

FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

Volume 155 Number 4076

New York, N. Y., Thursday, May 28, 1942

Price 60 Cents a Copy

Our Reporter On "Governments"

This should be one of our "in-between" weeks, one of the increasingly infrequent periods of rest for the Government securities market. . . . The May financing is over. . . . Refunding of the HOLC 2 1/4s and RFC 1s is on the way, but that is a routine note issue and is worth only passing attention. . . . Another \$2,000,000,000 cash borrowing also is pending, but that deal shouldn't come until after the agency refundings are taken care of. . . . In short, this week we can consider basic issues of portfolio policy and prepare for the huge operations to come.

There are several considerations at this moment for any present and potential investor in Governments. . . . Here are a few:

- (1) Signs are increasing all the time pointing toward an all-out, strong drive to maintain the long-term market on a 2 1/2% or better—basis.
- (2) This, however, is not true of the short-term market—at least, not to the same extent. . . . Although there's a ceiling of 3/8% on Treasury bills of three-months' maturity, and the Reserve Banks have been carrying on some operations in the short-term list, the main emphasis is on the longer-terms. . . .
- (3) Supporting operations by the Reserve System and/or the Treasury are now an accepted part of Government financing policy for and after the duration.
- (4) The time-tested axiom of "liquidity" of investments for banks and similar institutions is being attacked on all sides and this may be expected to become an ever-increasing factor in portfolio policy. . . .
- (5) The tax outlook makes a fully-invested position not only desirable but almost imperative. . . .

There are other points, of course, but these seem the most important for study at the moment. . . . Analyze the various factors as a whole and separately and what conclusions are you forced to? . . . Here are some:

- (1) Stress yield, not maturity, these days and you'll come out of the war as well off or better than the institutions that stick by the old rules for protecting their deposits and resources. . . .
- (2) Switch from your shortest-terms to longer-terms or intermediates and you'll be getting the best out of this war financing program. . . .
- (3) Buy Governments on your own. . . . If you don't, there's a good chance you'll be "coaxed" into buying them by either private or public sources. . . .
- (4) For a while, anyway, you need not worry about maintenance of the 2 1/2% rate on loans. . . . If this rate can hold, it will be—by agencies more powerful than all the banks in the Nation put together. . . .

(Continued on page 2028)

See Page 2024 for special editorial by Horace Russell, General Counsel, United States Savings and Loan League, on Savings and Loan Associations.

OUR REPORTER'S REPORT

Evidently commercial bankers would welcome a definite move by the Treasury to outline for them a comprehensive part to be played in helping the Nation to finance its war program by direct investment of their resources.

Whether or not he spoke for the industry as a whole, or merely put forward his personal views as a banker, Adrian M. Massie, Vice-President of the New York Trust Company, undoubtedly echoed the sentiments of the banking fraternity the other day when he spoke before the New York State Bankers Association.

At that time he expressed the hope that the Treasury would "adopt a general pattern for the financing that will permit the banks to set up maturity schedules that will fit into a sound policy—say one to ten years."

He urged a program that "would induce wholehearted bank support and still leave the Treasury flexibility of action." Pointing out that financing would greatly increase the earning assets of the banks, he urged action to enable them to handle the expansion.

The Federal Reserve Board, in his belief, probably would have to make available a liberal amount of excess reserves by reducing bank reserve requirements and through the medium of open market purchases.

Banks' excess reserves, it will be recalled, have been subject to severe contraction over recent months largely as an outcome of Treasury operations.

Reshaping Portfolios

Another secondary distribution of substantial dimensions, the third to date this month, involving the outstanding 5% bonds, due 1960, of Western Union Telegraph (Continued on page 2027)

Double Tax On Odd Lot Deals Ended In N. Y. Schram Of N. Y. Exchange Commends Action

Governor Lehman on May 24 signed the bill eliminating double taxation of odd-lot transactions made on the organized security exchanges of New York State. In approving the measure, which goes into effect July 1 the Governor said that the State has "long been desirous of correcting this condition at the first practicable opportunity" and added that he was glad that conditions justify such action at this time.

This was the third successive year that the State Legislature had passed such a bill but on the two previous occasions the Governor vetoed them on the ground that the State's fiscal position did not warrant the loss of revenue.

In a statement issued May 25 commenting on the Governor's action, Emil Schram, President of New York Stock Exchange, said that the elimination of the double tax "is naturally gratifying to the Stock Exchange community" and asserted that "it is a measure of tax relief which long has been needed and from which investors will derive encouragement." His statement went on to say:

It is to be hoped, now that the State's financial position has improved, that we can obtain additional relief in the next session of the Legislature. It is vitally necessary that such relief be granted in order to avert further damage to the general business economy of New York.

As was pointed out at hearings in Albany recently, the stock transfer tax does not fall upon the New York Stock Exchange or its members, except to the limited extent to which individual members or firms may sell for their own account. The tax falls most heavily upon the hundreds of thousands of individuals who, each year, use the facilities of the New York Stock Exchange and of other markets in this State.

Our securities houses have been steadily losing business as the result of lower stock transfer taxes in other States or the absence of any stock transfer taxes in many States where stock exchanges or other securities markets exist.

It is by reason of the fact that the nation's principal securities markets are located in New

York that this is the financial center of the country. The financial industry certainly is one of the most important—if not the most important—industry in this State. It is imperative, therefore, in the interest of all business in New York State, that the competitive disadvantages under which we are operating be removed as speedily as possible.

One form of relief which is most urgently needed is the elimination of the emergency tax on stock transfers. This emergency tax, which doubled the normal stock transfer tax, first became effective in 1933. From the standpoint of revenue, the stock transfer tax has been increasingly disappointing to the State and this is due, in part at least, to the fact that it has had the effect of reducing market activity.

For example, the stock transfer taxes yielded, in the fiscal year ending June 30, 1941, less than \$12,000,000, as compared (Continued on page 2023)

INDEX

	Page
Bank and Insurance Stocks	2022
Bond Selector	2020
Calendar of New Security Flotations	2030
Investment Trusts	2023
Municipal News and Notes	2026
Our Reporter's Report	2017
Our Reporter on Governments	2017
Personnel Items	2020
Railroad Securities	2021
Securities Salesman's Corner	2023
Tomorrow's Market—Walter Whyte	
Says	2021
Uptown After 3	2028
Special Article	
Why Save Or Invest In A Savings and Loan Association?	2024

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

Broaden your customer service with Chase correspondent facilities

Member Federal Deposit Insurance Corporation

QUICK ACTION ON DESIGN AND CONSTRUCTION
also
SURVEYS AND REPORTS
In connection with
MANAGEMENT PROBLEMS
FINANCING and VALUATIONS
SANDERSON & PORTER
ENGINEERS and CONSTRUCTORS
52 WILLIAM STREET
Chicago NEW YORK San Francisco

R. H. JOHNSON & CO.
Established 1927
INVESTMENT SECURITIES
64 Wall Street
New York
BOSTON PHILADELPHIA
Troy Albany Williamsport
Pittsburgh Watertown
Wilkes-Barre

NATIONAL BANK of EGYPT
Head Office Cairo
Commercial Register No. 1 Cairo
FULLY PAID CAPITAL £3,000,000
RESERVE FUND £3,000,000
LONDON AGENCY
6 and 7 King William Street, E. C.
Branches in all the principal Towns in EGYPT and the SUDAN

All
New England
Securities
MAY & GANNON
31 Milk Street Boston
N. Y. Phone CANal 6-2610
Boston Phone—Hubbard 8360
Teletype BS 568-569

F. H. PRINCE
BANKERS
PROVIDENCE, RHODE ISLAND
HIGH-GRADE INVESTMENTS
Members
New York, Chicago & Boston Stock Exchanges

Actual Trading Markets, always
in a wide range of
Over-The-Counter Securities
Kobbé, Gearhart & Co.
INCORPORATED
Members N. Y. Security Dealers Ass'n
45 Nassau Street New York
Tel. REctor 2-3600 Teletype N. Y. 1-576
Philadelphia Telephone: Enterprise 6015
Boston Telephone: Enterprise 1250

NATIONAL BANK of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar
Subscribed Capital £4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,200,000
The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

AMERICAN MADE MARKETS IN CANADIAN SECURITIES
HART SMITH & CO.
Members
New York Security Dealers Assn.
52 WILLIAM ST., N. Y. HANover 2-0980
Bell Teletype NY 1-395
New York Montreal Toronto

Analyses Available On Request
• Virginia & Southwestern
1st Cons. 5s 1958
(A Southern Railway System Bond)
• Pittsburgh & West Virginia
1st Mtge. 4 1/2s 1958-59-60
(Controlled By Pennroad Corp.)
B. W. Pizzini & Co.
GUARANTEED RAILROAD STOCKS-BONDS
Telephone 52 Broadway Teletype
BO. Gr. 9-6400 NEW YORK N. Y. 1-1063

Auto Ordnance
Autocar Corp.
Liberty Aircraft
Wickwire Spencer Steel

J. F. Reilly & Co.
Members
New York Security Dealers Assn.
71 Broadway, New York, N. Y.
HAnover 2-4660
Bell System Teletype, N. Y. 1-2488

Circulars now Available
Houston Oil Co. of Texas
6% Cum. Pfd. V. T. C.

**Philadelphia & Reading
Coal & Iron Co.**
5s/1973 C/Ds 6s/1949
Both have Retail appeal
All Westchester County Mortgages,
Mortgage Certificates and Bank Stocks

Schoonover, deWillers & Co.
INC.
120 BROADWAY NEW YORK, N.Y.
REctor 2-7634
20 S. BROADWAY YONKERS, N.Y.
MARble 7-8500
Bell Teletype NY 1-2361

**Sugar
Securities**

DUNNE & CO.
Members New York Security Dealers Assn.
30 Broad Street, New York, N. Y.
Tel. WHitehall 3-0272

Traviss, Scholfield Announce Retirement

TORONTO, CANADA—Traviss, Scholfield & Company, Limited, Bond Brokers, announce that they are retiring from business May 30.

James A. Traviss, President of the company, is going to devote his time to various industrial interests, principally The Eureka Planter Company, Limited, Woodstock, Ontario, of which he is President.

Major George P. Scholfield, Vice-President, has been overseas for the past two years, and Flight Lieut. W. D. Daly, Director of the company, is Adjutant at one of the Air Force Training Centres in Ontario.

The firm also have two traders in His Majesty's service—Lieut. John Andras, serving with the Navy, and Lieut. R. C. Hicks, overseas with the Royal Regiment of Canada.



James A. Traviss

Associated Electric

4½s & 5s

Utilities Employees Securities Co.

6s, 1981

G. A. Saxton & Co., Inc.
70 FINE ST., N. Y. WHitehall 4-4970
Teletype NY 1-609

WE WISH TO BUY:

FOREIGN DOLLAR BONDS
Listed & Unlisted (All Issues)

ARGENTINA	CZECHO-SLOVAKIA
AUSTRALIA	GREECE
BELGIUM	POLAND
BRAZIL	YUGOSLAVIA

Wire us for Firm Bids

KATZ BROS.
Established 1920
Members New York Security Dealers Association
40 Exchange Pl., N. Y. HA 2-2772 BELL TELETYPE NY 1-423

Specializing in

Eastern Sugar Associates
Pfd. & Common

DENAULT & CO.
ESTABLISHED 1932
Russ Building San Francisco

CORRECTION

EASTERN SUGAR ASSOCIATES

In an article on "Eastern Sugar Associates" in last week's "Chronicle" it was stated that the "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." It was stated that if this transaction was effected the company may realize a cash price of \$5,000,000 for the parcel sold. This should have read \$500,000.

