from State and local securities, was a heartening factor in the market. Activity was increased in some measure all along the line, but not sharply. The Committee's attitude of disfavor clears away, at least temporarily, the serious threat of taxation that overhung the municipal bond market since the end of January, when Treasury Secretary Morgenthau urged removal of the tax immunity from outstanding, as well as future issues.

This proposal had been attacked bitterly by State and local officials and many others, in hearings before the Committee. The plea was made repeatedly that for the Federal Government to take this step would be a giant stride forward to deprive the State and local governments of their sovereignty by placing in the "central government" the power over credit.

Many also contended that to tax outstanding securities would mean breaking—morally or legally—existing contracts between State and local governments and their hondholders, a right that was said to be protected by the Constitution.

At least half of the States were represented in the hearings in opposition to taxing either present or future issues of their securities, with the main argument being that for the Federal Government to enter this field, would mean a threat against the sovereignty of the States.

Of course, there is no certainty the House will accept the Committee's recommendations, since it is pointed out the need for additional revenue is pressing.

Congress made a start toward tapping tax-exempts as a source of revenue last year when it subjected the income from Federal securities to taxation. At that time, it refused to tax income from outstanding Federal securities on the ground that they were sold with the understanding they would be tax free.

The Treasury contended the Federal Government had not subscribed to any similar pledge given by State and municipal governments and recommended that all income from these sources be taxed "to plug a loophole."

Nation's Cities Face Financial Problems

Declining revenues and rising costs are presenting serious financial problems to the nation's municipalities, a poll of local fiscal officers by the Municipal Finance Officers Association showed Monday. The problems are accentuated by difficulties in raising additional revenue from present taxes or adding new sources of revenue, and in curtailing expenses without sacrificing essential city services.

The financial predicament of local governments results in part from the necessity of establishing budgets weeks or months in advance of actual expenditure, according to replies from local fiscal officials reporting in the survey. Budgets for 1942 were set up in some cases as long ago as last summer, many of them on a "business-as-usual" basis which did not allow for emergency expenditures and higher costs resulting from the war effort.

More fundamental in considering the problem, however, in the opinion of many local finance officers queried by the Association, is the general outlook for lower revenues from local taxes and concern over ability of taxpayers to pay local taxes in the face of heavy contributions which necessarily must be made to the Federal Government for war purposes.

Appearance of an entirely new type of municipal expense—created by civilian defense needs and added demands on municipal services resulting from construction of war plants and war housing—has created a particular problem, according to local finance officers. In some localities taxes from property acquired for new war plants are offset by expanded service costs, made necessary by the plants and their workers, of transportation, policing, traffic control, sanitation and health.

The survey showed many local officials expect a decline within the next two years in the property tax, substantial producer of local governmental revenues. Factors seen as contributing to this decline include the taking over of land for military purposes by the Federal Government, lower assessments on inventories of small businesses unable to replenish their stocks, and a declining value leading ultimately to lower assessments of properties related to automobile usage.

While lower yields from gasoline taxes appear principally as a concern of State governments, some cities tax gasoline directly or receive a portion of the State tax. This revenue source already is showing a decline, as replies from several fiscal officers show. Seattle's comptroller, for example, reports that rubber and gas shortages threaten to cut the city's receipts from the State gas tax by at least 20%, or about $175,000, while Oklahoma City, which has realized $200,000 a year from State-collected gas and motor vehicle taxes, expects a 20% drop this year.

Related closely as income sources are local motor vehicle taxes and occupational licenses on auto dealers and other businesses connected with the use of cars. Birmingham, Ala., has obtained about $1,000,000 a year from gas and automobile taxes, including $400,000 from a 1-cent gas tax, $400,000 from sharing auto tag licenses and the balance from occupational licenses—and anticipates a reduction, along with other cities, of from one-third to one-half in income from gas and motor vehicle taxes. Baltimore last year collected $5,000,000 from motor vehicle licenses, fines and the gas tax, and an expected curtailment of cars and gasoline will upset the city's budget.

While cities in several States, including Massachusetts and Wisconsin, participate in State income tax revenues, most municipalities have few important tax sources that can be expanded during the war period, according to the Association. Despite this, reports from the finance officials indicate they are loath to impose new forms of taxes in view of needs of the Federal Government for war revenues. A Miami, Fla., official reported his city had considered levying a utility tax to replace in part an anticipated loss of $500,000 income from sources other than ad valorem income, but was "extremely reluctant" to increase the local tax burden, believing the reduction should be absorbed by other operating departments not abnormally affected by emergency demands.

On the expense side of local budgets and in addition to new costs for civilian defense and increased services in defense areas, operating costs have risen—a development not anticipated in many budgets now in effect. Like other buyers, cities have had to pay higher prices. Louisville, for example, reported estimates of amounts necessary for operating supplies did not anticipate sufficiently increased costs since last August, as shown in comparing the estimated 5% increase in food costs for various city institutions with the actual increase of about 22%.

Municipal payrolls have been increased by many cities to help meet higher living costs.

Cities engaged actively in war production, like Detroit, have considered it essential to maintain all recreation facilities, and school facilities have been expanded in many areas because of population shifts incident to large armament plants. Civilian defense organization has required expenditures, though in at least one State—Ohio—the State has distributed some funds to local governments for this purpose.

City officials agree, according to their reports, that capital expenditures should be curtailed as a matter of general policy and because of inability to obtain materials and the desire to have projects available for the post-war period. Inability to obtain materials ordered has created surplus appropriations in some communities.

Likewise, decisions to abandon all public improvements not essential to the war effort will ease municipal budget strains. According to some fiscal officers these situations appear to be a temporary offset to other increased expenses and do not improve the picture fundamentally.

The situation offers opportunities as well as difficulties, many officials said, because it gives city officials and taxpayers both a chance to examine services they have been performing and determine just what services and expenses are essential. It may be possible, also, for State governments abandoning costly capital improvements to share some of their unexpended revenues with localities.

Bridge Tolls and Sunday Drivers

The first Sunday of gasoline rationing resulted in a sharp drop in revenues for the toll bridges and tunnels for motor vehicles along the Atlantic seaboard. Preliminary reports indicate that the traffic in most instances was the lowest for any comparable Sunday since these conveniences were opened. Traffic over the Delaware River Bridge between Philadelphia and Camden, N. J., amounted to only 25,542 vehicles, compared with 60,602 the previous Sunday and an all-time low of 17,000 recorded one day last Winter.

Even before gasoline rationing, traffic over the bridges and tunnels operated by the Port of New York Authority had started to taper off. In April, the operating revenues of the Port Authority amounted to $1,444,760, a decline of 2.6% from those in April, last year, while operating expenses were $351,644, against $316,719, an increase of 11%.

However, for the 12 months ended on April 30, the revenues of the Port Authority were $18,638,520, or 7.9% more than in the preceding 12 months.

New York Provides For State Post-War Planning Program

New York's new State Commission for Post-War Public Works Planning, created by a law signed by Governor Lehman earlier this month, provides the first machinery for State post-war planning to be established by statute, the American Society of Planning Officials reported Wednesday.

Feature of the planning program under the Commission is the coordination of funds and authority for keeping records and specifications on all State planning projects hitherto handled separately by various State departments. Object of this coordination is to make easily available at all times an over-all picture of employment and cost estimates, and materials and equipment needed for execution of the projects.

The Commission also is to prepare and maintain progress reports on post-war plans of municipalities in the State, and to maintain connections with Federal officials and agencies concerned with post-war planning.

In setting up the Commission, the Legislature also appropriated $450,000 to be spent in preparing plans for post-war constructions, and authorized creation of a building reserve fund of about $320,000,000 through sale of State highway, grade crossing and housing bonds.

The Commission will consist of the director of the State bureau of planning, representatives of other State departments, and chairmen of several legislative committees.

In a post-war works program separately by the New York City planning commission, new construction for which funds are recommended, totals $628,000,000, with $21,600,000 set aside for planning for the improvements. The list of projects is proposed not for budget purposes but as a planning program to be advanced as rapidly as possible in terms of financing and paper-work, though actual building may be postponed for a long time. Except for essential projects related to the war or not requiring critical materials, nearly all new municipal construction in New York City has been stopped.

Massachusetts and Minnesota are two other States which have made provision for post-war planning since the war started. Minnesota's program, under an executive order of the Governor, includes a $10,000,000 fund—to be built up during the war period—for constructing highways, schools and small-unit housing.

Massachusetts' Post-Defense Readjustment Committee, composed of economists, manufacturers, workers and planning authorities, is concerned mainly with planning for post-war employment of war industry workers.

N. Y. State Conference Of Mayors To Meet

Instruction in national, State and local war activities and civilian protection and discussion of vital State-wide problems affecting all cities and villages will feature the 33rd annual meeting of the New York State Conference of Mayors and Other Municipal Officials in Syracuse on June 8, 9 and 10. Assessors, municipal clerks, municipal engineers, municipal attorneys and planning officials will hold conventions at the same time and place. Plans are being made to accommodate 1,000 city and village officials, members of local war councils and directors of civilian protection.

The speakers' list will be headed by James M. Landis, Director, Office of Civilian Defense; Gov. Herbert H. Lehman; Harold D. Smith, Federal Director of the Budget; Speaker Oswald D. Heck of the State Assembly, and Major-General William N. Haskell, New York State Director of Civilian Protection.

N. J. Legislators Study Proposed Constitution

The New Jersey Legislature received on Monday from a special commission the text of a proposed new State Constitution. It is intended to place before the voters in September the question whether a referendum on its adoption should be held at the November general election. The members have until June 15 to study the draft of the new constitution.

California Pension Proposal Revived

Kaiser & Co., San Francisco municipal bond house, report as follows:

An initiative petition is being circulated to qualify a new "Ham 'n' Eggs" measure for the ballot this November. It is reported that 120,000 signatures have been obtained, which is slightly over half of the number required.

The new measure is substantially the same as that defeated by a vote of almost 2 to 1 in 1939, except that payments to "senior citizens" are reduced from $30 to $20, while $7 weekly is to be paid to unemployed persons not under 21 years old. Because of the sobering influence of the war and full employment conditions, it is generally believed that the proposition will not receive nearly so widespread support as it did in 1939.

Alberta Interest Reduction Considered

The Alberta Debt Refunding Committee will meet shortly, according to Provincial Treasurer Solon Low, to consider means of bringing about a lower interest rate on Alberta's public debenture debt amounting to about $121,000,000.

The original or coupon rate on Alberta debentures has been estimated to average 4.85%. By Order-in-Council effective June 1, 1936, the Provincial Government offered to pay only an average of 2.44% interest on Provincial bonds. The Province has claimed it is unable to pay a higher rate.

Canadian observers are said to be not too optimistic regarding the prospect of agreement, that is, unless the provincial authorities are prepared to go very much farther than was the case when the talks collapsed last fall. On the other hand, the point is made that the bondholders for their part are unlikely to make any important concessions to a debtor that has demonstrated unwillingness rather than inability to pay in accordance with the terms of the contract. A disinclination to set precedents in these matters is understandable.

Housing Bonds Attracting Greater Interest

A widening interest appears to be developing in housing authority bonds on the part of both dealers and investors. Prompt demand on the reoffering of the most recent issue, bidding by houses which formerly did not compete for this particular type of tax exempt security and a trend toward higher prices are indicative of growing acceptance of housing bonds in investment circles.