Open Drive To Acquaint "Professional" Investor With Investment Merit Of War Savings Bonds

An intensive drive to acquaint the so-called "professional" class of investor with the great advantages of War Savings Bonds from the strictly investment viewpoint is being inaugurated this week by a newly-formed investment bankers committee. One hundred and fifty leading security salesmen, contributing their time, will explain the Series F and G issues to the officials and higher-bracketed employes of upward of 700 corporations. If the effort in Manhattan shows the expected results, it will be extended throughout New York State and elsewhere.

The impression has been growing in many quarters that while the patriotic motivation for buying War Bonds is fully appreciated, there still is plenty of room for explaining their great merit as pure investment media. Thus, it is said, it probably is not sufficiently realized that the War Savings Bond—carrying the money-back option—actually is "interest-bearing currency"; that it is a fixed-interest security carrying full protection against a possible future rise in money-rates; that it is attractive as a replacement for low yield tax exempt issues in cases where there is no advantage to the holder—such as philanthropic institutions—in the tax exempt feature; and that Series G, redeemable at par upon the death of a trust beneficiary, is an ideal trust investment. Likewise unappreciated, in the emphasis on "giving" for the war effort, is the extent to which the yield of the War Savings Bonds—along with

their valuable guarantee against market fluctuation—exceeds the market return currently available from other high grade bonds. For example, whereas the War Bonds yield 2½% and over, the return on Consolidated Gas of Baltimore 4½s of 1954 is but 2.30%, on Standard Oil (N. J.) Deb. 2¾s of 1953 2.26%, and on the Treasury 2¼s of 1953-51 only 1.68.

The new campaign, conducted by professionals in investment circles, will, it is hoped, go far in spreading the realization that in addition to the patriotic reasons, hard-boiled self-interest should prompt the purchase of War Bonds to the permissible annual limit. Following persistent pleas of past buyers, Secretary Morgenthau has just announced the raising of this limit from \$50,000 to \$100,000.

The members of the investment bankers committee, who are working in close cooperation with the Treasury War Savings Staff of New York State are: Irving Fish of Smith, Barney & Co., Albert H. Gordon of Kidder, Peabody & Co., James Coggeshall, Jr. of The First Boston Corp., Edward K. Van

We beg to announce
our retirement from business
as of May 30, 1942

TRAVISS, SCHOLFIELD & CO.
LIMITED

IMPERIAL BANK BUILDING, TORONTO, ONTARIO

We offer, subject to prior sale, the following

Canadian SHORT TERM SECURITIES

\$60,000
City of Toronto 4½s
Due February, 1945 @ 103½

\$100,000
City of Winnipeg 4½s
Due June, 1946 @ 101½

\$10,000
Prov. of British Columbia 4s
Due May 15, 1946 @ 98½

\$25,000
Prov. New Brunswick 3½s
Due July, 1949 @ 93

Principal and Interest payable in
United States and Canadian Funds

ERNST & CO.

Members
New York Stock Exchange and other leading
Security and Commodity Exchanges
120 Broadway New York

NYSE Re-elects Adams Fisher and Coleman

The Board of Governors of the New York Stock Exchange, at its organization meeting on May 27, re-elected John A. Coleman as Vice-Chairman of the Board. Mr. Coleman has been a Governor of the Exchange since May, 1938, and has served as Vice-Chairman since May, 1941. He is a partner of Adler, Coleman & Co., and has been a member of the Exchange since 1924.

Emil Schram, President of the Stock Exchange, announced that at the same meeting John Q. Adams, Director of the Continental Illinois National Bank and Trust Co. of Chicago, and Robert V. Fleming, President and Chairman of the Board of the Riggs National Bank of Washington, D. C., were reelected as Public Governors of the Exchange. Mr. Adams and Mr. Fleming were elected to the Board of Governors as representatives of the public last February.

Wall St. Golf Ass'n To Hold Tournament

The Wall Street Golf Association will hold its 30th semi-annual tournament on Wednesday, June 17, at the Rockville Country Club, Rockville Center, Long Island, it was announced by Frank J. Trautwein, President. Gross entry fees will be given to the American Red Cross.

The tournament will be sponsored also by the New York Stock Exchange Golf Association, which, for the first time in 46 years will not hold a tournament, the Cashiers' Section of the Association of Stock Exchange Firms, and the Association of Customers' Brokers.

Emil Schram, President of the New York Stock Exchange, and Robert L. Stott, Chairman of the Board of Governors, will be guests of honor.

Horne of Stone & Webster and Blodgett, Inc., Wright Duryea of Glore, Forgan & Co., Percy Stewart of Kuhn, Loeb & Co., Joseph H. King of Union Securities Corp., Sumner B. Emerson of Morgan Stanley & Co., Richard M. Newell of Dillon, Read & Co., Harry W. Beebe of Harriman Ripley & Co., Inc., James J. Lee of Lee Higginson Corp., George Leib of Blyth & Co., Inc., Charles F. Hazlewood of E. H. Rollins & Sons, Inc., and C. B. Stuart of Halsey Stuart & Co., Inc.

Alabama Mills
Birmingham El. 7% Pfd.
Debardelaben 4s, 1957

STEINER, ROUSE & Co.

Members New York Stock Exchange
Maritime Bldg. Brown-Marx Bldg.
New Orleans, La. Birmingham, Ala.
Direct Wire BH 198
25 Broad St.
New York, N. Y.
NY 1-1557

Chicago Exch. Revises Program Due To War

Due to war conditions, the Board of Governors of the Chicago Stock Exchange announces the adoption of an inter-related program which may be briefly summarized as follows:

1. Authority was granted to the Executive Committee to purchase and resell at cost a limited number of seats. Seats thus acquired are to be kept "alive" (the authorized membership remaining at 300, as fixed by the Constitution).
2. Payments of death benefits from the Gratuity Fund were limited to the membership as of June 1, 1942.

3. The required contribution of \$100 to the Gratuity Fund by each newly elected member was waived for the coming year. The assessment of \$10 per member for each death were likewise waived.

4. Until further notice, the regular transfer fee of \$500 was reduced to \$250. Also appropriate reductions were made in other transfer fees.

The above actions, the Governors believe, are not inconsistent with the long term constructive program for the Exchange at present being developed with the cooperation of the Securities and Exchange Commission.

Gordon Crockett With B. V. Christie & Co.

HOUSTON, TEX.—A. Gordon Crockett became associated with B. V. Christie & Co., First National Bank Bldg., as manager of the corporate trading department.

Mr. Crockett has been active in Texas markets for several years, having handled trading activities for Milton R. Underwood & Co. for the past 2½ years and prior thereto holding a similar position with Moroney & Co. The termination of his association with Milton R. Underwood & Co. was brought about by suspension of business by that firm when Mr. Underwood was called to active duty as Captain in the Army Air Corps.

Wm. Knobloch Joins Henry Edelmann Co.

William A. Knobloch is now associated with Henry Edelmann & Co., 29 Broadway, New York City, in their trading department. Mr. Knobloch was formerly with Burr & Co., Inc., and prior thereto was in charge of trading for MacGuire & Co., and John E. Greenia & Co. In the past he was a partner in Wm. A. Knobloch & Co. and for many years was connected with Pyne, Kendall & Hollister.

David Littlejohn With Edward Brockhaus Co.

(Special to The Financial Chronicle)
CINCINNATI, OHIO—David H. Littlejohn has become associated with Edward Brockhaus & Co., Union Trust Building. Mr. Littlejohn was formerly Vice-President of Bardes, Smith & Polito, Inc., and prior thereto was with L. W. Hoefinghoff & Co., Inc.

COMMERCIAL and FINANCIAL CHRONICLE
 Reg. U. S. Patent Office
 William B. Dana Company
Publishers
 25 Spruce Street, New York
 BEekman 3-3341
 Herbert D. Selbert,
 Editor and Publisher
 William Dana Selbert, President
 William D. Riggs, Business Manager
Thursday, May 28, 1942

Published twice a week (every Thursday (general news and advertising issue) with a statistical issue on Monday)
 Other offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613), London—Edwards & Smith, 1 Drapers Gardens, London, E.C.
 Copyright 1942 by William B. Dana Company.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of Mar. 8, 1879.

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

DIRECT PRIVATE WIRE TO LOS ANGELES

TRADING MARKETS
PACIFIC COAST SECURITIES
WYETH & Co.
 inc.
 Member Los Angeles Stock Exchange
 40 WALL STREET
 Telephone Whitehall 4-0650
 NEW YORK

Financial Librarians To Hold Conference

Graham Hutton, Director of the British Press Service Office in Chicago, and Stuart A. Rice, Assistant Director of the Budget Bureau of the Federal Government, are to be among the speakers on the program of the Financial Group during the Wartime Emergency Conference of the Special Libraries Association, to be held in Detroit June 18-20, it is announced by Marion E. Wells, Chairman of the Financial Group. The Special Libraries Association is an international organization consisting of over 2,600 librarians and research workers in specialized fields and the Financial Group is the section devoted to the interests of librarians in banks, bankers' associations, accounting houses, brokerage houses and schools of commerce and finance of various universities.

Working conferences and business sessions will occupy the three days of the conference. Guest speakers at the Conference besides Messrs. Hutton and Rice will include Arthur Maxson Smith, staff writer of the "Detroit News"; Edward J. Jeffries, Jr., Mayor of Detroit; Paul J. Martin, member of the Canadian Parliament from Windsor, Ontario.

Miss Marion E. Wells, Librarian of the First National Bank of Chicago, Chicago, Illinois, is Chairman of the Financial Group; Miss Anne Mendel, Librarian of the Bank of the Manhattan Company, New York, N. Y., is Vice-Chairman, and Miss Ruth Miller, Librarian of the Central Hanover Bank and Trust Company, New York, N. Y., is Secretary.

In The Armed Forces

Wesley Behel, partner in Behel, Johnsen & Co., Inc., 29 South La Salle Street, Chicago, Ill., since its formation in 1924, is on leave of absence from the firm for the duration of the war. Mr. Behel has received a commission as major in the United States Army Corps.

MARKETS FOR MORTGAGE CERTIFICATES

issued by
 BOND & MORTGAGE GUAR. CO.
 HOME TITLE INSURANCE CO.
 LAWYERS MORTGAGE CO.
 LAWYERS TITLE & GUAR. CO.
 N. Y. TITLE & MORTGAGE CO.
 STATE TITLE & MORTGAGE CO.
 TITLE GUARANTEE & TRUST CO.
 All other local companies
Newburger, Loeb & Co.
 Members New York Stock Exchange
 40 Wall St., N. Y. Whitehall 4-6300
 Bell Teletype NY 1-2033
 Philadelphia Atlantic City Lebanon

Newburger & Hano Is To Be Formed June 1

Effective June 1, the Philadelphia partners of Newburger, Loeb & Co. and the members of Content, Hano & Co., Philadelphia, will join to form Newburger & Hano. Content, Hano & Co. is dissolving. The firm of Newburger, Loeb & Co. will continue as in the past with offices at 40 Wall Street, New York City.