As housing authority bonds are a new type of instrument, differing considerably from both municipals and corporates, it has taken time to familiarize dealers and investors with them. They are admittedly "complicated bonds" which require a certain degree of study and investigation before the dealer or the investor fully understands them.

Sponsorship of housing authority obligations has been by a limited group of firms, at least up to the present. Those active in this field, however, predict

that all houses dealing in tax exempts eventually will deal in housing authority bonds.

The low level of new municipal financing anticipated for the duration of the war may be an increasingly important factor in stimulating the acceptance of housing bonds. With only a small supply of new State and municipal issues coming on the market, more of the larger buyers may turn to housing bonds.

(The above is an excerpt from an article written by Gerry Schnur, appearing in the May 14 issue of the Chicago "Journal of Commerce.")

Close Bidding Features Bond Sale

From time to time, we have commented on the almost uncanny accuracy displayed by municipal bond men in submitting their estimates of the price an issue should bring to the local unit offering the securities. Tuesday witnessed a remarkable demonstration of competitive bidding in the highest sense, when the $331,000 Mt. Vernon, N. Y., various sinking fund issues were awarded. The First of Michigan Corp., and Hornblower & Weeks, bidding jointly, took the offering with a bid of 106.77775, while the runner-up, a joint account of Kidder, Peabody & Co., and F. S. Moseley & Co., submitted their price of 106.77703. That represents a differential of but $1.80 on the entire issue, which could rightly be called a pretty narrow margin.

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 23

$790,000 Bowling Green. Ky.

These bonds, together with $575,000 Hopkinsville, $430,000 Mayfield, $285,000 Murray, and $190,000 Russellville bonds, all represent electric light and power revenue bond offerings by Kentucky communities. All carry the same range of maturity, 1945 to 1962. Proceeds from the sale of these issues will be used to purchase from the Kentucky-Tennessee Light & Power Co., a unit of the Associated Gas & Electric Co., the utility properties in the respective municipalities.

May 26

$2,616,000 Cincinnati, Ohio

These are bonds now held in the investment account of the city's sinking fund.

$1,095,000 Montclair, N. J.

On May 1, 1941, the city awarded a much smaller issue to Wood, Struthers & Co. of New York. Second highest bid was entered by Halsey, Stuart & Co., Inc., of New York.

May 28

$738.200 Trenton, N. J.

The First National Bank of New York, and associates, obtained the award of the bonds offered in January, 1940. Group headed by Halsey, Stuart & Co., Inc., of New York, submitted the second highest bid.

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.

June 2

$5.875,000 Whatcom Co. Pub. Util. Dist. No. 1, Wash.

This appears to be the initial financing by the above district.

Newburger, Loeb To Admit

Newburger, Loeb & Co., 40 Wall Street, New York City, members of the New York and Philadelphia Stock Exchanges, will shortly admit George F. Conniff to partnership in their firm.

D. T. Moore To Admit

Carroll V. Gianni will shortly become a partner in D. T. Moore & Co., 50 Broad Street, New York City, members of the New York Stock Exchange.

SEC Applications For Broker Dealer Registry

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

April 16, 1942—Paul Fibranz & Co., 134 North La Salle Street, Chicago, Ill., Paul Fibranz, sole proprietor; Roy L. Fisher, 1403 Commercial National Bank Building, Shreveport, La., a sole proprietorship; Hattiesburg Cotton Exchange, 125 North Front Street, Hattiesburg, Miss., Oscar P. Geren, formerly proprietor, and J. C. Pittman, formerly manager, as partners.

April 18, 1942 — Philip Mark Carey, 104 South Division Street, Salisbury, Md., a sole proprietorship.

April 20, 1942 — Oliver and Company, 34 East Ninth Street, South, Salt Lake City, Utah, George C. Oliver, sole proprietor; Stephen Reele, 6220 Oram Street, Dallas, Tex., a sole proprietorship; Fred Paul Strassburg, 124 Greenridge Drive., Reno, Nev., a sole proprietorship.

April 21, 1942—National Reorganization Corp., 342 Madison Ave., New York, N. Y., Arthur Koerner and Vinny Catania, officers.

April 24, 1942—R. K. Dunbar & Co., Ltd., 705 Brown Building, Austin, Tex., Russell Kemble Dunbar, general, and Bugg Berry Dunbar and James Irving Eiband, special partners, Gus Ayres, W. Eldon Tinsley, and Elmer A. Snyder, formerly officers of the firm, having withdrawn. Pitman & Company, Inc., 721 Alamo National Building, San Antonio, Tex., Creston H. Funk and Bonnie G. Pitman, formerly partners, Gus Nelson, Sylvan Lang, William E. Dean, Jack Combs, Ray F. Schoolfield, and Edw. H. Keller, officers.

April 25, 1942 — O'Melveny-Wagenseller & Durst, 626 South Spring Street, Los Angeles, Calif., Donald O'Melveny, Willis H. Durst, William S. Hughes, Earl F. Kitchel, Alson E. Abernethy, Olaf B. Lighthill, John M. Woods, and Warren B. Hillman, officers, Hudson Wagenseller, S. D. Lamon, Miles A. Sharkey, J. Bert Easley, Anna L. Hackett, and Paul M. Wagenseller, having withdrawn as officers.

April 27, 1942 — Alfred Henry Peterkin, 85-33 Fifty-third Ave., Elmhurst, L. I., N. Y., a sole proprietorship.

April 28, 1942—J. K. Rice, Jr. & Co., 120 Broadway, New York City, William Ignatius Ewing withdrawn as a general partner.

April 29, 1942—Oliver P. Montagnet, 512 Carondelet Bldg., New Orleans, La., a sole proprietorship.

New York Stock Exchange Weekly Firm Changes

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

Transfer of the Exchange membership of the late Walter Thiele to Samuel Wechsler, who will continue as a partner in Gruntal & Co., New York City, will be considered on May 28th.

Transfer of the Stock Exchange membership of George C. Schubert to Henry W. Buckley will be considered on May 28th.

The proposal that Harry Frank, Jr. act as alternate on the floor of the Stock Exchange for William H. Frank will be considered today.

E. Worthington Walters has retired from Hicks & Price, Chicago, Ill., as of May 15th.

Gregory P. Maloney, Exchange member, retired on May 8th from partnership in Alfred O'Gara & Co., Chicago, which is no longer a Stock Exchange member firm.

Weingarten & Co., New York City, was dissolved on May 15th.

Pemberton Berman & Co., New York City, is being dissolved as of today.

Newspapers Raise Price

Forty-eight Pennsylvania daily newspapers and two Sunday editions have been forced by higher production costs to raise their subscription rates, it was announced on May 13 by William H. Hardy, Manager of the Pennsylvania Newspaper Publishers Association, as the result of the increases a survey disclosed (according to Associated Press accounts from Harrisburg), circulation figures suffered "almost no loss." The survey also showed "at least a score of newspapers that have not yet raised subscription rates plan to do so in the near future" because operating costs are the highest in history "due to record-breaking payrolls, high taxes and to the enormous cost of covering the world-wide war."

Two Ohio newspapers — The Ohio State "Journal" (Columbus) and The Lorain "Journal"—announced on May 18 increases in the price of single copies from 3 to 4 cents.

The New Bedford (Mass.) "Morning Mercury," which had been published continuously for 135 years, suspended on May 16. It was explained, says the Providence "Journal," that "rising costs, dwindling circulation and war restrictions make its publication no longer practical."

A recent reference to newspaper price increases appeared in our May 7 issue, page 1782.

Shipman To Be Partner In R. K. Kaufmann, Alsberg

Herbert A. Shipman, member of the New York Curb Exchange, and for many years in business as an individual Curb floor broker, will shortly become a partner in Richard K. Kaufmann, Alsberg & Co., members of the New York Stock and Curb Exchanges, 120 Broadway, New York City.

Cotton Consumption In April At Record Level

Under the date of May 14, 1942, the Census Bureau issued its report showing cotton consumed in the United States, cotton on hand, active cotton spindles, and imports and exports of cotton for the month of April, 1942 and 1941. Cotton consumed amounted to 998,754 bales of lint and 132,106 bales of linters, as compared with 966,031 bales of lint and 131,187 bales of linters, in March, 1942.

April consumption of cotton includes 4,900 bales distributed by Surplus Marketing Administration through various cotton mattress programs.

Tomorrow's Markets Walter Whyte Says—

(Continued from Page 1933)
mended last week were Air Reduction between 29-30, and Allis Chalmers under 23. Both stocks have managed to dip to about these levels but neither have stayed there long enough to consider them definitely in the list. So for those who didn't get them the advice is repeated.

* * *

In summing up allow me to point out that no market, particularly the type we are in, can go up without a set back. Sometimes these set backs can be serious and indicate a more serious reaction than was originally indicated. But at this time any nearby reaction does not have the danger signals that call for caution. On the contrary I continue to feel that set backs from here will be confined to individual stocks and after not too much time the market will start up again.

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.]

SEC Issues Survey Of Listed Corporations

The Securities and Exchange Commission on May 13 made public the second in the series of summary reports of the Survey of American Listed Corporations, a Work Projects Administration study sponsored by the Commission. This report, designated as "Statistics of American Listed Corporations, Part 2," covers the financial operations during the years 1935-1939 of 1,495 corporations with securities listed on national securities exchanges. Included in Part 2 are corporations with total assets in 1939 aggregating $61,558,000,000 and engaged in extractive, manufacturing, merchandising, electric light and power, and other industries. Part 1 was based on reports filed for the year 1937 and covered in great detail the more important financial characteristics of 1,961 registered corporations with assets aggregating $78,726,000,000. The announcement by the Commission also has the following to say:

Part 2 consists of 326 pages. The data are presented in 44 tables which are summarized in the text of the report. The first section comprises detailed combined balance sheets, profit and loss statements, and surplus analyses of the 1,495 registered corporations. These financial statements are classified by industry, amount of total assets, type of capital structure, and rate of return on invested capital of registrants. The second section consists of frequency distributions of the 1,495 registrants classified according to the five financial ratios: (1) rate of return on tangible net worth; (2) rate of return on invested capital; (3) current ratio; (4) net worth per dollar of total debt; (5) turnover of tangible net worth. In the frequency tables the registrants are classified by industry, amount of total assets, annual sales volume, type of capital structure, and degree of profitability.

According to the report, the aggregate total assets of the 1,495 registrants included in the study increased by $2,869,000,000 (4.9%) from the end of 1935 to the close of 1939, although the 1939 total was $611,000,000 (1.0%) below that reported at the 1937 year-end. Registrants of only two of the major industry groups reported, as a whole, a net increase in total assets from 1935 to 1939. Combined assets of manufacturing corporations rose by $3,086,000,000 (10.8%) and merchandising companies reported a net increase of $387,000,000 (15.5%). Total assets of registrants in the electric light and power industry declined 1.7% over the 5-year period, after deduction of reserves applicable to fixed assets, which in this industry are ordinarily carried on the liabilities side of the balance sheet. Registrants in the extractive group showed a net reduction in total assets during 1935-1939 of $157,000,000 (9.8%). For other industry groups, net declines in total assets over the 5-year period ranged from less than 2% for companies in the construction, transportation and communication, and agriculture industries, to 32.9% for the service industry, while financial registrants reported a net decrease of 10.0% and real estate companies a net decrease of 12.3%.

The average annual net income during 1935-1939 of the 1,495 registrants as a group amounted to $2,687,000,000, which was equivalent to 7.0% of the stockholders' equity at book value. The year 1937 marked the high point in earnings for all registrants combined although 1936 and 1939 were profitable years for more companies. The largest corporations showed highest average earnings in 1937. For all 1,495 registrants aggregate net income in relation to stockholders' book equity increased from 5.9% in 1935 to 8.3% in 1936 and to 8.6% in 1937, declined to 4.9% in 1938, but rose again to 7.3% in 1939. The annual rate of return on stockholders' book equity during the 5-year period varied by major industry groups from an average of 4.2% for extractive corporations to 9.3% for merchandising concerns, while corporations in the electric light and power industry reported an average of 4.8% and manufacturing corporations 7.9%.

The annual return on invested capital, computed before provision for interest and debt discount, income taxes, and minority interest in earnings, averaged 7.7% from 1935 to 1939 for the 1,495 registrants as a group. Merchandising corporations reported an average return of 10.8% followed by manufacturing with 9.2%, electric light and power with 5.6% and extractive corporations with 5.1%. Similar to annual changes in the rate of return on stockholders' equity, the average return on invested capital for all 1,495 registrants increased from 6.6% in 1935 to 8.8% in 1936 and again to 9.2% in 1937. The rate of return dropped to 5.9% in 1938, but recovered to 7.9% in 1939.

During the 1935-1939 period, 274 of the 1,495 registrants, on the average, reported net losses annually before interest charges and income taxes, 669 earned less than 10% per annum on their invested capital, and 211 showed annual earnings of 20% or more. More than half of the extractive corporations sustained net losses in each year compared with less than 15%, on the average, of the manufacturing and merchandising companies, and 5% of the electric light and power corporations. Losses were seldom reported by the larger companies, these registrants tending to concentrate in the medium earnings groups.

Dividends declared by the 1,495 registrants for the five years from 1935 to 1939 amounted to $19,297,000,000, equivalent to 77% of their combined net income for this period. Of the total dividends declared, 97% was paid in cash and 18% represented dividends on preferred stock. In relation to net income, cash dividends paid by the 1,495 registrants increased from 67% in 1935 to 75% in 1937 and to 88% in 1938, but declined to 70% in 1939. Cash dividends paid by extractive corporations in 1935-1939 exceeded their aggregate net income by 22%. For manufacturing, merchandising, and electric light and power registrants, however, cash dividends amounted to somewhat over 70% of their 5-year net income.

The report indicates that revaluation of assets was a common practice among registrants during 1935-1939, instances of direct write-downs of book values being nearly three times as frequent as write-ups. Direct write-downs of fixed assets, intangibles, and security investments were reported in 1,073 instances aggregating $2,110,000,000, while write-ups amounted to $385,000,000. In addition to these amounts charged or credited directly to the assets concerned, many substantial revaluations were effected through reserve accounts.

The comprehensive material contained in the 44 tables are summarized in the text of the report. The following table presents several of the more important items of financial operations for the 1,495 registrants as a group.

1,495 Registrants Combined
(Dollar Figures in Millions)

	1935	1936	1937	1938	1939
Total assets	$58,688	$60,342	$62,169	$60,683	$61,558
Net income	2,199	3,163	3,383	1,885	2,803
Cash dividends paid	1,470	2,334	2,546	1,652	1,977
Return on invested capital	6.6%	8.8%	9.2%	5.9%	7.9%
Return on tangible net worth	6.2%	8.8%	9.2%	5.2%	7.7%
Return on stockholders' equity	5.9%	8.3%	8.6%	4.9%	7.3%
Current ratio	3.75	3.30	3.19	3.85	3.62
Net worth per dollar of total debt	2.35	2.24	2.20	2.24	2.17
Turnover of tangible net worth	.83	.97	1.06	.91	.99

NYSE Congratulated On 150th Anniversary

President Roosevelt, in a message to the New York Stock Exchange on the 150th anniversary of its founding, said on May 15 that "the continuation of an orderly market will be of vital importance both during the war and during the period of readjustment that will follow."

The President's letter, addressed to Emil Schram, President of the Exchange, was read at the War Bond rally held on May 18 at the Sub-Treasury Building in observance of the Exchange's sesquicentennial.

Other congratulatory telegrams read at the ceremony included messages from Secretary of the Treasury Morgenthau, Secretary of Commerce Jesse Jones, Governor Lehman of New York and Ganson Purcell, Chairman of the Securities and Exchange Commission.

The President's letter follows:

The White House,
Washington, May 15, 1942.

My dear Mr. Schram:

It is with a great deal of pleasure that I extend by good wishes to the members of the New York Stock Exchange upon the celebration of the 150th anniversary of the founding of the Exchange.

Since the original group of 24 brokers joined together in 1792 to improve the market in securities being conducted under the famous old buttonwood tree down in Wall Street, the role of the Exchange and its responsibilities in the financial affairs of the Nation have steadily increased. To me it is interesting to note that the Exchange was organized as a direct result of an $80,000,000 issue of Government bonds authorized by the Congress in 1790 to fund the State and national obligations of the war for American liberty. Just as the Exchange then was able to render an important service to the public and to the Nation, so today it has the opportunity of performing valued services in the present struggle for human freedom.

It has been gratifying to me that the hysteria of the first World War has not been repeated and that our market places this time have remained open. The members of the Exchange, like millions of their fellow citizens, find their normal business life affected by stresses and strains of world-wide character. Yet it is important that we do not permit these difficulties to disrupt our security markets unduly. The continuation of an orderly market will be of vital importance both during the war and during the period of readjustment that will follow. You have an opportunity for great service, and I am confident that in this you will not fail.

Very sincerely yours,
FRANKLIN D. ROOSEVELT.

Honorable Emil Schram,
President,
New York Stock Exchange,
New York, N. Y.

The telegram from Secretary Morgenthau to Mr. Schram read as follows:

Congratulations and good wishes to the New York Stock Exchange on the celebration of your 150th anniversary. In all its long and crowded past the Exchange has never been of greater public service than it is today. Your war bond rally is only one example of the energetic and enthusiastic work being done by the members of the Exchange in helping to finance the winning of the war. The Treasury Department appreciates all that you are doing and I am glad of this opportunity to thank you for this service to the country.

In his telegraphic message to Mr. Schram, Chairman Purcell of the SEC said:

May I extend to members of the New York Stock Exchange good wishes of the Securities and Exchange Commission upon the 150th anniversary of the founding of the Exchange. The willingness of the Exchange and its members to assume new responsibilities and burdens under rapidly changing conditions is evidence that the historic role of your institution in the growth and development of our country will continue. It is gratifying to know, as indeed I do, that your share in our present task to secure the future of our country will be undertaken as a public service and faithfully performed.

Charles Bayliss, Jr. Joins Putnam & Co.

(Special to The Financial Chronicle)

HARTFORD, CONN. — Charles E. Bayliss, Jr., has become affiliated with Putnam & Company, 6 Central Row, members of the New York Stock Exchange. Mr. Bayliss was previously with Lee Higginson Corporation in New York City and prior thereto was an officer of Washburn & Company, Inc., and was manager of the bond trading department for Kidder, Peabody & Co.

Marine Ins. & The War

The May 16th issue of Huff, Geyer & Hecht's News Review discusses in detail the current situation in Ocean Marine Insurance in view of American Ship Sinkings and consequent insurance losses. The rather sharp decline in the market prices of specific insurance stocks is unquestionably attributable, the Review states, at least in part to recent publicity concerning ocean marine losses, which have had a temporarily adverse effect on the current underwriting results of a limited number of companies; and adds that once again, during a period of financial depression and temporarily unprofitable underwriting for some companies, the prices of many insurance stocks have been depressed to a level inconsistent with a strictly temporary impairment of earning power. In considering the outlook, Huff, Geyer & Hecht have chosen to take a figure double current reported marine losses in order not to minimize these losses in making a realistic appraisal and declare that the claims have been spread among so many companies that the losses have been absorbed without any long-term effect upon any insurance company or upon the marine insurance companies as a group. "The very short-term viewpoint reflected in the prevailing market prices for many insurance stocks," the Review concludes, "affords bonafide investors a rare opportunity to acquire the soundest of common stocks at prices which, as in the past, probably will prove to have been absurdly low with the dissipation of the now widely prevalent financial gloom, and with the certain restoration of normal underwriting profits."

Copies of the News Review and also an interesting summary of the situation in United States Fidelity & Guaranty Co. issues may be had upon request from Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City.

SEC Permits Curb To Try Special Offerings

The Securities and Exchange Commission on May 15 announced that it had declared effective for an experimental period a plan of the New York Curb Exchange for "special offerings." The Commission states:

The effect of the action taken by the Commission will be to exempt distributions carried out in accordance with the plan from rules of the Commission prohibiting the payment of compensation for inducing purchases on the Exchange under certain conditions.

The New York Curb Exchange is the third national securities exchange to file and to have declared effective by the Commission a plan for special offerings. The plan of the New York Curb Exchange is similar to the plans recently declared effective for the New York Stock Exchange and the San Francisco Stock Exchange.

A summary of the more important features of these plans appeared in these colums Feb. 12, page 658. The Curb's plan is to be effective until July 31, unless the Commission otherwise determines.

Lawrence Turnure And Blyth-Bonner Merging

Lawrence Turnure & Co. has officially confirmed the reported merger of the firm with Blyth & Bonner, to become effective June 1, 1942. The combined firm, to be known as Lawrence Turnure & Co.-Blyth & Bonner, will have memberships on the New York Stock Exchange, New York Curb Exchange (Associate), Chicago Board of Trade, New York Cotton Exchange, New York Coffee & Sugar Exchange, Commodity Exchange, Inc.

Partners in the firm will be Lawrence Turnure, John Kerr, William T. Veit, Gerard L. Pears, Ralph H. Hubbard, special, Robert L. Harding, John R. Marshall, H. Thurston W. Hunting, Harlow W. Young and George Richard Payne.

Main offices of the firm will be located at 50 Broadway, New York City, with branch offices at Jamaica, N. Y., Perth Amboy, N. J., and 225 Varick Street, New York.

NYSE War Bond Rally On 150th Anniversary

A War Bond rally, in observance of the New York Stock Exchange's 150th anniversary, was held at noon on May 18 on the steps of the old Sub-Treasury Building, at the corner of Wall and Nassau Streets. The vital necessity for those at home to invest in War Bonds was emphasized in talks by Frank C. Walker, Postmaster General of the United States, who delivered the keynote address; Emil Schrem, President of the New York Stock Exchange; Winthrop W. Aldrich, Chairman of the Chase National Bank; Newbold Morris, President of the City Council, and Richard C. Petterson, Jr., Chairman of the New York State War Savings Staff.

In accordance with the action taken by the Board of Governors of the Exchange, the Stock Exchange was closed between 12 noon and 1 p.m. in order to permit the fullest attendance on the part of the financial community. Banks and brokerage houses in the downtown district, and other exchanges, also allowed their employees extra time at the lunch hour to attend the celebration.

Donald J. Hardenbrook, a member of the Stock Exchange and a descendant of John A. Hardenbrook, who signed the original brokers' agreement 150 years ago under a buttonwood tree at what is now 68 Wall Street, acted as master of ceremonies at the rally.

A martial atmosphere was made realistic by the presence of an Army band and artillery in charge of detachments of helmeted troops from Fort Jay, Fort Totten and Fort Hancock. The Navy also was represented, as were auxiliary military organizations.