The new firm will have an enlarged bond department and will have several memberships on the New York and Philadelphia Stock Exchanges, with correspondents in many of the important financial centers. The new firm will have its main office at 1419 Walnut Street, Philadelphia, with branch offices at 39 Broadway, New York City, Calvert Building, Baltimore, Farmers Trust Building, Lebanon, Pa., Broad Street and Erie Avenue, Philadelphia, and Central Pier, Atlantic City, N. J.

Partners of the new organization will be Lester E. Degenstein, Leonard B. Geis, Harry Grabosky, member of the New York Stock Exchange, Lester Hano, Frank L. Newburger, Jr., member of the Philadelphia Stock Exchange, Manfred L. Neumoegen, New York Exchange member, John Small, H. Bertram Smith, Irvin L. Stone, general partners, Nathan Hamburger, Henry E. Gertsley, Samuel M. Goldsmith, Frank L. Newburger, Sr., Philadelphia Exchange member, and Richard L. Newburger, limited partners. Messrs. Grabosky, Neumoegen, Small and Smith will make their headquarters in the firm's New York office. All the partners of Newburger & Hano have been in the bond and security business for many years.

Content, Hano & Co. was formed in 1941 as successor to Hano & Co.; Newburger, Loeb & Co. is the successor to Newburger, Henderson & Loeb, formed in 1898.

H. A. Mendell Is Now With Luckhurst & Co.

Herbert A. Mendell has joined the trading department of Luckhurst & Co., Inc., 60 Broad Street, New York City, where he will specialize in aviation and air line securities. Mr. Mendell was formerly in charge of aviation securities at Kobbe, Gearhart & Co. and F. M. Mayer. Prior thereto for a number of years he conducted his own investment business in New York City under the firm name of H. A. Mendell Co.

D. V. Macpherson With Paine-Webber In Hfd.

(Special to The Financial Chronicle)
 HARTFORD, CONN.—Douglas V. Macpherson has become associated with Paine, Webber & Co., 49 Pearl Street. Mr. Macpherson was in the past Vice-President of Schlater, Noyes & Gardner, Inc., was Vice-President and manager of the municipal department of Burr & Co., Inc., and was with Straus Securities Co., Inc., and was an officer of Bancamerica-Blair Corporation.

We are interested in offerings of

High Grade INDUSTRIAL PREFERRED STOCKS
Spencer Trask & Co.

25 Broad Street, New York
 Telephone HAnover 2-4300 Teletype NY 1-5
 Members New York Stock Exchange

Orders Action Against Dealers Not Revealing To Customers Exact Status Of Transaction

Attorney General John J. Bennett, Jr., has issued orders that prompt action must be taken against all securities dealers and brokers who fail to inform customers of the exact status that exists between them, and who fail to list clearly the commission of the broker and the profit of the dealer in the purchase and sale of listed securities, so that the purchaser will know the true and complete charges made to him in the transaction.

Mr. Bennett's orders were contained in a memorandum to Ambrose V. McCall, Assistant Attorney General in charge of the Bureau of Securities.

The Attorney General said that several recent investigations emphasized the fact that dealers and brokers have not adhered to those distinctions covering their respective relationships to clients and that it was conceivable that a customer could be charged two separate dealer profits when led to believe he was paying a broker's commission to execute a market order.

"Incredible as it may seem," said Mr. Bennett, "these investigations have indicated to me the present necessity of again defining the respective duties of brokers and dealers.

"A broker is an agent who has a fiduciary relationship to his client. He is under the legal and moral obligation to obtain for his client the best available price. He can make no secret or hidden profit for himself no matter how small it might be. A breach of his duty in this regard is not only a fraud on his customer but may also be a crime.

"A dealer, on the other hand, is a retailer, a merchant of securities. It is to be assumed that he can, and will, make for himself a profit on a security transaction commensurate with his individual efforts and financial risk but, of course, in accordance with the general principles of common honesty.

"These recent investigations have indicated a general tendency in the security business to eliminate these distinctions between brokers and dealers. In other words, dealers have purported to act as brokers when they, in fact were dealers; on the other hand, brokers, or those who hold themselves out as brokers, have in fact acted as dealers. There are indications that this practice has become so widespread that the matter is now of grave concern."

After citing one instance where dealers' profit on a transaction amounted to as much as 12% of the total sum involved, Mr. Bennett said:

"You are hereby instructed to notify all offices of the Bureau that, in the conduct of future security investigations, they are to pay particular attention—

First—To the nature of the representations made by the dealer or broker to the customer at the inception of each transaction regarding the true status between them; and

Second—To caution them to be sure that, in the purchase and sale of listed securities, either stocks or bonds, the commission of the broker and the profit of the dealer have been clearly and separately noted in such a manner as properly to inform the pur-

chaser of the true and complete charges made to him.

"In the event that any of the objectionable practices are found in the various localities, the Assistants must take immediate action and notify the New York City Office at once."

Paine-Webber Merge With Jackson-Curtis

Two prominent investment and brokerage firms, each with a record of more than 60 years' service, are planning to merge on or about July 1, 1942. The firms are Jackson & Curtis, established in 1879, and Paine, Webber & Co., founded in 1880. The new firm name would be Paine, Webber, Jackson & Curtis.

In making the announcement it was pointed out that the proposed merger would unite two long-established firms with similar backgrounds, both of which occupy positions of leadership in their field. Both Paine, Webber & Co. and Jackson & Curtis were first established in Boston. Both have grown into large national organizations doing substantially the same types of investment banking and brokerage business, with memberships in all the principal stock and commodity exchanges.

In addition to Boston, both firms maintain offices in New York, Chicago, Philadelphia, Cleveland, Providence and Springfield, Mass. Paine, Webber & Co. has other offices in Concord, N. H., Detroit, Duluth, Grand Rapids, Hartford, Conn., Houghton, Mich., Milwaukee, Minneapolis, New Haven, St. Paul and Worcester, Mass. Jackson & Curtis also has offices in Akron, Elmira, Ithaca and Lynn, Mass.

The two firms are among the few investment houses in this country which have had a continuous existence of more than 60 years under the same name and without a break in the continuity of management. Jackson & Curtis was established by Charles S. Jackson, Laurence Curtis and Frank Jackson and in the following year William A. Paine and Wallace G. Webber founded the partnership which became Paine, Webber & Co. upon the admission of Charles H. Paine in 1881.

Both firms became members of the Boston Stock Exchange at the outset, subsequently becoming members of the New York Stock Exchange and other stock and commodity markets. In addition to the brokerage business, both firms have become prominent in the underwriting and distribution of securities and the trading of unlisted securities.

It is expected that all present partners of both firms will join the new partnership to be formed as a result of the proposed merger.

B. S. LICHTENSTEIN AND COMPANY

One Week Nearer Victory! SHANGRI-LA 6'S

Well, some of the bonds we bid on are almost as fantastic! Check with us, too, on the little traded stocks in the Services. Obsolete Securities Dept. 99 WALL STREET, NEW YORK Telephone: Whitehall 4-6551

American Gas & Electric 4 3/4 % Pfd.
Appalachian Electric Power 4 1/2 % Pfd.
Christiana Securities
Aldred Investment Trust 4 1/2 % 1967

Joseph McManus & Co.

Members
 New York Curb Exchange
 Chicago Stock Exchange
 39 Broadway, New York
 Dlgby 4-2290 Tele. NY 1-1610-11

We Are Specialists In REAL ESTATE SECURITIES

Inquiries Invited In
 Lawyers Mtge. Co. Ctf. s.
 Lawyers Title Co. Ctf. s.
 Bond & Mtge. Co. Ctf. s.
 and all other Title Co.'s
 Bank Trust Participations
 Complete Statistical Information

L. J. GOLDWATER & CO.

INC.
 Members New York Security Dealers Assn.
 39 Broadway, New York, N. Y.
 HAnover 2-8970 Teletype NY 1-1203

Attention Retail Distributors

BROWN COMPANY
 5s due 1959
 Selling at 70

Interest charges earned 7.5 times in 1941 — Amount of \$3,263 behind each \$1,000 par value — each bond carrying accumulated interest of \$125.

CIRCULAR ON REQUEST

CHARLES KING & CO.
 61 Broadway, N. Y. WH. 4-8980
 Teletype N. Y. 1-142

Phila. Municipal Club Elects New Officers

PHILADELPHIA, PA. — The Municipal Bond Club of Philadelphia elected Eugene Arnold, Harriam Ripley & Co., President for the coming year to succeed A. Webster Dougherty, Dougherty, Corkran & Co.

Walter Schmidt, Schmidt, Poole & Co., was named Vice-President; Edward Abele, Rambo, Keen, Close & Kerner, Secretary, and Walter Schumann, Dolphin & Co., Treasurer.

Emerson Ayars, W. H. Newbold's Son & Co., was elected to the board of governors for a one year term, and Walter D. Fixter, Buckley Bros., and Herbert V. D. Gallagher, Yarnall & Co., for two year terms.

Barbour Co. Formed

(Special to The Financial Chronicle)

PASADENA, CALIF. — John Menzies Barbour has formed John M. Barbour & Co. with offices in the Citizens Trust & Savings Bank Building, to conduct a general securities business. Mr. Barbour was formerly with Merrill Lynch, Pierce, Fenner & Beane, R. N. Gregory & Co., Wm. Cavalier & Co., and was with E. H. Rollins & Sons, Inc.

Pettibone Mulliken Corp., Com.
Florida Portland Cement Co., Units
Backstay Welt Co., Common
Minnesota & Ontario Paper Co.
 5's due 1960
Old Ben Coal Corp.
 6's due 1948 (With Stock)

HICKEY & CO.
 135 SOUTH LA SALLE STREET
 CHICAGO
 Teletypes: CG 1234-5-6
 Direct private wire to New York

Orin I. Newton With Brailsford, Rodger

(Special to The Financial Chronicle)
 CHICAGO, ILL.—Orin I. Newton has become associated with Brailsford, Rodger & Co., 208 South La Salle Street, members of the Chicago Stock Exchange. Mr. Newton was recently with Paul H. Davis & Co. and Mason, Moran & Co.

Prenosil On War Work At Treasury Department

W. C. Langley & Co., 115 Broadway, New York City, announce that Stanley W. Prenosil, who has been associated with the firm for the past seven years, has been granted an indefinite leave of absence to undertake war work at the Treasury Department in Washington, D. C. Before engaging in the brokerage business, Mr. Prenosil was for eight years financial editor of the Associated Press in charge of its Wall Street bureau. During the first World War, Mr. Prenosil went overseas with the First Division as a war correspondent for the Associated Press.

M. Mathews With Fuller

(Special to The Financial Chronicle)
 CHICAGO, ILL.—Murray C. Mathews has become associated with Fuller, Cruttenden & Co., 209 South La Salle Street, members of the Chicago Stock Exchange.

H. Mathews At Kneeland

(Special to The Financial Chronicle)
 CHICAGO, ILL.—Henry T. Mathews has become associated with Kneeland & Co., Inc., Board of Trade Building. Mr. Mathews was recently with H. J. Beall & Co. and in the trading department of Straus Securities Co.

DETROIT

LISTED AND UNLISTED SECURITIES

Charles A. Parcels & Co.
 Members of Detroit Stock Exchange
 PENOBSCOT BUILDING
 DETROIT, MICH.

ST. LOUIS

STIX & Co.
 SAINT LOUIS
 509 OLIVE ST.

Members St. Louis Stock Exchange

We specialize in
**AMERICAN GAS & POWER COMPANY
 DEBENTURES**

BOUGHT—SOLD—QUOTED

Brailsford, Rodger & Co.

MEMBERS CHICAGO STOCK EXCHANGE

208 South La Salle St., Chicago State 9868 CG 95

THE BOND SELECTOR

AMERICAN GAS & POWER COMPANY Secured Debentures Offer Attractive Yield

There are two issues of the secured debentures of American Gas & Power Company having the same investment status, both of which are traded over the counter. These bonds bear interest, both fixed and conditional, the latter portion depending upon earnings. The two issues are the 3-5s and the 3.6-6s, both due Aug. 1, 1953. The conditional interest on the 3-5s is 2% and on the 3.6-6s is 2.4%; if both fixed and conditional interest were continuously paid, consequently, the bonds would be 5s and 6s, respectively. However, conditional interest is payable only from one-third of annual net earnings after depreciation, fixed interest and income taxes, but is cumulative.

Current quotations on the 3-5s are 53½-54½, and on the 3.6-6s are 57½-59. Fixed interest has been earned in every year since the reorganization in 1935, and in recent years fixed interest coverage has widened considerably. On Aug. 1 coupons this year there will be paid fixed and conditional interest of \$23.80 on the 3-5s and \$28.32 on the 3.6-6s, per \$1,000 principal amount held.

American Gas & Power is a holding company whose subsidiaries and affiliates supply manufactured and mixed gas over scattered sections of the country. The largest of the operating companies is Minneapolis Gas Light Company which supplies gas in Minneapolis and suburbs. Next in importance is Birmingham Gas Company which supplies gas to Birmingham, Alabama, serving a population of approximately 465,000. Savannah Gas Company supplies gas to Savannah, Georgia, and one other community with a total population of about 100,000. Other subsidiaries and affiliates are Bangor Gas Company, St. Augustine Gas Company, Jacksonville Gas Company and Lowell Gas Light Company. These properties are located in such widely scattered States as Maine, Massachusetts, Minnesota, Georgia, Alabama and Florida.

The 3-5s are outstanding in the amount of \$6,114,500 and the 3.6-6s in the amount of \$4,213,500, for a total funded debt of \$10,328,000. In addition, there are certificates of indebtedness totaling \$1,682,774, \$1,615,123 of which is due Minneapolis Gas Light Company. Accrued conditional interest on the outstanding debentures is \$1,459,206. The debentures are secured by pledge of the entire common stock, except directors' qualifying shares, of Minneapolis Gas Light, Bangor Gas Company, Savannah Gas and St. Augustine Gas, and by 139,993 shares of Birmingham Gas Co. Also pledged is the demand note of American Utilities Associates, elsewhere referred to, which in turn is secured by 58,199 shares of Lowell Gas Light Co.

In order to integrate its system, American Gas & Power has had in mind for some time the sale of its New England properties. It has been difficult to dispose of these subsidiaries at a fair price, according to the management. Simplification of the capital structures of the operating com-

panies has been in progress for several years. In 1941, as an example, Bangor Gas Company was formed as a merger of the Bangor Gas Light Company and Penobscot Valley Gas Corporation.

During 1941, earnings of American Gas & Power Company, the parent company, contracted somewhat from the previous year since dividends from subsidiaries were lower due to an inordinate amount of outlays for capital expenditures in connection with expanded operations occasioned by the war, and by reduced earnings as a result of higher costs. Gross income in the form of dividends and interest from subsidiaries and affiliates totaled \$691,813 in 1941 compared with \$853,928 in 1940, a decrease of 19%. Fixed interest requirements on the secured debentures were earned 1.94 times compared with 2.37 times in 1940, and 3.07% was earned on the principal amount of funded debt outstanding by way of conditional interest; in 1940 the figure was 4.48%.

Principal sources of revenue for the parent, American Gas & Power, are Minneapolis Gas Light, wholly-owned, which paid dividends in 1941 to American Gas & Power of \$495,000, Savannah Gas Company, which paid dividends of \$84,000, and Birmingham Gas which paid dividends of \$36,000. St. Augustine paid \$11,000, and Bangor and Jacksonville Gas paid nothing. The latter company, incidentally, will be forced to reorganize shortly, since the company's first mortgage bonds which mature June 1 will not be paid nor can they be refunded. This, however, will have no effect upon American Gas & Power, since no earnings have been forthcoming for many years and its holdings of the company's common stock are carried on the balance sheet at \$108. Principal source of interest payments from year to year is American Utilities Associates, whose note American Gas & Power holds and carries at \$2,097,000. This Massachusetts trust holds 58,861 shares of Lowell Gas Light Company stock which are pledged behind these notes. In 1941, American Gas & Power received \$56,000 interest from this source and in 1940, \$103,861.

Obviously, the most important operating property is Minneapolis Gas Light, and upon the profitable operation of this subsidiary will depend in greatest measure the earnings of American Gas & Power. In 1941, operating revenues of Minneapolis Gas were \$6,244,000 compared with \$5,886,000 in 1940, an increase of 6.1%; however, operating costs and especially taxes showed a larger increase, in total amounting to

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.—Carl Conrad Carlson is with Goldman, Sachs & Co., 30 Pine St.

(Special to The Financial Chronicle)
 BRIDGEPORT, CONN.—James J. Rooney has been added to the staff of W. R. Bull & Co., Inc., 207 State St. Mr. Rooney was previously with Hegeman & Co. of Stamford.

(Special to The Financial Chronicle)
 CHICAGO, ILL.—Robert D. Walker has become connected with Leason & Co., Inc., 39 South La Salle St. Mr. Walker was formerly with J. H. Beall & Co. and Paul H. Davis & Co.

(Special to The Financial Chronicle)
 DETROIT, MICH.—Roswell C. Bogue has become associated with Allman, Everham & Co., Penobscot building. Mr. Bogue was previously with Smith, Hague & Co., Humphries, Angstrom & Co., and prior thereto with Straus Securities Co.

(Special to The Financial Chronicle)
 LOS ANGELES, CALIF.—Carl D. Jackson and Miley V. Mills

have become associated with Johnston Company, Incorporated, of Hollywood, Calif. Both were previously with Empire Securities Corporation, of which Mr. Jackson was Sales Manager.

(Special to The Financial Chronicle)
 LOS ANGELES, CALIF.—William S. Wells, formerly with Blyth & Co., Inc., has joined the staff of Wyeth & Co., 647 South Spring St.

(Special to The Financial Chronicle)
 ST. PETERSBURG, FLA.—George K. Symons has become affiliated with Cohu & Torrey, Walgreen Building. Mr. Symons was formerly St. Petersburg representative for Corrigan, Miller & Co., and in the past was in business for himself in New York City.

(Special to The Financial Chronicle)
 SAN FRANCISCO, CALIF.—James R. Downing has been added to the staff of H. R. Baker & Co., Russ Building. Mr. Downing was previously with Bank-america Company.

Bert L. Hames Joins Conrad, Bruce & Co.

LOS ANGELES, CALIF.—Conrad, Bruce & Co., 530 West Sixth Street, announces that Bert L. Hames has become associated with them in charge of municipal and institutional accounts. Mr. Hames has been in the securities business in Southern California for many years. He was recently with Schwabacher & Co., prior thereto was an officer of Banks, Huntley & Co., was with E. H. Rollins & Sons, Inc., in charge of the municipal department in Los Angeles, and for many years was president of his own firm, B. L. Hames & Co. and its successor, B. L. Hames & Co., Ltd.

Oscar H. Riggs To Be A. M. Kidder Partner

Oscar H. Riggs will be admitted on June 1 to partnership in A. M. Kidder & Co., 1 Wall Street, New York City, members of the New York Stock Exchange and other leading national exchanges. Mr. Riggs was formerly a partner in Faroll Brothers, was with Federman & Filston and Vercoe & Co., and in the past was a partner in Frazier Jelke & Co.

Henry Gutttag Now With Gutenstein & Lasdon

Henry Gutttag is now associated with the New York Stock Exchange firm of Gutenstein & Lasdon, 25 Broad Street, New York City. Mr. Gutttag had conducted his own investment business, specializing in foreign and domestic securities, since 1904.

**MUNICIPAL
RAILROAD
PUBLIC UTILITY
AND INDUSTRIAL
SECURITIES**

**THOMPSON ROSS
SECURITIES Co.**
 Incorporated
 CHICAGO

In Armed Forces

Laurence B. Carroll, Assistant Secretary of Prescott, Wright, Snider Co., 918 Baltimore Avenue, Kansas City, Mo., has been commissioned a First Lieutenant in the U. S. Army Air Corps and reported for active duty on May 26.

Tomorrow's Markets Walter Whyte Says

Peace cries subside. Market sells off, but meets support. Resistance zone immediately ahead may check advance. Think rally will come in immediate future without intervening sharp reaction. Hold all positions.

By WALTER WHYTE

Now that the peace talk which swept Wall Street last week, has been scotched, the market, no longer excited by "coming events," has gone back to sleep again. For the time being there is little news to keep the customers room chatterboxes from sounding off. The tax developments are temporarily relegated to the master minds in the House Ways and Means Committee, and off the front pages, though you can be certain they'll come up again. This leaves the war, particularly the battle around Kharkov and Libya, as the only exiting pieces of news to take up the page ones of the country.

Both taxes and the war are matters of extreme importance. Both pack a terrific wallop. But because so few people know what is going on they keep the "experts" busy analyzing them in print and on the radio. The lack of dynamic news would be all to the good on the theory that no news is good news, if it found the market in a less vulnerable position. Unfortunately we can't choose the kind of markets we want. We just get them and we either take them as they are or leave them alone.

A few weeks ago—the week of May 2-9, to be exact—prices began creeping up. From the 9th of May to about the 12th of May they sagged off. It was on this down drift that stocks were recommended here. The following week, May 16, stocks rallied again, the rally coming in the latter part of that week. Right away the stories of an immediate, or at least a nearby, peace began sweeping the Street like wildfire. I had no way of checking these rumors; the more I tried, the more mixed up I got. One market letter writer announced "... far seeing capital ... began to indicate some months ago that the time to own shares of companies directly tied up with the war effort had passed." He further went on to describe what he called "smart money" as being no longer interested in war stocks; only "peace" stocks.

Guaranteed Railroad Stocks

Joseph Walker & Sons

Members New York Stock Exchange

120 Broadway
NEW YORK

Dealers in
GUARANTEED
STOCKS
Since 1855

Tel. REctor
2-6600

Bell Teletype NY 1-1158

I, in common with the average person who get all befuddled with Wall Street rumors and counter-rumors, was completely at sea. All I knew was that the market was acting well. The reason was a deep mystery to me. And the reasons I heard were just so much bellywash. They were not reasons. They were excuses. Since last week the peace whispers have died aborning and the market, no longer fed by rumors, began sagging again. So much for that.

In last week's article you were warned that a set back of some kind was in the wind. This warning was not based on any so-called inside information. It was based on the technical structure of the market itself. For in having rallied two times from May 9 to about May 23, the market had established what to me looked like a zone of resistance. And unless a dynamic piece of good news came along to give it impetus, the market would back off. Up to this writing that is just what happened.