During the exercises, messages from President Roosevelt, Secretary of the Treasury Morgenthau, Secretary of Commerce Jones and Governor Lehman were read on the occasion of the observance of the sesquicentennial celebration of the Stock Exchange. Among the special guests who took part in the rally were Lieut. William McC. Martin, Jr., U. S. Army, former President of the Exchange, and Lieut. Charles B. Harding, U. S. Navy, former Chairman of the Exchange's Board of Governors.

Our Reporter On "Governments"

(Continued from First Page)

Now what does all this mean? . . . Obviously, unless you doubt the ability of the Reserve System to hold the rate where it says it will hold it, you can buy discount bills in complete confidence that at any time you can re-sell that at the discount which prevailed when you subscribed. . . . Artificial control of the short-term market, therefore, has been carried to its final point. . . .

And as far as the ability of the Reserve to buy is concerned, consider the fact that in the last three weeks of April, the Open Market Committee purchased $89,000,000 bills to exercise "a stabilizing influence." . . . (The words are those of the New York Reserve Bank). . . .

To commercial banks, generally, this step should be most reassuring, even though they fundamentally may resent and abhor the extension of Federal control over the market. . . . But no longer is it possible for any of us to resent artificial control. . . . We're in a spot where we have to have it—or the whole system will topple carrying all our convictions with it. . . . Incidentally, the move should cause a re-distribution of the now badly distributed excess reserves of the system. . . . For smaller banks can buy the bills—3/8% isn't too bad a return for demand money—knowing that a loss will not be taken. . . .

Another "Tap"?

The way the insurance companies went for these tap 2½s, because of patriotism, selling pressure and genuine buying interest, it may be presumed, suggests that this class of investors isn't going to have much available cash for buying Governments for quite a while. . . . The insurance companies probably used up at least four to five-months' cash in their buying. . . . (More than $800,000,000 of the bonds were bought, a surprisingly big amount considering the relative unattractiveness of the securities, and four big insurance companies were primarily responsible for the sales). . . . Maybe they used up even more of their ready cash. . . .

So we can't count on the insurance companies to be major buyers of any bonds for a few months. . . . Certainly, not to be major buyers of another tap issue. . . .

Now what about the banks? . . . One authoritative story is that before Secretary Morgenthau decided on the sale of the 2½s, he conferred at length with the presidents of the nation's largest and most influential banks. . . . They, it is said, opposed the suggestion of Reserve Board Chairman Eccles for a short-term tap issue, designed for commercial bank purchases. . . . And among commercial bankers and savings institutions in New York, there has been much discussion and much adverse comment concerning a tap issue, along the lines suggested by Eccles. . . . The argument is that banks feel the method would be a means of restricting investing policies even more than now. . . . That the bank's wouldn't like the taps unless they were made more attractive than comparable outstanding securities and obviously, the Treasury doesn't go along with that point. . . . That any failure of a tap issue would not only bring about great censure of the banks but also would give the Treasury an excuse to begin direct sales of securities to the Federal Reserve. . . .

Apparently, the banks in big cities especially aren't in favor of a tap issue. . . . Although there has been some comment on the advisability of designing a tap issue that would be completely non-marketable for the portfolios of timid country institutions. . . . That move might bring out the cash of many small banks that today aren't buying bonds because they're afraid of the price level. . . . It might —but whether the Treasury could overcome the opposition of the big city banks is something else again. . . .

Eccles still is reported in favor of trying a tap issue with all the trimmings in place. . . . Of giving the banks an opportunity to subscribe to tap offering of short maturity, non-marketable and comparing generally with the coupons on outstanding obligations. . . . But the best guess at this time is that Morgenthau will leave the tap idea alone for a while. . . . And when he comes back to the market next month, he'll return with what we call an orthodox, regular market flotation. . . .

Inside The Market

Redesignation of Central Reserve Cities in order to expand excess reserves of banks in New York City and Chicago getting more attention every time we check. . . . Seems a good possibility at the moment and will continue so until definite denial is issued. . . . Fact that it hasn't been considered significant. . . .

News about way tap issue went in newspapers called "propaganda" and "unpatriotic support by press." . . . Inside market, talk was entirely different, although Morgenthau obtained his cash, market is still in good shape—and these are the only points that matter. . . .

Several amusing incidents occurred in first few days of tap sale, as financial sources from all parts of the country converged on the few big insurance companies with requests that they buy the bonds on a big scale. . . . Some of the less experienced salesmen of the various financial centers of the nation were a bit too eager to help the Treasury. . . . A few major insurance companies were swamped with calls, had to put on extra people to answer the salesmen. . . . Duplication of efforts, though, expected to be eliminated as financiers get their high-speed machinery in gear. . . . If the dealers and investment bankers can't sell Governments, no one can! . . .

Allotments of 38% on the 2s in line with expectations. . . . Not comparable, any longer, to the over-subscriptions of a year ago but those days are gone and gone for many, many years—if not forever. . . . With issues coming out every month, we should be approaching the day of 50% and even higher allotments. . . . They have them in Britain and elsewhere. . . . So guide yourself, accordingly, on subscriptions from this date on. . . .

UP-TOWN AFTER 3

NEW MOVIES

Tortilla Flat (MGM), Spencer Tracy, Hedy Lamarr and John Garfield, in John Steinbeck's story of the fabulous paisanos of Monterey, California. Directed by Victor Fleming. This is the story of a simple people, delightfully told, but magnificently acted by some of Hollywood's best stars. Pilon, the likable happy go lucky scoundrel, has a naive philosophy that wealth, even a silver watch and a couple of tumble down shacks, is the root of all unhappiness. Life to him is a bottle of wine, a loaf of bread and a place to sleep. Anything else is gilding the lily. So convincing are his arguments that he talks his equally care-free friend, Danny, into pawning his watch for wine and to give one of his shacks, left to Danny by his grandfather, to him. Pilon moves in and by fast talking arranges a rent deal with his equally shiftless pals, Pablo and Portagee Joe, neither of whom have a penny between them. Danny, released from jail, where he was serving a disorderly conduct sentence, tries to assume his place in the little village as a man of property. He meets a girl, Sweets, who fails to be impressed with his propertied status unless he gets a steady job. She works in a nearby canning factory. How Danny finally goes to work and how his friends try to dissuade him is the crux of the story. "Tortilla Flat" is not a story that moves fast. Its charm lies in its studied languor rather than in any exciting episodes. It has no message and preaches no moral. It merely describes the way of life of a simple happy people for whom time apparently stands still. Its comedy is of the homespun variety depending on childish naivete rather than on sophisticated hi-jinks. The photography is breathtaking in its grandeur. The direction by Victor Fleming, who did such good jobs on "Gone With the Wind" and "Captains Courageous" is crisp and capable. Spencer Tracy as Pilon is admirably cast as the shiftless philosopher. Hedy Lamarr as Sweets, the independent fiery dark haired girl, is no longer the clothes horse; she is an accomplished actress. John Garfield as Danny, the man of substance, does a grand job. Special honors, however, go to Akim Tamiroff, who as Pablo, the trusting, hero worshiping, but befuddled simpleton, is outstanding.

Considering the job the movie people have done in publicizing this war; what we are fighting for and why, it seems to me that the industry is rendering a disservice in producing such pictures as **"Remember Pearl Harbor" (Republic)** or **"My Favorite Spy" (RKO).** The first picture describes life at a place called La Dessa, an Army post in the Philippines on the eve of Dec. 7th. The place is equipped with the usual combination saloon dance hall and lots of girls. Our heroes either can't stand discipline, and desert, study hard for advancement, or are too fat to get around. The villains are unmistakable. They leer. They sneak around. And in case you still don't know them they speak in guttural, German, or what is supposed to be Japanese, accents. Of course, our heroes come through at the crucial time and give them all what for. In one scene Red Barry, as the deserter, even steals a Jap plane (up to then no one even knew he could fly) and dive bombs a Jap battleship. . . . The second opus, **"My Favorite Spy,"** cost a little more to produce. It has Kay Kayser and his orchestra. Kay, playing a dim wit, obtains an Army commission by mistake and is ordered to report for duty on his wedding night. He makes such a botch of things that he's assigned to Military Intelligence, of all things. How he and his lady assistant capture the spies and how he wins his wife's love and trust again is boringly and stupidly shown.

THIS 'N' THAT. . . . How the **Cotillion Room's** see-er-into-the-future, **Myrus**, does it is beyond me. Other night I asked him to identify a person at my table; somebody I'm sure he doesn't know. After reproving me for my doubts he proceeded to give not only the person's full name but the nickname as well. All this only from initials. Most remarkable thing I ever saw. . . . **Spivy's Roof (57th & Lexington),** with the warm weather and the dim-out, on the terrace, is not only **THE** place for stayer uppers, but a grand spot for hand-holders. . . . **Charles** (Philip Morris Playhouse radio producer) **Martin** invited a Hollywood glamour boy to appear on his program. The hero wired back asking for $6,000 for the half hour. Martin wired back: "You should join the Army. No enemy could stand up under the way you charge." . . . **MGM** wants two kids for pictures. A four or five-year-old girl, tiny, lean and sensitive, and a six-year-old boy, shy, slight and attractive. No acting experience necessary. **Send photos to MGM talent scout, Al Altman, 1540 B'way, New York.** . . . A New York newspaper columnist recently asked in print, "Is it true that Macocoa (El Morocco round table set) works for the Argentine Government?" Very mysterious. The answer, if anyone is interested is "Yes." Macocoa, whose full name is **Martin Alzaga Unzue** (Macocoa is a nickname) has been the accredited American representative for Argentina for the last ten years. He checks on new planes, output and performance. . . . Recommended reading and re-reading: **Vice-President Wallace's recent speech.**

Likes Telegraph Companies And D. & W. 4s

We have on numerous occasions over the past year or so directed attention to the possibilities for income and price appreciation in a combination purchase consisting of units of 1 share of Postal Preferred (14) and Western Union (26) on the basis of a merger of these two companies.

At the time of our last specific comment, Postal Preferred was selling at 8-8½ and Western Union 23½-24½. Since that time both stocks have experienced worthwhile percentage appreciation but neither, in our opinion, have come anywhere near exhausting potentialities.

Developments have been proceeding more or less in conformance with expectations. Extensive hearings on the prospective merger have been held by Congress. Permissive legislation, which has been advocated in principle by all parties concerned, has been introduced in Congress and has been submitted for public hearings. Last week we were particularly interested in Chairman Fly's (FCC) testimony to the effect that there was no doubt of the power of Congress to compel a merger of these two companies, adding that under existing law the Government could take over all telegraph facilities "in 15 minutes" and merge them. He furthermore stated that if, under permissive authority, "the companies did not show a willingness to effect a merger promptly," then Congress would have to decide what to do and he would like to return with fuller recommendations. We were somewhat surprised that such "needling" didn't have more stimulating effect on Postal Preferred—this stock, it will be recalled, is entitled to consideration at $60 per share in any liquidation, redemption, etc.

What sort of a deal might eventually be worked out whereby Western Union would absorb Postal is still mere surmise at this juncture, but we have no doubt that it will be one which will give realistic recognition to the value of Postal's $20 odd millions of business to Western Union (the FCC has estimated that if Postal's properties were operated by Western Union, savings in the neighborhood of $15,000,000 annually could be realized through elimination of duplicating facilities).

At the present time the 253,770 shares of Postal Preferred (14) and the 1,027,000 shares of Common stock (1) are selling for a total of roughly $4.6 millions, which together with RFC debt of about $6.5 millions gives a total of $11.1 millions. Deducting from this the net current assets of Postal as last reported (December 31, 1941) the net balance is $8.6 millions—which represents a sort of "knock-down" valuation for a piece of property that was appraised for reorganization purposes in 1938 at around $45,000,000.