One school of market theory now propounds the thought that for the market to get anywhere on the up
(Continued on page 2028)

Latin Am. Bonds Good

At a time when most securities markets have been declining, it is interesting to note, a memorandum issued by Distributors Group, Inc., 63 Wall Street, New York City, states that from June 30, 1940 to March 31, 1942 a diversified list of Latin American bonds has advanced 66.8%, while the Dow-Jones Industrial Stock Index has declined 22.8%. The war has given impetus to Latin American trade and has a favorable effect on foreign exchange balances, with the result that South and Central American bonds are now in an attractive position as to intrinsic value and market price, with strong possibilities of appreciation, according to Distributors Group.

One of the largest holders of a diversified portfolio of Latin American dollar bonds in the United States is an investment company of the "mutual fund" type, American Foreign Investing Corporation, the memorandum continues; this company trades actively in foreign bonds, taking advantage of the wide discrepancies frequently existing between market prices and intrinsic values, and has paid dividends regularly since its incorporation. With the exceptionally favorable conditions now in prospect for the type of investments in which this fund specializes, the memorandum states, it appears most attractive for current return and appreciation possibilities.

Stop-Out Values in Defaulted Railroad Bonds

Circular on Request

PFLUGFELDER, BAMPTON & RUST

Members New York Stock Exchange

61 Broadway
Telephone—Digby 4-4933

New York

Bell Teletype—NY 1-310

RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

Early last week the railroad market demonstrated its vulnerability to a peace psychology. The extreme war optimism was short lived, and definitely put to rout by the President's cautionary counsel in his Friday press conference. Nevertheless, there is no gainsaying the fact, regardless of the duration of the war, the passage of each day brings the end closer. This factor will, in all likelihood, be accorded progressively greater investor consideration as the summer wears away, particularly if the news from the Russian front continues favorable. With this in mind, many railroad analysts have been combing the list in search of the probable greatest peace beneficiaries among the rails.

Aside from the reorganization roads, which are affected by individual reorganization progress, the natural focal point of such studies has been Chesapeake & Ohio. This road with its strong dependence on bituminous coal, is hailed as being relatively invulnerable to the increased highway and air transport competition visualized after the war. At the same time, it is assumed that the company's heavy tax burden will be relieved when peace comes.

Chesapeake & Ohio is one of the few carriers seriously affected by excess profits taxes, and these levies presumably will lapse. As the stock has been under severe pressure because of its tax vulnerability, it is logical to expect that the pressure will be relieved when the tax is lifted, particularly as there is no reason to anticipate any post-war traffic difficulties. This optimism is being translated into a more constructive attitude towards the bonds of Alleghany Corporation which are secured mainly by pledge of Chesapeake & Ohio stock.

Alleghany Corporation holds 1,789,200 shares of Chesapeake & Ohio common, in addition to miscellaneous assets, largely tied up in the Missouri Pacific picture, the ultimate salvage value of which can not now be judged. Even if the miscellaneous assets were eliminated entirely (and some of them have substantial intrinsic worth) the recent value of the Chesapeake & Ohio stock, plus cash impounded as of May 1, would be equivalent to more than 80% of the face value of all Alleghany Corporation bonds outstanding. This is well above the aggregate market value of Alleghany bonds outstanding.

It would take an annual dividend of only \$2.25 a share on Chesapeake & Ohio stock to cover Alleghany's entire annual interest requirements, plus estimated taxes and expenses. In comparison, Chesapeake & Ohio is currently on an annual regular dividend basis of \$3.00 a share (three of the 1942 quarterly disbursements already have been made or declared) and should be able to report earnings in excess of this amount even under the severe excess profits tax provisions now under consideration. Not in any year of the depression decade did Chesapeake & Ohio's earnings drop as low as \$2.50 and in only one year, 1938, did per share results dip below \$3.00. The overall Alleghany picture, therefore, is considered eminently secure, with prospects of betterment when

Railroad Reorganization Securities (When Issued)

BEAR, STEARNS & CO.

Members New York Stock Exchange

New York

Chicago

We can supply several lots of

RAILROAD BONDS In Registered Form

at substantial concessions below prevailing levels for coupon bonds of same issues.

Inquiries Invited

LEROY A. STRASBURGER & CO.

1 WALL ST., NEW YORK
Whitehall 3-3450 Teletype: NY 1-2050

the war ends and the excess profits tax is eliminated.

Aside from benefits to be derived from developments in the Chesapeake & Ohio picture, there has been consistent improvement in Alleghany's internal structure. This is expected to continue, perhaps at an accelerated pace. The company has been using excess cash earnings for bond retirements. A total of \$8,080,000 face value of bonds was purchased and retired in the four years through 1941, with the tempo increased rapidly from 1939 to the peak retirement of \$3,806,000 last year.

Impounded cash as of May 1, 1942 amounted to \$4,547,241. Assuming continuation of the \$3.00 Chesapeake & Ohio dividend, there should be approximately \$1,400,000 released from 1942 earnings after payment of interest and all expenses. As the various series of Alleghany bonds cur-

(Continued on page 2024)

As brokers we invite inquiries on blocks or odd lots of

HIGHEST GRADE RAILS

We also maintain net markets in

SEABOARD

ALL FLORIDA

6s/35 Bonds & Cts.

l. h. rothchild & co.

specialists in rails

11 wall street

n. y. c.

HANover 2-9175

Tele. NY 1-1293

AMERICAN MADE MARKETS IN CANADIAN SECURITIES

Aldred Investment 4 1/2s, 1967-68
Canadian Pacific Ry. 4s, 1949
Montreal Light, Heat & Power
3 1/2s, 1956-63-73
United Securities, 5 1/2s, 1952.

HART SMITH & CO.

52 WILLIAM ST., N. Y. HANover 2-0980
Bell Teletype NY 1-395
New York Montreal Toronto

Available For Contact Work

Advertiser with 14 years' experience in calling on dealers and brokers throughout the major portion of the country seeks connection. Interested in wholesaling or contact work. Please address Box P 1, Financial Chronicle, 25 Spruce St., N. Y. C.

Part Time Accountant-Bookkeeper

Advertiser former cashier for New York Stock Exchange firm would like to hear from Over-the-Counter or Member firms interested in obtaining the services of accountant and bookkeeper on part time basis. Can be helpful on tax work. Will gladly call to discuss matter. Please address Box S 26, The Financial Chronicle, 25 Spruce Street, New York, N. Y.

Interesting For Retail

According to a circular issued by Charles King & Co., 61 Broadway, New York City, the 5s of the Brown Company, due in 1949, offer a particularly attractive situation at this time, especially for retail distributors. Copies of the circular which describes the situation in detail may be had from Charles King & Co. upon request.

BIG ADVANTAGES Afforded by OIL ROYALTIES

Monthly returns from royalties are based upon the gross production of oil. This is a material difference from preferred and common stocks, where dividends are paid from net profits.

Furthermore, investors owning oil royalties need not worry about the Excess Profits Tax, as this type of investment carries a substantial income tax deduction privilege.

It will pay you to get full information so that you can present to your clients the current advantages of oil royalties, from a firm which specializes in offering them to registered dealers. Send for Schedule "A" as filed with S.E.C. on current offerings.

TELLIER & COMPANY
Members Eastern Oil Royalty Dealers Association
Established 1931
42 Broadway New York, N. Y.
BOwling Green 9-7947
Teletype NY 1-1171

DIVIDEND NOTICES

THE ATLANTIC REFINING CO.

PREFERRED DIVIDEND NUMBER 25

At a meeting of the Board of Directors held May 25, 1942, a dividend of one dollar (\$1) per share was declared on the Cumulative Preferred Stock Convertible 4% Series A of the Company, payable August 1, 1942, to stockholders of record at the close of business July 6, 1942. Checks will be mailed.

W. M. O'CONNOR Secretary

Allied Chemical & Dye Corporation

At a meeting of the Board of Directors held May 26, 1942, Allied Chemical & Dye Corporation has declared quarterly dividend No. 85 of One Dollar and Fifty Cents (\$1.50) per share on the Common Stock of the Company, payable June 20, 1942, to common stockholders of record at the close of business June 5, 1942.

W. C. KING, Secretary

CALUMET AND HECLA CONSOLIDATED COPPER COMPANY

A dividend of twenty-five cents (\$0.25) per share will be paid on June 13, 1942, to holders of the outstanding Capital Stock of the Calumet and Hecla Consolidated Copper Company of record at the close of business May 29, 1942. Checks will be mailed from the Old Colony Trust Company, Boston, Mass.

A. D. NICHOLAS, Secretary. Boston, May 20, 1942.

E. I. DU PONT DE NEMOURS & COMPANY

The Board of Directors has declared this day a dividend of \$1.12 1/2 a share on the outstanding Preferred Stock, payable July 25, 1942, to stockholders of record at the close of business on July 10, 1942; also \$1.00 a share, as the second "interim" dividend for 1942, on the outstanding Common Stock, payable June 13, 1942, to stockholders of record at the close of business on May 25, 1942.

W. F. RASKOB, Secretary

ELECTRIC BOAT COMPANY

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.

H. A. G. TAYLOR, Treasurer. May 15, 1942.

Electric Power & Light Corporation

At a meeting of the Board of Directors held on May 26, 1942, a dividend of 30 Cents per share was declared on the \$6 Preferred Stock and 35 Cents per share on the \$7 Preferred Stock of the Corporation for payment July 1, 1942, to stockholders of record at the close of business June 5, 1942.

E. H. DIXON, Treasurer.

THE ELECTRIC STORAGE BATTERY CO.

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.

A. HOLLANDER & SON, INC.

A dividend of 25c per share on the Common Stock has been declared, payable June 15, 1942, to stockholders of record at the close of business on June 5, 1942. Checks will be mailed.

ALBERT J. FELDMAN, Sec. Newark, N. J. May 25, 1942.

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company declared a quarterly dividend of fifty cents (\$0.50) per share on the common stock payable July 15, 1942 to all holders of record at the close of business on June 20, 1942.

SANFORD B. WHITE, Secretary.

DIVIDEND NOTICES

COMMERCIAL INVESTMENT TRUST CORPORATION

Convertible Preference Stock, \$4.25 Series of 1935, Dividend. A quarterly dividend of \$1.06 1/4 on the Convertible Preference Stock, \$4.25 Series of 1935, of COMMERCIAL INVESTMENT TRUST CORPORATION has been declared payable July 1, 1942, to stockholders of record at the close of business June 10, 1942. The transfer books will not close. Checks will be mailed.

Common Stock, Dividend. A quarterly dividend of 75 cents per share in cash has been declared on the Common Stock of COMMERCIAL INVESTMENT TRUST CORPORATION, payable July 1, 1942, to stockholders of record at the close of business June 10, 1942. The transfer books will not close. Checks will be mailed.

JOHN L. SNYDER, Treasurer. May 26, 1942.

Johns-Manville Corporation

The Board of Directors declared a regular quarterly dividend of \$1.75 per share on the Cumulative 7% Preferred Stock, payable July 1, 1942, to holders of record on June 17, 1942, and a dividend of 50c per share on the Common Stock, payable June 24, 1942 to holders of record on June 10, 1942.

J. L. PICHETTO, Assistant Treasurer

KANSAS CITY POWER & LIGHT COMPANY

The regular quarterly dividend of \$1.50 per share on the First Preferred, Series "B," Stock of the Kansas City Power & Light Company has been declared payable July 1, 1942, to stockholders of record at the close of business June 13, 1942. All persons holding stock of the company are requested to transfer on or before June 13, 1942, such stock to the persons who are entitled to receive the dividends.