We presume commitments originally made in this situation have been retained. We favor adding to such commitments (to within reasonable individual limits) again at this time, especially on moderate recessions.

D. & W. 4s Behind the Market

We have previously directed attention to Delaware & Hudson 4's due 1943 (56-57) as an issue which is considerably behind the present market.

Most bonds of this sort command prices in the upper 60s and in the lower 70s. Reason for the relatively low appraisal of Delaware & Hudson 4's in the present market is due to the uncertainty of the near maturity. The issue is large and the road is in no position to deal with anything but a small percentage of hold-outs. Reenactment of legislation similar to the Chandler Act, which expired some years ago, is probable, according to well informed Washington advices. Such legislation would, in our opinion, be a constructive development and under existing market conditions should find prompt reflection marketwise in this issue.

We believe the bonds are attractive not only for new speculative funds seeking employment for income and price appreciation, but also especially suitable as a well situated near and intermediate switching media which could experience worthwhile appreciation independent of the market.—*G. Y. Billard, J. R. Williston & Co.*

Declares Sugar Supply Situation Is Improved

The belief that the sugar situation for the future may be looked upon with more optimism was expressed on May 18 by Ody H. Lamborn, President of Lamborn & Co., Inc., New York City. In a talk before the convention of the Flavoring Extract Manufacturers' Association of the United States, at New York, Mr. Lamborn said:

I am glad to tell you that in my opinion the sugar supply situation is not as dismal as it was several months ago. The Philippine crop was of course lost. The movement of sugar from Hawaii was questionable. It appeared at that time that the equivalent of 1,300,000 tons of Cuban raws would be made in the form of high-test molasses for munitions purposes and the transportation of the Puerto Rican sugar crop was definitely a problem. Now, the refreshing news has come that Hawaii shipped in the month of April 108,000 tons. This was more than was shipped in the previous 3 months and it is believed by many that the major portion of the Hawaiian crop will be brought in this year. An adjustment has been made in the requirement of Cuban raws insofar as high test molasses is concerned and it is now expected that only the equivalent of 400,000 tons will be shipped in this form.

Granted fair weather conditions, there should be produced this year within the borders of this country, a bumper beet sugar crop—nearing 2,000,000 tons. Our Southern States producing cane sugar promise a larger than usual production, probably over 500,000 tons.

It is admitted that the ocean transportation problem is a serious one, but it is conceivable that a heavy flow of traffic must continue to our insular supply areas and that these bottoms will be available for sugar on the return trip. Also, I have confidence that since Cuba is only 90 miles off our shores, the constructive work already done by certain governmental agencies in shuttling ships from her shores to our southern ports, as well as from Puerto Rico, will continue successfully, and in fact, improve. It is my belief that the Caribbean area will eventually become a well patrolled and protected lake. * * *

More progress will be made as time goes on, so that the home front, as well as the battle front should have an unrestricted supply of sugar.

Baltimore Traders To Hold Spring Outing

BALTIMORE, MD.—The Baltimore Security Traders Association will hold its seventh annual spring outing at the Green Spring Valley Hunt Club on May 22nd.

Treasury To Control Currency Imports

The Treasury Department on May 19 extended its controls over importation of securities so as to cover the importation of currency. Prior to this action, the Treasury explains, controls over the importation of currency have been limited to importations from blocked countries and Proclaimed List nationals. In its May 19 announcement the Department further says:

"Under the new ruling, currency upon importation into this country will be forwarded immediately to a Federal Reserve Bank as fiscal agent of the United States. The Federal Reserve Bank will thereafter hold such currency or deliver it to a domestic bank to be held until such time as the Treasury Department has authorized its release.

"It was pointed out that just as in the case of the provisions applicable to securities which are subject to similar control, the provisions of the amended general ruling applicable to currency imported from Latin America will be so administered as to prevent interference with legitimate importations of currency from that area, including the bringing in by travelers of reasonable amounts of currency for traveling expenses. Treasury officials suggested that the fact that an importation of currency from Latin America was bona fide could be more easily established if such currency were sent into the United States by and for the account of the central banks (or the equivalent or analogous institutions) of any of the American Republics under appropriate assurances from such banks or institutions.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on May 18 that the tenders for $250,000,000, or thereabouts, of 91-day Treasury bills to be dated May 20 and to mature Aug. 19, which were offered on May 15, were opened on May 18 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for, $567,190,000.

Total accepted, $251,726,000.

Range of accepted bids (excepting several tenders totaling $98,000):

High—99.940, equivalent rate approximately 0.237%.

Low—99.906, equivalent rate approximately 0.372%.

Average price—99.908, equivalent rate approximately 0.365%.

73% of the amount bid for at the low price was accepted.

There was a maturity of a similar issue of bills on May 20 in amount of $150,012,000.

Govt. Fund To Buy Tires

Plans for the establishment of a $150,000,000 fund to finance the government's purchase of new and used tires and tubes from automobile owners were announced on May 12 by Secretary of Commerce Jesse Jones. The new tire program, details of which are being worked out by representatives of the Reconstruction Finance Corp. and the Office of Price Administration will provide for voluntary donations by consumers or payment in cash or war savings bonds and stamps. The RFC will make the funds available to one of its subsidiaries—Defense Supplies Corp.—which will act as the purchasing agent. The plan will supplement the other program whereby the DSC is financing to the extent of $75,000,000, frozen stocks of new passenger tires and tubes held by manufacturers, mass distributors, jobbers and dealers.

Quarterly Reports May Be Suspended

Quarterly reports by many of the nation's leading corporations may be suspended for the duration of the war, especially those largely engaged in war work, if a movement now under way receives favorable action. A number of aviation companies have already appealed to the New York Stock Exchange for permission to discontinue these reports, which are a proviso of their listing agreements, and the War Department and Office of Censorship are understood to favor the movement, especially for corporations active in the armament program.

Executives of several aviation companies petitioned Emil Schram, President of the Stock Exchange, directly, declaring that proper tax appraisal for the March quarter is virtually impossible and made the issuance of interim reports confusing. A growing number of corporations, it is said, wish to discontinue sales figures in reports to stockholders—in the case of Curtiss, Wright Corporation, it is said, figures released at this time are subject to review and possible revision by the Government and it might well develop that such figures are meaningless.

The Office of Censorship favors withholding sales figures of firms engaged in armament work since such figures might reveal valuable information on unit production to the enemy.

Savs. & Loan Ass'ns To Stimulate War Bond Sales

Contests among groups of savings and loan associations throughout the country to stimulate their sales of War Bonds were recommended by the Federal Savings and Loan Advisory Council at its semi-annual meeting in Washington on May 16. Members of the Council represening nearly 3,850 member thrift and home-financing institutions of the Federal Home Loan Bank System, conferred with Administrator John B. Blandford, Jr., of the National Housing Agency, Commissioner John H. Fahey of the Federal Home Loan Bank Administration, Commissioner Abner H. Ferguson of the Federal Housing Administration, and Governor James Twohy and other officials of the Bank System. The advices from the FHLBA also states:

The Council urged that the Bank System utilize its resources to enroll every member institution in the War Savings Bond Campaign "to continue in full and undiminished vigor for the entire war period." All associations were urged by the Council to buy Series F and G War Bonds for their own investment up to the limit permissible, and to purchase additional bonds from pension and retirement funds.

Despite their traditional role of providing funds almost exclusively for home ownership, the savings and loan leaders declared that associations should assist in financing construction of needed "rental" housing for workers in war industries, since many in-migrant workers are not in a position to purchase houses.

More Dominican Sugar

Sugar production in the Dominican Republic during the current 1941-42 crop season is preliminary estimated at 485,000 long tons, raw value, as compared with 394,000 tons in the previous season, an increase of 91,000 tons, or approximately 23.1%, according to Lamborn & Co., New York.

New Delivery Plan For Stock Clearing Corp.

On May 18, the new central delivery plan of the Chicago Stock Clearing Corporation, subsidiary of the Chicago Stock Exchange, began operating, it is announced by C. Russell Bergherm, Vice-President, the author of the plan. Members of the Clearing Corporation having listed or over-the-counter stocks or bonds to deliver to other members, make delivery to the Central Delivery Department instead of separate deliveries to the other members. All deliveries will be made before 12:30 each day.

The announcement explained:

The plan has been in process of development under Mr. Bergherm's supervision for several months. Forty-one members of the Clearing Corporation will participate at the outset.

Subsequent steps which are proposed to follow the initial one provide for inclusion of Loop banks and non-member dealers in the system, and also a step providing for the Clearing Corporation to act for members in effecting transfers of certificates of stock by corporations' transfer agents.

It is expected that the plan will effect considerable savings to members by facilitating security deliveries and transfers.

Inv. Advisory Contracts Not Legally Salable: SEC

The SEC on May 11 made public an opinion of its general counsel, Chester T. Lane, to the effect that an investment adviser of a registered investment company cannot legally profit by an attempt to sell his investment advisory contract with the company. The Commission's announcement states:

Mr. Lane points out that under Sections 15 (a) and (d) of the Investment Company Act of 1940, investment advisory contracts with registered investment companies are not legally salable. The opinion goes on to state that, as is recognized by the statute, a fiduciary relation exists between an investment adviser and an investment company. Consequently, the receipt of a consideration for any purported assignment of such a contract will constitute gross misconduct and gross abuse of trust, subject to Commission action under Section 36 of the Act. It is also stated that this principle applies to any situation in which an investment adviser attempts to obtain a consideration for a purported transfer to some third person of his fiduciary obligations toward the stockholders of the registered investment company, irrespective of the form of the particular transaction, the manner in which the consideration is to be received, or the source of payment.

The opinion points out that an investment adviser's position is similar to that of a trustee, officer or director and that he is under the same disability to sell his trust.

Memorandum Available On South American Bonds

A special memorandum on South America has been prepared by Welsh, Davis & Co., 135 South La Salle Street, Chicago, Ill., in connection with their activity in trading South American dollar bonds. Copies of the memorandum may be had from Welsh, Davis & Co. upon request.

Canada Ry. Interesting

Wood, Gundy & Co., Inc., 14 Wall Street, New York City, have prepared a booklet describing eight issues of Dominion of Canada guaranteed bonds issued by the Canadian National Railway Company.

To Prohibit Outside Jobs For Federal Employes

House Appropriations Committeemen were reported in Washington Associated Press advices on May 6 as indicating that Mrs. Anna M. Rosenberg, $7,500-a-year Social Security Board director in New York City, had a $28,500 income as adviser for three private groups, and it was further stated that they announced they would seek to prohibit Federal administrative employes from holding "outside positions." From the Associated Press accounts we quote:

They (the Committeemen) said Mrs. Rosenberg had told a subcommittee considering the Board's 1943 appropriation that she was receiving $20,000 from Macy-Bamberger department store interests in New York City and Newark, N. J.; $2,500 from the I. Miller Company; New York, and $6,000 from Nelson Rockefeller.

The members said that Arthur J. Altmeyer, Board Chairman, had said that Mrs. Rosenberg was employed with the distinct understanding that she could retain her "outside connections" providing they did not interfere with her government work.

Mr. Altmeyer was reported to have told the subcommittee that the condition had been fulfilled.

Nevertheless, the members said privately that Congress probably should prohibit such "dual fidelities" in the future.

In a statement issued in New York on May 6, and published in the New York "Times" Mrs. Rosenberg was reported as saying:

"I hold only one Federal job," Mrs. Rosenberg said, referring to press reports dealing with her status. "I receive salary for only one Federal job. I have never received salary for any more than one Federal job. I've been receiving a salary as regional director of the Social Security Board and for no other Federal job. I am on the Advisory Council of the Office of Inter-American Affairs, but I receive no compensation for this work."

Mrs. Rosenberg explained that the $6,000 a year she receives from Mr. Rockefeller was for her work as public relations representative of Mr. Rockefeller.

"I have been Mr. Rockefeller's public relations representative since long before he became Coordinator of Inter-American Affairs, some three years before he assumed that office," Mrs. Rosenberg said, "The work I do for him as public relations counselor has nothing whatever to do with his official position in the Federal Government."

Ins. Stock Digest

Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City, announce that the publishers of Best's Digest of Insurance Stocks, which is widely used by security dealers interested in the distribution of insurance stocks, have advised them that the 1942 edition will be available for distribution early next month. As in former years, Huff, Geyer & Hecht will be glad to supply copies to dealer friends at $4.09 each (publisher's regular price $5.09 per copy), which is the special price made to them for a "bulk" order.

Dealers desiring to purchase one or more copies of Best's Digest of Insurance Stocks through Huff, Geyer & Hecht, and thereby effect a saving of $1 per copy, should send them a check for the number of copies desired.

In Armed Forces

Henry G. Lambert, of A. C. Allyn & Co., 40 Wall Street, New York City, has received a commission as a major in the U. S. Army Engineers. Major Lambert is a West Point graduate.

Talent Donations Ruled Non-Taxable By Treasury

The Treasury Department on May 14 made public a ruling which permits actors, athletes, lecturers and others to donate their services "directly and gratuitously" to charitable causes without reporting the value of such services for income tax purposes. The announcement by the Treasury Department said:

A flood of recent inquiries, resulting from talent donations to war-time charities by "big-name" performers, caused the Treasury to issue the ruling, which affects numerous organizations sponsoring entertainments for the purpose of augmenting their incomes.

An example in which the donor of his or her talents to a charity need not include the proceeds from such performance in gross income, Internal Revenue officials said, would be the case of an actor or athlete whose services were requested by the charitable organization actually sponsoring the event, and the income from the event, whatever it might be, would belong solely to the organization.

However, when the services of the entertainer are rendered to a person other than a charitable organization and that person makes payment for the entertainer's services to the charitable organization, the amount so paid must be included in the return of the performer and subject to Federal tax.

Typical of these cases would be a radio sponsor or a motion picture producer who engaged the services of the entertainer, and by agreement with the actor or athlete, turned the payment for his services over to a charitable organization. This would be treated by the Treasury as an assignment of income by the entertainer and taxable to him.

NY State Accountants Elect Marvin, President

At the annual meeting in New York of the New York State Society of Certified Public Accountants, held on May 11, J. Arthur Marvin, a partner of the firm of F. W. Lafrentz & Co., was elected President of the Society for the coming year, to succeed Lieut.-Col. Andrew Stewart. Mr. Marvin has been First Vice-President of the Society during the past year, and since the departure of Mr. Stewart for active Army duty in Washington, has acted as President. He has served as Chairman or member of various committees of the Society, including the Committee on Public Relations, which he organized in 1939, and which he has headed since that time. He has also been an active member of the Committee on Cooperation with the Securities and Exchange Commission. He is a member of the American Institute of Accountants and of the National Association of Cost Accountants. Saul Levy, now Second Vice-President, was elected First Vice-President of the Society, and Henry A. Horne, a partner of the firm of Webster, Horne & Blanchard, was elected Second Vice-President. Charles H. Towns, partner of the accounting firm of Loomis, Suffern & Fernald and a former director of the Society, was elected Secretary, to succeed S. Carlton Kingston. Harry E. Van Benschoten, of the firm bearing his own name, was reelected Treasurer.

In his response to the election, Mr. Marvin emphasized that the first task of the Society is to make every possible contribution to the winning of the war, and outlined the war-time responsibility of the accounting profession.

FCC Requires Listing Of Diathermy Apparatus

All possesors of diathermy apparatus including dealer stocks, must register each such device with the Federal Communications Commission in Washington, D.C., by June 8, 1942, that agency announced on May 18. Authority for the requirement is contained in Order No. 4 of the Defense Communications Board dated April 16, 1942. The order adopted by the FCC does not apply to persons owning sun lamps, infra-red lamps or ultra violet ray devices, long sold by drug and department stores. In its advices the FCC adds:

Diathermy apparatus, resembling floor-model radios in appearance, are devices used by physicians, osteopaths and physiotherapists for the treatment of various ailments. They are designed to generate radio frequency energy and operate in such manner that patients may be treated for internal disorders by generation of heat within their bodies. It is estimated that there are 100,000 such devices throughout the United States, mostly in the hands of professional persons while an appreciable proportion is owned by individuals for private use. There are some portable models; and of the total, a few are not factory made.

Separate registration of each piece of apparatus will be on forms supplied by the FCC or its field offices. No fee is necessary. Seizure and heavy penalties are provided for failure to register and for false statements.

Home Financing Loans For War Purposes Reported

Member savings and loan associations of the Federal Home Loan Bank System loaned approximately $155,000,000 for home-financing purposes in war industry areas in the first quarter of 1942, officials of the System reported on May 16. Their total loan volume throughout the country was $206,667,000. The curtailment of new construction in non-defense areas obviously was responsible for the fact that the figure was 9.6% below the volume for the first quarter of 1941, officials said. Nevertheless, they added, it was considerably above the total of $187,197,000 loaned in the first quarter of 1940.

"March loans by member associations of the System amounted to nearly $75,000,000," said the report. "This was an increase of almost 13% over February but considerably below the normal February-to-March increase and 16.7% below March, 1941." It is also stated that the Bank System officials reported that member associations did 85% of the home-financing reported by all savings and loan associations throughout the country during the months of January, February and March. The announcement indicates that at the end of April, outstanding advances of the 12 regional Federal Home Loan Banks to their member institutions aggregated $185,297,000, a rise of $43,470,000 from a year ago. Since their organization, the regional banks have advanced a total of $900,000,000 for use by their member institutions.

To Build More Submarines

President Roosevelt signed on May 13 the bill authorizing an increase of 200,000 tons in the Navy's strength, to be used mostly for building submarines. The estimated cost is $900,000,000. It is reported that this would about double the present authorization of the country's underseas craft. The measure passed the House on April 16 and the Senate on May 7. House passage was reported in these columns April 23, page 1617.

Cargo Shipbuilding Program On Schedule

In a statement issued May 16 the White House announced that latest reports show that there is no lag in cargo shipbuilding and that the program on an average is on schedule. However, the statement added, there will be a shortage "until sinkings throughout the world are brought under better control and the shipbuilding program gets into full production."

Saying that the task at first appeared fantastic, the statement pointed out that "now records are being made that were once believed impossible."

Simultaneously, the U. S. Maritime Commission announced that the greatest mass launching of merchant ships since the Victory Fleet program was inaugurated (May 22) National Maritime Day. Thirty cargo vessels of all types will go down the ways in 19 shipyards on all coasts and the Great Lakes ushering in a two-ships-a-day production rate for American shipyards.

The White House statement said, in part:

The latest reports on the progress of the victory fleet program are reassuring and should clarify some of the confusion as to a shortage of ships. They show that there is no lag today in cargo shipbuilding.

The United States has been short of merchant tonnage since the war began in 1939. The condition has been aggravated continuously since that time, particularly since Dec. 7, due to the far-flung battle fronts of the World War and to increased activity of Axis submarines.

To offset this situation, current reports by the Maritime Commission show that American shipyards are building merchant vessels faster than ever before in the history of the world. Liberty ships are being built in less than one-half the time originally allotted. Some shipyards are well ahead of schedule; others are on schedule; a few are behind but are catching up rapidly. The over-all average, however, shows that the program is on schedule. At first the task appeared fantastic, but now records are being made that were once believed impossible.

The speed of construction is gaining momentum. In some yards Liberty ships are being completed and delivered into war service in less than 90 days. Original schedules called for delivery on an average of 180 days. They have been shortened to 105 days. Some ships now under construction will be completed under 75 days. Already one has been completed in 83 days.

On Maritime Day two new records will be made in Portland, Ore. The Jonathan Edwards, a Liberty ship, will be put in service 60 days after its keel was laid, and the Thomas Bailey Aldrich will be launched in 36 days.

From a construction standpoint, the shipbuilding industry is in far better position today than it was during the last war. Then it took shipbuilders from ten months to a year to produce merchant vessels. Eight yards on the Atlantic averaged 350 days per ship, eight on the Pacific 309 days, and two on the Gulf 512 days. That average was established throughout the entire program, including the peak of production.

Bush With Beer & Co.

(Special to The Financial Chronicle)

NEW ORLEANS, LA.—Reuben Gresham Bush, for many years with Merrill Lynch, Pierce, Fenner & Beane, and its predecessors, has become associated with Beer & Co., 817 Gravier Street, members of the New York and New Orleans Stock Exchanges.

Raise Pay of Armed Forces

The House on May 13 by a record vote of 359 to 1 approved a bill raising the base pay of all enlisted men and non-commissioned officers and granting increased allowances for commissioned officers in the armed services. This action came after the House, by a record vote of 332 to 28, had ratified its tentative decision of May 12 to increase the pay of Army privates and Navy apprentice seamen to $50 a month and that of first class privates and second class seamen to $54. The Senate bill, approved March 30, called for increasing Army privates' and Navy seamen's pay from $30 to $42 and in the next higher grade from $36 to $48. Due to this and other amendments differences as compared with the Senate bill, the measure will go to conference for adjustment of differences.

Corresponding increases all along the line, from corporals and first-class seamen up to master sergeants and petty officers, as provided in the Senate-approved bill were voted by the House. The legislature also would raise the basic pay of second lieutenants and ensigns from $1,500 to $1,800 annually and adjust allowances for other personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, Public Health Service and Nursing Service.

Senate passage of the measure was noted in these columns April 9, page 1452.

US-Panama Defense Pact

The State Department in Washington announced on May 18 that an agreement between the United States and the Republic of Panama, covering the use of defense areas in the Republic by armed forces of the United States, was signed at Panama on May 18. The Department said that the American troops have already occupied the areas by permission of the Panamanian Government.

The pact was signed by Edwin C. Wilson, United States Ambassador to Panama, and Panama's Foreign Minister, Octavio Fabrega. It will be effective when approved by the National Assembly of Panama.

According to the Associated Press, the American forces will develop the defense areas as gun emplacements, airplane detector stations, bombing ranges and auxiliary air fields—the largest of which is the Rio Hato air base, some eighty miles southwest of the Panama Canal.

In its announcement, the State Department explained:

"Immediately following the attack by the Japanese on Pearl Harbor, Panama declared war on Japan, Germany and Italy, and since that time has taken numerous and effective steps which have demonstrated that republic's willingness to assume promptly and wholeheartedly its responsibility as a partner in the defense of the Panama Canal."

Inactive For Duration

SAN FRANCISCO, CALIF. — John D. Stern & Co., members of the San Francisco Stock Exchange, have announced that their firm will become inactive for the duration of the war. B. J. Frankenheimer, the firm's exchange member, has received a commission as a first lieutenant in the Army Air Corps and has left to take up his duties. The firm's accounts have been transferred to Strassburger & Co., 133 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Now With Merrill, Lynch

(Special to The Financial Chronicle)

NEW ORLEANS, LA.—Thomas J. Ostendorff, Jr. has joined the staff of **Merrill Lynch, Pierce, Fenner & Beane,** 818 Gravier Street.