H. C. DAVIS, Assistant Secretary.

UNION CARBIDE AND CARBON CORPORATION

A cash dividend of Seventy-five cents (75c) per share on the outstanding capital stock of this Corporation has been declared, payable July 1, 1942, to stockholders of record at the close of business June 5, 1942.

ROBERT W. WHITE, Vice-President

The current quarterly dividend of \$1.25 a share on \$5 Dividend Preferred Stock and a dividend of 10 cents a share on Common Stock have been declared, payable June 30, 1942, to respective holders of record May 29, 1942.

A dividend of \$7.75 per share on the Preferred Stock (\$8) and a dividend of \$6.25 per share on the \$5 Preferred Stock of American Power & Light Company were declared on May 27, 1942, for payment July 1, 1942, to stockholders of record at the close of business June 9, 1942. These amounts are one-half of the quarterly dividend rates of \$1.50 per share on the Preferred Stock (\$6) and \$1.25 per share on the \$5 Preferred Stock.

A dividend of FIFTY CENTS a share has been declared on the capital stock of this Company, payable July 1, 1942, to stockholders of record at the close of business on June 15, 1942. The stock transfer books of the Company will not be closed.

CANCO AMERICAN CAN COMPANY

On May 26th, 1942, a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable July 1st, 1942, to Stockholders of record at the close of business June 17th, 1942. Transfer Books will remain open. Checks will be mailed.

R. A. BURGER, Secretary.

Bank and Insurance Stocks

This Week—Insurance Stocks

A recurring question among dealers and investors in insurance stocks currently is the effect of curtailment of automobile insurance and of high ocean marine losses on particular insurance stocks. Should, for example, one stock be sold and another be bought because Company "A" wrote 25% of its 1941 volume in ocean marine coverage, whereas Company "B" wrote 10%? Or because Company "A" wrote a larger volume of automobile insurance?

The danger of jumping to conclusions about the effect of concededly high ocean marine losses is indicated in a letter which the Boston Insurance Company recently mailed to its stockholders. Marine losses sustained by the Boston and its running mate, the Old Colony, so far in 1942 approximate \$800,000, a figure which exceeds by about \$150,000 all of the profits realized on marine writings for the three years ending with 1941.

These are admittedly substantial losses, but there is no reason to conclude that Boston and its running mate are tied down irrevocably to this high loss situation. The parent company wrote \$1,587,000 in ocean marine for 1941, or 25% of premium volume; but at the close of 1941 reported aggregate outstanding net ocean marine premiums in force of only \$906,000, or 9% of total outstanding premiums. The Old Colony wrote \$479,000 in ocean marine premiums for 1941, or 23% of net premium volume, and at the close of 1941 had \$254,000 ocean marine premiums in force, or 7% of total premiums in force.

Therefore, both the Boston and the Old Colony are in a position to reduce these losses by immediate steps. War risk coverage on American hulls, the crucial line which has caused substantial losses, has now been very largely taken over (reinsured) by the Government, and future writings by the Boston and its running mate, and other private companies, of this line will be small or none.

With ship sinkings reportedly at the rate of more than a ship a day, the House of Representatives at this writing has passed a resolution increasing by \$210,000,000 the original \$40,000,000 marine

Central-Penn National Bank, Corn Exchange Nat'l Bk. & Tr. Co., Fidelity-Phila. Trust Co., Girard Trust Co., Penna. Co. for Ins. on Lives etc., Philadelphia National Bank, Phila. Transportation Co., H. N. NASH & CO.

and war risk insurance fund of the War Shipping Administration. This fund is designed to take over war risk coverage from private companies, as merchant ship losses have increased so rapidly that private companies cannot afford to write this type of business.

Indicating the extent to which the Government has taken over war risk marine coverage, the outstanding risks covered by the Government fund amounted to \$14,000,000 Dec. 31, 1941. Since that date, however, the fund's volume of risks covered has risen to \$872,000,000 and is expected to reach the \$1,000,000,000 level in the near future.

However, private companies continue to write cargo insurance, on which the experience is totally different from war risk insurance. The role of the Government is not to supplant direct writers of cargo insurance, but merely to afford reinsurance facilities if needed. On this type of coverage, the hazard has also increased substantially, but by advancing rates commensurate with the increased hazard, the companies have been able to show a profit on this type of marine business.

The Boston and the Old Colony continue to write cargo insurance, which to date has shown a profit and on which the rates have been

FINANCIAL NOTICE

NOTICE TO HOLDERS OF NEW ORLEANS, TEXAS AND MEXICO RAILWAY COMPANY

Payment equal to two six months' interest accumulations to the holders of New Orleans, Texas & Mexico Railway Company Bear and Registered Bonds in the aggregate amount of \$2,233,350.00 has been authorized by Order No. 2050 entered April 29, 1942, as amended by Order No. 2050-A, entered May 18, 1942, of the United States District Court, Eastern Division, Eastern Judicial District of Missouri, as follows:

- (a) for two six months' periods ended, respectively, April 1, 1937 and October 1, 1937 on First Mortgage Series A and B Bonds,
(b) for two six months' periods ended, respectively, August 1, 1937 and February 1, 1938 on First Mortgage Series C and D Bonds, and
(c) for two six months' periods ended, respectively, April 1, 1940 and October 1, 1940 on Non-Cumulative Income Bonds.

FINANCIAL NOTICE

NOTICE TO HOLDERS OF MISSOURI PACIFIC RAILROAD COMPANY

Payment equal to six months' interest accumulation to the holders of Missouri Pacific Railroad Company First and Refunding Mortgage Bear and Registered Bonds, in the aggregate amount of \$6,579,762.50 has been authorized by Order No. 2049, entered April 29, 1942, as amended by Order No. 2049-A, entered May 18, 1942, of the United States District Court, Eastern Division, Eastern Judicial District of Missouri, as follows:

- Series A, six months' period ended August 1, 1934,
Series F, six months' period ended September 1, 1934,
Series G, six months' period ended May 1, 1934,
Series H, six months' period ended April 1, 1934, and
Series I, six months' period ended August 1, 1934.

Royal Bank of Scotland

Incorporated by Royal Charter 1727. HEAD OFFICE—Edinburgh. Branches throughout Scotland. LONDON OFFICES: 3 Bishopsgate, E. C. 2, 8 West Smithfield, E. C. 1, 49 Charing Cross, S. W. 1, Burlington Gardens, W. 1, 64 New Bond Street, W. 1. TOTAL ASSETS £98,263,226. Associated Banks: Williams Deacon's Bank, Ltd., Glyn Mills & Co.

Australia and New Zealand

BANK OF NEW SOUTH WALES

(ESTABLISHED 1817). Paid-Up Capital £8,780,000, Reserve Fund 6,150,000, Reserve Liability of Prop. 6,780,000, £23,710,000. Aggregate Assets 30th Sept., 1941 £150,939,354. SIR ALFRED DAVIDSON, K.B.E., General Manager. Head Office: George Street, SYDNEY.

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

LONDON OFFICES: 29 Threadneedle Street, E. C. 47 Berkeley Square, W. 1. Agency arrangements with Banks throughout the U. S. A.

adjusted upward to reflect the increased risk of loss.

To summarize, then, on ocean marine volume: (1) The business is not written for long terms, such as on fire policies, thus enabling the companies to have a rapid run-off of high loss business; (2) Reinsurance also helps the companies to minimize its effect; (3) There is a basic difference between cargo insurance, which has continued profitable, and war risk insurance on hulls, which is a prohibitively high loss line in wartime and properly belongs under Government auspices.

Automobile volume, it has been estimated by Best's, totaled \$750,000,000 out of a grand total of more than \$2,500,000,000 fire and casualty insurance written in 1941, or 25% of fire companies' premium volume and over 33% of stock and mutual casualty business. Of this total volume, stock companies alone write an estimated \$500,000,000, of which \$350,000,000 is casualty business and \$150,000,000 is fire.

Two factors adversely affect automobile volume: (1) Cessation (Continued on page 2023)

FINANCIAL NOTICE

TO THE HOLDERS OF CITY OF MONTEVIDEO

(Republic of Uruguay). External Sinking Fund 6% Gold Bonds, Series A, dated November 1, 1926, due November 1, 1959, and 7% Sinking Fund Gold Bonds, dated June 1, 1922, due June 1, 1952.

The Prospectus of the Republic of Uruguay dated August 1, 1938 whereby the Republic made to the said holders an Offer of Exchange for bonds of the Republic, has been amended under date of May 25, 1942 to extend the period for the exchange, and to furnish certain supplementary information. Copies of the amended prospectus and form letters of transmittal may be obtained from:

Halgarten & Co., 44 Wall Street, New York, N. Y., as Exchange Agent with respect to the 6% Bonds of the City. Dillon, Read & Co., 28 Nassau Street, New York, N. Y., as Exchange Agent with respect to the 7% Bonds of the City.

REPUBLIC OF URUGUAY. JUAN CARLOS BLANCO, Ambassador at Washington, D. C. May 25, 1942.

The Securities Salesman's Corner

How A Sale Was Made To Husband But The Wife Wore The Pants

This is a story of how a salesman opened a new account after he thought he had already lost the sale. The people he was calling on he had never sold before. In addition, it was a situation where both the husband and wife had to be sold. With this as a brief background we relate the following history of the course of this sale, with the hope that the story itself will be of value, if, on other occasions, a similar situation may arise for the readers of this column.

The first call was made during the afternoon. The lead was based upon a routine list of bondholders who held a certain security that recently had become impaired both as to earnings protection and outlook for the company. The lead on the salesman's card was in the name of the wife. She met him at the door, not belligerently, but still not overly friendly. This first call served its purpose. The salesman was invited to tell his story, which he did, and in addition, created a good first impression. When he left it was with the invitation to call back on another evening to tell the story to friend husband.

On the second call the salesman spent over two hours in the living room of Mr. and Mrs. Prospect and he built a solid foundation of confidence. The wife however, seemed the most attentive and asked some questions. The husband, though friendly, was one of those fellows that just sits back in a chair, looks intently at a salesman, never changes expression and never says a word.

After going over several of the holdings of this couple (and they were extensive) the salesman promised to procure information regarding these issues and call again to go over the entire list, as well as resubmit suggestions for exchange. When he left their door this evening he had the feeling that at last he was beginning to gain the confidence of Mrs. Prospect—but he was in doubt as to the reactions of the husband. The reason for this was, that unless a man can be made to talk, you can't tell what he is thinking.

The third call was also in the evening. It was made by appointment. The sales presentation started about eight thirty and by eleven thirty, Mrs. Prospect finally said to her sphinx-like spouse, "What shall we do, Boss?" Boss said, "I don't know, I don't think I like it." Here was the tip off that led to the sale. The salesman sensed that here was a woman who was more intelligent than her husband. He realized that the husband's silence was not a mark of wisdom but on the contrary, it was an indication that he was far behind in appreciating the facts that the salesman was trying so hard to show to these people. Also, the salesman garnered that this smart woman had probably all her married life been putting ideas into her husband's head, and then making the great big, superior, male believe that he, of course, was the head of the house. A carefully timed question by the salesman then opened up Mr. Prospect's clam-like silence. Here's all he said, "Maybe you have something else that you like better Mr. X?" (Play to the man's ego.) He opened up—and with a vengeance. It came about that he owned some isolated, third grade real estate bonds that had depreciated about 65% in value over the years but were still paying a reduced interest rate on an income basis and he thought that since he had been a sucker, (in his own words) to have bought at 100 that they should be a good buy now. In other words, he wanted to get hunk with somebody and if they were going to sell out some other securities and buy several other suggestions made by the salesman, why not put in a few Stinko 4's of his own. The salesman said, "why not," and he proceeded to include a

couple of the husband's favorites (the total percentage of the entire reinvestment of the husband's suggestion was about 5%). The wife caught on and was secretly relieved, because by this time she was sure that the salesman had done a very good job of improving on the entire portfolio. In fact, she almost admitted by her action that she knew that the salesman was wise to her husband's weakness. This in itself lifted her appreciation of the salesman's perceptivity and capability. Here was a case where the wife had to be sold first but the husband had to be given the credit for making the decision—even if he didn't know what it was all about.

P. S. This salesman did not get to bed until one thirty A.M. after making this sale. He drove thirty-five miles each way to see the customer. The completed transaction will show that through his efforts these people sold out bonds that were on the border line of actual default and replaced them with much sounder situations. All the figures, facts, prospectuses and arguments in the world would not have made this stubborn husband "go to the watering trough and take a drink." Instead, a little common sense salesmanship and knowledge of human nature, applied at the right time did the trick. **Yet there are bureaucrats and others who say that there is no economic value to such salesmanship. In our opinion this salesman earned every dime he made in commissions and we also believe that no Government bureau has the right, on a moral basis, to judge what should be the amount of his profit. If a year from now these people would show a loss of \$10,000 on the account (had not the salesman persuaded them to make advisable changes) would a Government bureau make good their loss? We wonder!**

Eliminate Double Tax On Odd Lot Deals

(Continued from First Page) with \$38,000,000 in 1933, the first year the emergency tax was in effect. Our earnest hope is that the Legislature will next year realistically examine the whole stock transfer tax structure and give us the relief which is needed if New York is to retain its supremacy in the securities and financial field.

The Securities, Commodities and Banking section of the New York Board of Trade also expressed its thanks to Governor Lehman in a wire sent to him on May 25. Marshall W. Pask, Chairman of the section, pointed out that the bill will not of itself solve the problems of the securities markets of New York City, but hailed it as "the first step in the right direction."

"The bill," said Mr. Pask, "will remove one of the irritants that have tended to divert business from our markets." He also pointed out that the savings affected will not go to the brokers, but will be saved to the investing public who use the exchanges.

Passage of the bill by the Legislature was noted in these columns of April 30, page 1704 and in the same issue (page 1691) it was indicated that the Board of Trade had urged the Governor to sign.

Bank & Insurance Stocks

(Continued from page 2022) of civilian automobile production; and (2) Restrictions on use of cars, by rationing of tires and gasoline. Neither of these two factors means complete drying up of automobile insurance volume, as some investors appear to suppose.

In 1941, production of cars and trucks was about 5,000,000 units. While this came close to equalling the 1929 record of 5,600,000 units, and stoppage of such civilian production would therefore be serious for new car insurance, it should be realized that total outstanding passenger autos total about 29,000,000 units, of which more than half are less than five years old. Add to this commercial vehicles and it is apparent that the market for automobile insurance is not by any means eliminated by cessation of civilian production. In fact, the increased insurable value of used cars, the increased danger of theft, and the New York Financial Responsibility Law effective this year are factors working for continued automobile volume.

Restrictions on use have more serious repercussions on volume, because they remove cars from the roads by forcing less driving. However, such restrictions fall more on private use, in which the ratio of insurance coverage is not as high as on commercial vehicles, which will continue to get tires and gasoline because they are needed for the transaction of everyday business.

Automobile volume is a very substantial line, but it has not been an outstandingly profitable line. For example, the casualty companies in 1941, Best's tabulation shows, showed statutory underwriting losses of 15.7% on auto property damage and 10.9% on auto collision, and while profit on auto liability was 4.2%, this compared with over-all profit of 6%, and was less profitable than fidelity, surety, workmen's compensation, accident and health, and burglary and theft, which lines are the most satisfactory major lines. Fire companies not so long ago had trouble with the loss and expense ratios on automobile business, and while improvement has been made, loss ratios of 55% and over are not unusual on automobile volume.

Therefore, while automobile volume is admittedly substantial and is affected by conversion to wartime production, its reduction would not mean impairment of underwriting profits. In fact, for 1942, the net release of unearned premiums to underwriting account caused by lower volume will probably establish substantial statutory underwriting profit on automobile business.

Pay On Minas Geraes 6 1/2's

The National City Bank of New York, as special agent, is notifying holders of State of Minas Geraes (United States of Brazil) 6 1/2% secured external sinking fund gold bonds of 1928, due March 1, 1958, and secured external gold loan of 1929, series A, 6 1/2% bonds, due Sept. 1, 1959, that funds have been deposited with it to pay, in lawful currency of the United States of America, 14.35% of the face amount of the coupons, due March 1, 1939, amounting to \$4,663,75 for each \$32.50 coupon and \$2,331,875 for each \$16.25 coupon. The announcement further says:

The acceptance of such payment is optional with the holders of the bonds and coupons but pursuant to the terms of the Presidential decrees of the United States of Brazil, such payment, if accepted by the holders must be accepted in full payment of such coupons and of the claims for interest represented thereby.

AFFILIATED



A LEVERAGE INVESTMENT COMPANY

Prospectus on request

LORD, ABBETT & Co.

INCORPORATED

63 Wall Street, New York

CHICAGO

JERSEY CITY

LOS ANGELES

Investment Trusts

A Turn In The Tide?

Although the investing public is still definitely apathetic toward common stocks, there are increasing signs that the long-awaited turn is at hand. Less than a fortnight ago one of Wall Street's largest and most successful operators is reported to have begun accumulating stocks for the first time in over two years. In a recent issue of the "Christian Science Monitor" Roger W. Babson declared, "I never made a dime following the crowd."

When they sell I buy. From the action of the stock market in recent months some drastic liquidation has been going on. This is a buy sign to me. Lack of volume in trading is another favorable indicator. . . . Considering the prospects for some real inflation and the high surplus of cash awaiting investment, a little encouragement is all the market needs to show some real strength. Investors who put cash now into common stocks should profit in the end."

Approaching the market from the standpoint of prospective yields and prospective earnings, Moody's Stock Survey dated May 11, 1942 concludes that "stock prices generally are in a low area justifying a policy of accumulation, as various individual issues becomes attractive. This is not to rule out the possibility of some further general market decline, especially if war news over coming weeks should be on the disturbing side, but it is to say there are sound reasons for believing that the major portion, in time and extent, of the decline in stock prices generally has already been witnessed."

It is significant that the investment research and advisory organizations retained by some of the larger investment companies have also taken this stand. The findings and recommendations of these organizations are confidential to their clients and only on infrequent occasions are their views made public except as revealed in the portfolio changes of the companies they serve. Yet in at least one instance last week the sponsor of a large investment company was permitted to make public the recommendation of the affiliated advisory group to the effect stocks were again in a buying range and that a policy of accumulation should be followed.

Added to this weight of professional judgment are the views of leading investment company sponsors. Massachusetts Distributors' W. F. Shelley devoted the entire front page of "Brevits" (May 16) to Mr. Babson's forecast thereby indicating indorsement of his stand. Calvin Bullock's "Bulletin" of May 21 contained a resume and discussion of the forecast by Moody's indicating similar indorsement. Lord, Abnett last week emphasized confidence in the outlook for equity securities by offering present shareholders of Affiliated Fund the right to purchase additional shares at a discount from the regular offering price. This offering is so unusual as to constitute a story in itself.

Stating their belief that "in our opinion stocks are approaching an area where they represent attractive opportunities for purchase," Affiliated Fund sent warrants to all shareholders under date of

MANHATTAN BOND FUND

INCORPORATED

PROSPECTUS ON REQUEST

Wholesale Distributors
HUGH W. LONG and COMPANY
INCORPORATED

15 EXCHANGE PL. 634 SO. SPRING ST.
JERSEY CITY LOS ANGELES

May 21. These warrants entitle present shareholders to subscribe to new shares (up to the number of shares which they now own) at a discount of 3 1/2% from the regular offering price. The offering is made by the sponsor, Lord, Abnett & Co., Inc. through its regular dealer connections and expires as of the close of business June 30, 1942. Dealers will note with satisfaction that all but 1/2% of the 3 1/2% discount is being borne by the sponsor.

Under the timely caption, "Exaggerated Hopes and Exaggerated Fears," on May 15 issue of Hugh W. Long & Co.'s New York "Letter" makes a strong case for railroad common stocks at current levels. Following excerpts are from the "Letter":

"Memory is short and many investors think of railroad stocks only in terms of depression earnings and depression prices. It should be interesting to look back at the situation as it existed when earnings were last approximately in line with 1941 figures.

"This table is presented as history; not prophecy. These 1930 prices were recorded after the 1929 crash but still reflected something of the unbridled optimism of those days and were influenced by the past record and standing of the railroads.

"But what of today's prices? Do they not seem just as unrealistic as those of 1930? Do they not also

(Continued on page 2029)

WELLINGTON WF FUND

Prospectus of this Mutual Investment Fund Available through your Investment Dealer or from

W. L. MORGAN & CO.
Packard Bldg., Philadelphia

"QUAKER CITY FEDERAL" INVESTMENT SHARE CERTIFICATES

Legal Investments—For Fiduciaries in Pennsylvania (and many other States), to the extent of \$5000 as insured by the Federal Savings and Loan Insurance Corporation.

Safety—Conservative Management of the Association. Certificates Insured up to \$5000 by Federal Savings and Loan Insurance Corporation, an instrumentality of the United States Government.

Convenience—Issued in units or multiples of \$100. Repurchases (withdrawals) may be requested at any time under the Rules and Regulations, upon thirty days' written notice.

Return—Cash dividends as declared are payable January first and July first. Current dividend rate—3% per annum.

More Than \$1,000,000 of Trust Funds Are Now Invested in Quaker City Federal Certificates

By More Than Fifty-five Banks and Trust Companies. Financial Statement furnished upon request. Inquiries Solicited.

QUAKER CITY FEDERAL SAVINGS AND LOAN ASSOCIATION

1427 WALNUT STREET, PHILADELPHIA, PENNSYLVANIA
LOCUST 4680 RACE 4246

ACCOUNTS INSURED UP TO \$5,000

Latest Semi-Annual Dividend AT RATE OF **3 1/2%** PER ANNUM

• We solicit Investment accounts of Individuals, Trust Officers, Administrators, Guardians, Life and Fire Insurance Companies and other Trustee Investors.

A Non-Speculative Investment Legal for Trust Funds in many states

• Assets over \$4,950,000. Surplus and reserves over \$500,000

Write for free booklet, "A Safer and Better Plan" or send check for Investment Certificate.

Atlanta Federal Savings & Loan Association

GEORGIA'S LARGEST FEDERAL ORGANIZED 1928

22 Marietta Street Atlanta, Georgia

Member Federal Home Loan Bank System
Federal Savings & Loan Insurance Corporation

SAFETY PLUS GOOD RETURN ON SAVINGS

Current Rate **3 1/2%** Never Paid Less

Accounts Insured to \$5,000 by Agency U. S. GOVT.