Calendar of New Security Flotations

OFFERINGS

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 were sold under competitive bidding May 18 and were awarded to The First Boston Corp. and Mellon Securities Corp. on a bid of 101.68

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

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

Offered May 20 at 102.75 and interest

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

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

Offerings will rarely be made before the day following.

SUNDAY, 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 4½%. 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

Registration effective 4:30 P. M., ESW time on May 14, 1942

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.

Lucius Teter, et al, Trustees of Hinman Avenue Building Corp., filed registration statement with SEC for Voting Trust Certificates covering 1,848 shares common stock, no par value, of the corporation

Address: Trustees—135 S. LaSalle St., Chicago; Corporation—38 Dearborn St., Chicago, Ill.

Business—The corporation owns and operated an apartment building in Evanston, Ill. All outstanding stock of the corporation are held by an agent for the voting trustees under a voting trust agreement dated Dec. 22, 1932

Offering—Trustees propose to invite holders of outstanding stock of the corporation to deposit their certificates representing such stock, in receipt of voting trust certificates therefor. The present trust agreement expires Dec. 22, 1942, and it is the present intention to extend such agreement to Dec. 22, 1952

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

MONDAY, JUNE 1

PHILIP MORRIS & CO., LTD., INC.

Philip Morris & Co., Ltd., Inc., filed a registration statement with the SEC for $6,000,000 20-year 3% debentures, due May 1, 1962

Address—119 Fifth Ave., New York City

Business—Engaged in the manufacture and sale of cigarettes and smoking tobaccos, principally the Philip Morris cigarette

Underwriting—Lehman Brothers and Glore, Forgan & Co., both of New York, N. Y., are named principal underwriters; names of the others will be furnished by amendment

Offering—The debentures will be sold to the public, at a price to be supplied by amendment

Proceeds will be used, to the extent necessary, to the payment of the unpaid balance of outstanding bank loans of the company, and for working capital

Registration Statement No. 2-4999. Form A-2 (5-13-42)

TUESDAY, JUNE 2

R. H. MACY & CO., INC.

R. H. Macy & Co., Inc., filed a registration statement with the SEC for $12,000,000 of 10-year 2½% sinking fund debentures, due May 1, 1952

Address—Broadway and 34th St., New York City

Business—Company and its three principal subsidiaries are engaged in the operation of a department store business generally and activities incidental thereto; principal store, directly operated by the company, is located at Broadway and 34th St., New York City

Underwriting—Names of the underwriters, and the principal amount of the debentures to be underwritten by each, are as follows (all of New York City, unless otherwise noted):

Lehman Bros.	$2,000,000
Goldman, Sachs & Co.	2,000,000
A. G. Becker & Co., Inc., Chic.	650,000
Blyth & Co., Inc.	650,000
Glore, Forgan & Co.	650,000
Harriman Ripley & Co., Inc.	650,000
Hallgarten & Co.	400,000
Hayden, Stone & Co.	400,000
Hemphill, Noyes & Co.	400,000
Wertheim & Co.	400,000
J. S. Bache & Co.	250,000
Kidder, Peabody & Co.	250,000
Merrill Lynch, Pierce, Fenner & Beane	250,000
White, Weld & Co.	250,000
Emanuel & Co.	200,000
L. F. Rothschild & Co.	200,000
Dean Witter & Co., San Fran.	200,000
Kuhn, Loeb & Co.	1,100,000
Dillon, Read & Co.	1,000,000

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

Proceeds will be used to pay certain of the outstanding notes and debt of the company and its subsidiaries, and for working capital

Registration Statement No. 2-5000. Form A-2 (5-14-42)

DATES OF OFFERING UNDETERMINED

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

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 15, 1942, to defer effective date

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

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)

Amendment filed May 18 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

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

FLORIDA POWER & LIGHT CO.

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

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

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

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

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

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

Amendment filed May 18, 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)

Amendment filed May 14 to defer effective date

HAMILTON WATCH CO.

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

Address—Lancaster, Pa.

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

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

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

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

Amendment to defer effective date filed April 14, 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 18, 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 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

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

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

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

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

Proceeds will be used for working capital

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

Amendment filed May 8, 1942, to defer effective date

MILLER TOOL & MFG. CO.

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

Address—Detroit, Mich.

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

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

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

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

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

Amendment filed May 5, 1942, to defer effective date

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 33,586 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

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

Amendment filed May 15, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

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

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

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

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

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

Amendment filed May 12, 1942, to defer effective date

UNITED GAS CORPORATION

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

Address—2 Rector Street, New York City

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

Underwriters—None

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

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

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

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

Amendment filed 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 underwirters, will be furnished by post-effective amendment to the registration statement

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

Amendment filed May 14, 1942, to defer effective date

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

Price Control Problems

Practical difficulties involved in the attempt to anchor prices and, at the same time, permit costs to move uncertainly upward are now becoming apparent.

Experience is proving that the perils of inflation cannot be avoided by setting up a war economy half controlled and half free.

This is no longer an academic question. Many manufacturers and merchants have been brought face to face with the problem by the recent general price fixing order.

This places the ceiling at the level of the highest prices as of March.

In many instances costs, due very largely to wage increases, have gone up since March. In some the margin between mounting costs, on the one hand, and the fixed price levels on the other, has shrunk to negligible proportions or been wiped out altogether.

With continuing pressure for wage increases the situation will probably become more acute when the necessity for making replacements and restocking empty shelves arises. The disparity between low prices and higher costs will become even greater.

This indicates clearly that wage costs and prices are tied together. If they are to be kept in balance one cannot be stabilized and the other allowed to fluctuate without adding to the difficulties of industry and trade. If stabilization is to be effective, it must be complete.

To make it complete, a clear cut, definite and comprehensive policy, applicable to all production costs as well as to prices and centering upon the one great objective of winning the war, is sorely needed.—*Chamber of Commerce of the United States, Washington, D. C.*

Record Iron Ore Shipments

Iron ore shipments this year on the Great Lakes up to May 1 reached a new all-time high of 8,581,740 gross tons, the War Production Board announced on May 18. This tonnage represents an increase of 1,626,947 tons, or 23.9%, over the same period in 1941.

Because of the vital importance of Great Lakes shipping to the continued full production of iron and steel, every effort is being exerted to move the maximum amount of ore down from Lake Superior this year. The 1942 goal is 89,500,000 tons, as compared to a normal movement of 50,000,000 tons, the announcement said.

Investment Trusts

(Continued from Page 1935)

ing conditions, etc., was lifted. Thereafter investment sentiment took a marked turn for the better. Hope and confidence supplanted pessimism and fear, with the result that stock prices recovered vigorously even in face of profit limitations, serious business dislocations and unfavorable war news. England began looking toward the future, and while it was recognized that many difficulties and problems lay ahead, the 'worst' was behind them, and looking ahead from that point there could only be improvement—no matter how long or difficult the process might be."

* * *

A dividend of 8 cents per share has been declared on American Business Shares, payable June 1, 1942, to stock of record May 15. Shares purchased through the record date will carry the dividend.

* * *

On March 31, 1938, the Dow-Jones Industrial Average closed at 98.95, and on April 14, 1942, it closed at 97.89. Of the 499 common stocks traded on both those dates, according to a study published in National Securities & Research Corporation's "Investment Timing" service, 252 stocks declined, six were unchanged and 241 rose.

"Despite the comparatively narrow average movement," it is stated, "the stock that had the largest rise gained 394.9%; while the stock that had the largest decline lost 86.8%. And this was not just the result of a few extreme cases as the following table for the period of approximately four years, shows:

Change—March 31, 1938-April 14, 1942

Stocks	Direction	Percentage Change
32	Rose	more than 100%
22	Rose	from 75% to 100%
40	Rose	from 50% to 75%
60	Rose	from 25% to 50%
54	Rose	from 10% to 25%
33	Rose	less than 10%
6	Unchanged	----------
38	Declined	less than 10%
79	Declined	from 10% to 25%
86	Declined	from 25% to 50%
37	Declined	from 50% to 75%
12	Declined	more than 75%

Aid To Transportation

The extent of public aids to transportation will be the subject of hearings to be held in Washington, D. C., commencing June 29, according to an announcement issued May 12 by the Board of Investigation and Research. The hearings will afford interested parties an opportunity to submit evidence on this subject which the Board is investigating as directed by the Transportation Act of 1940. The hearings will be conducted in conference rooms of the Departmental Auditorium. It is announced that it is planned to consider public aids to highway, railway and water transportation in that order. An opportunity also will be given for presentation concerning related aspects of public aids to airway and pipeline transport.

Corporate Underwritings In First Quarter

The Securities and Exchange Commission announced on May 14 that securities of an aggregate value of $239,027,000 and registered under the Securities Act of 1933 were underwritten by 144 investment banking firms during the first quarter of 1942. According to an analysis prepared by the Research and Statistics Subdivision of the Trading and Exchange Division, 51 of these firms reported their headquarters as in New York City, and their participations totalled $168,247,000 and averaged $3,300,000 per firm, compared with an average of $761,000 for firms with headquarters outside New York City.

The Commission's announcement further stated:

The New York City firms having the five largest participations were: Blyth & Co., Inc. with $13,200,738; The First Boston Corporation, $11,954,437; Smith, Barney & Co., $10,884,725; Kidder, Peabody & Co., $9,860,338, and Harriman, Ripley & Co., Inc., $9,540,425. The firms reporting headquarters outside of New York City having the five highest aggregate participations were: Mellon Securities Corporation with $7,183,312; Harris, Hall & Co., $4,618,675; F. S. Moseley & Co., $3,502,825; Coffin & Burr, Inc., $3,282,700; and Dean Witter & Co., $2,962,585.

Management of underwriting was concentrated in 24 firms of investment bankers, of which 14 with headquarters in New York City managed $164,677,000, or 69% of the total. Bonbright & Co., Inc. and The First Boston Corporation accounted for almost half of this with $40,000,000 each. Harriman, Ripley & Co., Inc. was third with $26,567,000. Dillon, Read & Co. and Glore, Forgan & Co. followed with about $12,000,000 each. Mellon Securities Corp. accounted for $51,028,000 of the $74,350,000 managed by firms with headquarters outside of New York City. The managing firms held $44,611,000 of participations in the $238,027,000 which they managed, with no significant difference in proportion as between firms with headquarters in or outside of New York City.

Young Women Needed As Signal Corps Inspectors

The Third District of the U. S. Civil Service Commission in Philadelphia has issued a call for young men to be trained as junior engineering aids for service in the Army's Signal Corps. According to information given the Women's Bureau of the U. S. Department of Labor, there is need for hundreds of young women to serve as inspectors in private plants making radio, telephone, and other equipment for Army use. The offer is open to high-school girl graduates who have a mathematical and scientific education. A salary of $120 a month is paid during the 6 to 9 months training period and $135 when starting work as inspectors. The age limits for trainees are from 20½ to 35 years.

Liquidate Cocoa Futures

The Board of Managers of the New York Cocoa Exchange, at a special meeting on May 13, decided that after the close of business on May 14 all trading in cocoa futures, except for the purpose of liquidation will be suspended until further notice. A committee for the voluntary liquidation has been appointed by the Board, consisting of five members, for the purpose of facilitating the supervision of the liquidation.

As of the close of business May 12 there were 643 contracts opened in cocoa futures.

Acosta Dead

Julian A. Acosta, formerly a member of the New York Stock Exchange, died at his home at the age of seventy-eight. Mr. Acosta had been the senior partner in J. A. Acosta & Co., which was dissolved when Mr. Acosta retired from business in 1940. He had been a member and governor of the New York Cotton Exchange, and had held membership in the Coffee and Sugar Exchange and the Produce Exchange. He was formerly a director of the Continental Bank and Trust Company.

Fiduciary Counsel Offers New Tax Plan

The principle of linking Post-War Recovery Bonds with the Excess Profits Tax will probably be embodied in the 1942 Tax Bill, declares Fiduciary Counsel, Inc., Trust Company of New Jersey Building, Jersey City, N. J., which presented last March to the Ways and Means Committee of Congress a plan for such recovery bonds.

A revised plan in keeping with recent action of the committee has been submitted by Fiduciary Counsel, Inc., which states:

"When our original plan was presented to the Ways and Means Committee of Congress last March, the Treasury had recommended excess profits tax rates reaching 75% with a credit of 8¾%. Since then, the committee has voted a flat rate of 94%. This action made a revision of our plan necessary.

"The revised plan is as follows:

"1. At the time corporations pay their Federal tax, they will receive 20-year bonds, in an amount equal to 20% of their income that is subject to excess profits tax.

"2. These bonds will be non-interest bearing and non-negotiable during the war and will automatically become interest-bearing and negotiable immediately after the war.

"3. Corporations will carry such bonds on their books as a contingent reserve. After the war, when they take the bonds out of the reserve and use them, they will then be treated as taxable income. All bonds not so used within 4 years will be treated as taxable income the fifth year.

"Other details have been suggested for the purpose of assuring that the purposes proposed will be fulfilled. No doubt many additional changes will be made before the plan is finally enacted."

Billings, Olcott To Admit E. W. Bishop

Edward W. Bishop will become a partner in Billings, Olcott & Co., 52 Broadway, New York City, members of the New York Stock Exchange, on June 1st. Mr. Bishop was formerly a partner in Bouvier, Bishop & Co.

Manheimer, Lockie To Join Spear-Leeds

De Witt J. Manheimer, member of the New York Stock Exchange, for many years active as an individual floor broker in New York, will become a partner in the New York Stock Exchange firm of Spear & Leeds, 54 Pine Street, New York City, today.

Andrew S. Lockie will be admitted to partnership in the firm in the near future.

William Giles To Be Partner In Roberts Co.

William B. Giles will become a partner in Roberts & Co., 61 Broadway, New York City, members of the New York Stock Exchange, as of June 1st. Mr. Giles was previously a partner in Giles, Norris & Hay and its predecessor Giles, Norris & Co.; prior thereto he was a partner in Block, Maloney & Co.

Berman To Be Partner In Henderson, Harrison

Pemberton Berman has become a partner in the New York Stock Exchange firm of Henderson Harrison & Co., 40 Wall Street, New York City. Mr. Berman was previously a partner in the dissolved firm of Pemberton Berman & Co.

Luber & Arden Form N. Y. Exchange Firm

Harry I. Luber and Henry Arden, both members of the New York Stock Exchange, have formed Luber & Co. with offices at 40 Wall Street, New York City. Mr. Arden was formerly a partner in Granberry & Co. Mr. Luber has recently been active as an individual floor broker and prior thereto did business as Luber & Co.

Crouse & Kerr Join Bennett, Smith & Co.

DETROIT, MICH.—Charles B. Crouse and Harry W. Kerr, both members of the Detroit Stock Exchange, will be admitted to partnership in Bennett, Smith & Co., 640 South Griswold Street, members of the New York and Detroit Stock Exchanges, as of June 1st, and the name of the firm will be changed to Crouse, Bennett, Smith & Co. Mr. Crouse and Mr. Kerr were both partners in Crouse & Company.

Pierre Papin Joins Wm. F. Dowdall Co.

(Special to The Financial Chronicle)

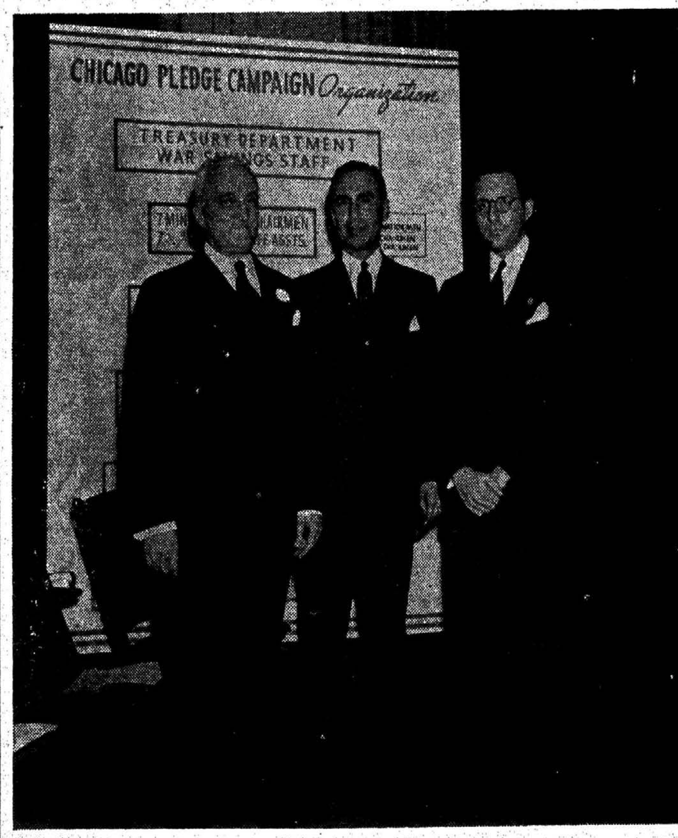
ST. LOUIS, MO.—Pierre L. Papin, member of the St. Louis Stock Exchange, has become associated with Wm. F. Dowdall & Company, 319 North Fourth Street. Mr. Papin was formerly Vice-President of Gatch Bros., Jordan & McKinney, Inc., and prior thereto conducted his own investment business in St. Louis under the firm name of Pierre L. Papin & Co.

John R. Kauffmann Is With Newhard, Cook

(Special to The Financial Chronicle)

ST. LOUIS, MO. — John R. Kauffmann has become associated with Newhard, Cook & Co., Fourth and Olive Streets, members of the New York and St. Louis Stock Exchanges. Mr. Kauffman formerly conducted his own investment business, John R. Kauffmann & Co., in St. Louis, for a number of years.

Coach Chicago Minute Men



Chicago War Bond men to whom the Treasury Department turned for help in directing the 100,000 Minute Men who made the Chicago-wide house-to-house canvass for War Bond Pledges, May 11, 12 and 13. Pictured at a meeting at which 600 men from the securities industry in Chicago were enlisted as coaches for the 100,000 amateur bond salesmen are: (left to right) Harold L. Stuart of Halsey, Stuart & Co., Inc., who was director of sales for the Liberty Loan campaigns of 1917 and 1918 in the Chicago Federal Reserve District, Jay N. Whipple of Bacon, Whipple & Co., Chairman of the Illinois Committee of the Securities Industry for War Financing, and Edward B. Smith of the Northern Trust Company, Deputy Administrator of the Treasury Department's War Savings Staff in Illinois.

THE BOND SELECTOR

(Continued from Page 1932)

Peru American specialists in highway construction, soil erosion control, coal mining and tea processing.

At the same time, both countries are attempting to negotiate a reciprocal trade agreement, with the purpose of granting tariff concessions on a varied line of Peruvian products. These undertakings on the part of this country serve to supplement the $30,000,000 lend-lease loan which was granted some time ago and the Export-Import Bank credit of $10,000,000 which was negotiated toward the latter part of 1940; this credit was never used by Peru. In sum, all these agreements are of substantial aid to Peru insofar as that country's economic and financial outlook is concerned.

After the publication of the U. S.-Peruvian agreements, the dollar bonds advanced substantially. It is believed, however, that at current prices the bonds still have appreciation possibilities, with the added incentive of income being forthcoming in the not-too-distant future. Dollar bonds of Peru are listed elsewhere on this page, together with quotations and 1942 market range.

	Outstdg. Million $	Last Coupon Paid	1942 Market Range	Current Price
PERU (Republic of)—				
7s, Sept. 1, 1959	8.7	*3,31-32	15⅜-7¾	14½
6s, Dec. 1, 1960	48.4	*12- 1-31	15½-7	14½
6s, Oct. 1, 1961	24.5	10- 1-31	15½-7¼	14⅜
GOVT. GUARANTEED—				
Callao 7½s, Jan. 1, '44	1-2	†7- 1-31	11 -3¾	11
MUNCIPALS—				
Lima 6½s, Sept. 1, '58	2-9	9- 1-31	12 -6	12

*Coupons purchased by Peruvian Government under offer of 8-27-37. Offer expired.

†Paid $32.50 on account of coupon due 1-1-32.

Name N. Y. Committee For Victory Fund

Allan Sproul, President of the Federal Reserve Bank of New York and Chairman of the Victory Fund Committee for the Second Federal Reserve District, announced on May 19 that with the approval of the Secretary of the Treasury, that he has appointed the following to serve with him as members of the Victory Fund Committee:

H. M. Addinsell, Chairman of Executive Committee, The First Boston Corp.

Winthrop W. Aldrich, Chairman, Chase National Bank.

H. K. Corbin, President, Fidelity Union Trust Co. of Newark.

Albert H. Gordon, of Kidder, Peabody & Co.

George L. Harrison, President, New York Life Insurance Co.

August Ihlefeld, President, Savings Banks Trust Co.

Robert Lehman, of Lehman Brothers.

Walter J. Monro, Vice-President, Schoellkopf, Hutton & Pomeroy, Inc., Buffalo.

William C. Potter, Chairman of Executive Committee, Guaranty Trust Co.

George F. Rand, President, Marine Trust Co. of Buffalo (Lewis G. Harriman, President, Manufacturers and Traders Trust Co. of Buffalo, alternate to Mr. Rand).

Gordon S. Rentschler, Chairman, National City Bank.

Joseph P. Ripley, Chairman of Board, Harriman Ripley & Co., Inc.

Emil Schram, President, New York Stock Exchange.

J. C. Traphagen, President, Bank of New York.

This committee is one of 12 which Secretary Morgenthau recently announced would be set up throughout the country to aid the Treasury's war financing program. The Reserve Bank explains: It will direct the combined efforts of the securities industry and banking community to reach every possible investor in Government securities whose requirements are not fully met by the sale of Series E War Savings Bonds. Particular emphasis will be placed upon the sale of securities to non-bank investors in order to help avoid the inflationary implications of an unrestrained increase in bank credit.

Winslow Libby Is Now With Bowers & Co.

(Special to The Financial Chronicle)

PORTLAND, MAINE—Winslow B. Libby has become affiliated with Bowers & Company, Bank of Commerce Building. Mr. Libby was formerly sales manager for the local office of F. L. Putnam & Co., Inc., and prior thereto was an officer of Hammons & Libby, Inc., and of Hammons & Co.

Premer In Poughkeepsie

POUGHKEEPSIE, N. Y. — Oren Alverne Premer has opened offices at 1 Fulton Avenue to engage in a general securities business.