GEORGIA'S OLDEST FEDERAL

William M. Scurry, President

FULTON COUNTY FEDERAL SAVINGS & LOAN ASSN.

Ground Floor Trust Co. of Georgia Building, Atlanta, Georgia

Insured, Non-Speculative INVESTMENT ACCOUNTS

for
Institutions, Trusts, Individuals
offering

Federally Insured Safety
Excellent Yield • Convenience

Legal investments in many States for guardians, trustees, trust companies, insurance companies, banks and fiduciaries.

Assets more than \$950,000.

Inquiries invited.



GUARANTY Savings and Loan Association
2004 Second Avenue, North Birmingham, Alabama

INSTITUTIONAL AND TRUST FUNDS WELCOME

32 years of uninterrupted dividend
Payments never less than 3%

Dec. 1941 dividend, 3 1/2%

Investment accounts insured up to \$5,000 by the Federal Savings and Loan Insurance Corporation, Washington, D. C.

WE INVITE YOUR INQUIRY

PROSPECT FEDERAL SAVINGS AND LOAN ASS'N OF CHICAGO

1707 West 47th Street, Chicago, Illinois

Why Save Or Invest In A Savings And Loan Association?

By HORACE RUSSELL

General Counsel United States Savings and Loan League
Chicago, Illinois

Why is it that about 6,000,000 people carry about \$6,000,000,000 of savings and investment funds in savings and loan associations in the United States?

Perhaps the best answer is that they find a savings share account or an investment share certificate in a savings and loan association, from experience and observation, to be one of the safest places to save and invest to provide a



Horace Russell

reasonable return, to be reasonably available at all times and, at the same time, to be convenient. From the earliest recorded times it has been common knowledge that a first mortgage loan on a home is a good investment. Almost every thrifty small capitalist in our country has employed some, or all, of his money by keeping the same loaned out upon homes and farms, and few, with knowledge of how to do it and how to look after their investments, have lost any money in doing so. The average saver or investor in the United States realizes that he may safely invest in a life insurance policy or an annuity for the same reasons he knows that he may safely save or invest in a modern savings and loan association. The small saver is not able to go into the mortgage business. Even the investor with \$5,000 is not safe, in our complicated life, to go into the mortgage business. He is too likely to overlook taxes, insurance or depreciation of the property, or to be unable to manage and re-sell the property in the event of trouble.

The reason why more than 1,000,000 people open savings and investment accounts in savings and loan associations each year is, to state it another way, that they find it convenient, find that they can get their money, if they need it, that they get a reasonable return of about 3% upon their money, and that their money is safe.

The modern savings and loan association is a common fund of money, owned by savers and investors. This money is kept loaned out upon monthly amortized first mortgages upon homes. After payment of operating expenses, which are low, and provision for reserves to absorb losses, the remainder of the earnings on these mortgages is paid out in dividends to the owners. The current rate varies from about 2 1/2% to about 4% annually. The average rate is a little above 3% annually. Over a very long period of time the earning rate has been extremely reliable. Means are provided to open accounts at any time with any amount of money, and means are provided, upon reasonable notice, for savers and investors to secure a part or all of their funds. "Meanwhile, the association is able to keep from 90% to 95% of the money invested in earning assets in the form of home mortgages. It is a very simple process, but an extremely flexible one, which appeals to the average saver or investor.

Savings and loan associations are local institutions, lending substantially all of their funds within 10 or 15 miles of their offices, within their own communities. The manager of a savings and loan association, and his staff, are well acquainted with the value of the property in this area and

they are well acquainted with the people in this area and, generally, know who will pay the money back. The association is organized and operated so that it seldom has trouble with loans. It has facilities to see that all taxes are promptly paid and discharged and that the property is at all times covered with proper fire and other hazard insurance. If trouble does come, as trouble does in a depression, this local staff, in this local area, is in the best possible position to deal with trouble. They have proved themselves to be the best mortgage collectors in the world. If they are compelled to foreclose, they have the best possible facilities for foreclosure and for the managing of the property. The record of the mortgage business during the years of depression indicates that savings and loan associations foreclosed a total of about \$2,000,000,000 worth of property and generally earned a fairly satisfactory net return upon the property while it was carried on the books. In innumerable cases, savings and loan associations were able to make such property produce a net earning equivalent to their dividend rate, or more, through a period of several years throughout the depression. Furthermore, they are in the best possible position to improve and market such property. The record of the recent depression indicates that this large volume of foreclosed property, after producing a fairly satisfactory return while it was held, was sold near, at, or above, cost. The net losses of the savings and loan associations, in the aggregate, upon this great volume of foreclosed real estate are nominal. At the moment, perhaps nine-tenths of the property acquired throughout the depression has been sold, and the remainder is being rapidly disposed of, very frequently at a handsome profit upon today's market. The saver and investor likes to be able to open an account and thereby participate in the home mortgage business, which is known to be the safest business in the world. He knows that his insurance company considers the home mortgage portfolio to be its best investment. He knows that savings banks look upon home mortgages as the best possible investment. Many of them know that the savings and loan associations, by the development of monthly payment mortgages, have developed the safest method of home mortgage lending. The saver and investor likes to secure the full net return upon this kind of business, after nominal expenses and reserves for losses. He likes to know that the management of his money is in the hands of the most expert management known in the home mortgage field. Not only the common savers and investors, but trust companies, other trustees, and the most conservative institutions in the country are investing in savings and loan shares in substantial volume. The trustee is not sufficiently compensated to justify him in assuming the responsibility of making and administering small home loans and, if necessary, the properties which may result from foreclosure. The trustee can secure the best and most expert management in the home mortgage field and at the same time get the full

net return of the home mortgage business by the very simple device of investing in savings and loan shares. Many small colleges and cemetery associations have discovered by experience that they are not equipped to go into the mortgage business, and many of these institutions are seeking the net return upon the home mortgage business by investing in savings and loan shares. The \$10,000 scholarship fund may be invested in this manner to return about \$300 per annum and the trustees are freed of all responsibility except the selection of the investment in the first place and the receipt of the income by check semi-annually.

The development of the Federal Home Loan Bank System in 1932 has provided an adequate reserve banking system so that savings and loan associations may operate upon a normal basis even in unusual times. In 1934 the Government provided the Federal Savings and Loan Insurance Corporation with \$100,000,000 of capital, which has since built up over \$30,000,000 of reserves and surplus to insure accounts in savings and loan associations. With these developments, the individual association is carrying larger surplus and reserves, first to equalize dividends over the years, and second to absorb losses which occur in depression periods. The insured account in a savings and loan association provides the best protection the American saver or investor has ever been offered.

Railroad Securities

(Continued from page 2021)

rently sell at prices ranging from about 45 to slightly above 80, large purchases should be possible over the balance of the year. There are now \$69,175,000 face value of bonds of all series outstanding.

Many analysts have been advising clients to switch from the 5s, 1944, selling around 82, into the 5s, 1949, which are selling around 70, on the theory that neither the slight difference in collateral position nor the earlier maturity warrants such a price spread. Recent appraisals indicate the value of assets pledged behind the 5s, 1944 at slightly more than 103% of the face value of bonds outstanding compared with nominally less than 103% for the 5s, 1949. Income from securities pledged behind the 5s, 1944 (based on a \$3.00 Chesapeake & Ohio dividend) amounts to 1.94 times annual interest requirements on the bonds, compared with a 1.92 ratio for the 1949 series. It would take a dividend of only \$1.55 by Chesapeake & Ohio to service the earlier maturity and a dividend of \$1.58 to service the 5s, 1949, in both cases without allowing for corporate expenses.

The 5s, 1944 do carry a conversion feature, which, however, hardly seems likely to prove valuable unless there is a drastic change in the general investment attitude towards rail stocks. The bonds are convertible into Chesapeake & Ohio at a price of \$45.45 a share through January 31, 1943 and at \$47.62 a share thereafter to January 31, 1944. Chesapeake & Ohio common has not sold as high as 45 since 1939 when it reached 47 1/4.

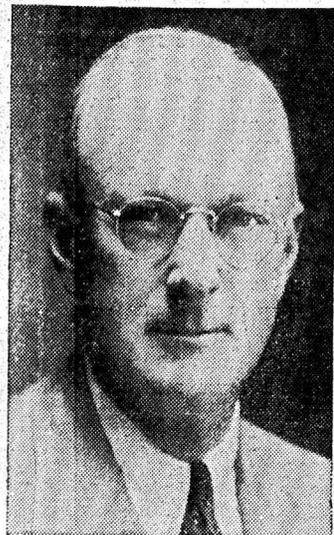
Savs.-Loan Literature

S. R. Gaynes & Co., 225 Broadway, New York City, brokers specializing in the sale of Federal Savings and Loan insured Certificates, represent over four hundred associations throughout the nation and carry in their files literature and latest financial statements, which will be sent free upon request. Trust officers are invited to avail themselves of this service.

Edwin R. Conover Will Open Convention Of New Jersey Building & Loan League

Edwin R. Conover of Red Bank, president of the New Jersey Building and Loan League will open the League's thirty-fourth annual convention today with a report on activities of the members, stressing particularly the efforts of the member Associations in connection with the financing of the war effort, and the problems presented by the many new factors arising out of the war situation.

The League has sponsored the qualification of all active associations for the sale of war savings



Edwin R. Conover

bonds and stamps, and has an active committee for the promotion of war bonds and sales under the direction of Ernest A. Minier, President of the Carteret Savings

and Loan Association of Newark, N. J. It is understood that Mr. Conover will urge in his report a double-barrelled savings program of regularly placing ten per cent of individual income in war savings bonds and another portion in a savings account with a savings and loan association so that war savings bonds will not have to be cashed before maturity; in this manner, it is suggested, an unnecessary drain on government funds will be avoided and additional excess purchasing power will be stored up until the conclusion of the war.

It is also understood that Mr. Conover will discuss housing construction in the New Jersey area. Most of the State of New Jersey is classified as a defense area and small home construction, classified as war housing, may be undertaken in that State in spite of the general discontinuance of such construction. This construction offers an interesting opportunity for building and loan institutions which are strategically located and have the facilities permitting them to undertake such financing in spite of the problems offered by priorities governing construction materials and many of the Associations are engaging in this housing effort.

N. J. Building & Loan Representatives Convene To Discuss War And Savings & Loan Ass'ns

Representatives of over 500 New Jersey building and loan and savings and loan associations will meet today, Friday and Saturday, for the 34th annual convention of the New Jersey Building and Loan League at the Haddon Hall Hotel in Atlantic City.

The principal discussion at all convention sessions will evolve around the effect of the war on savings and loan associations, discussion of war bond sales, defense housing and government regulations.

Edwin R. Conover of Red Bank, President of the League, will call the convention to order this afternoon. Conover is expected to urge in his annual report, a double-barrel savings program of placing 10% of income in war savings bonds, and establishing savings accounts in savings and loan associations, so that war bonds need not be cashed prior to maturity.

At the Thursday afternoon session, reports will be heard from a number of League committees including the Economic Policy Committee report which will be presented by M. K. M. Murphy of Rutherford; the Liquidity Policy Committee report which will be presented by E. Harold Schoonmaker of Tenafly and the Legislative Committee report which will be presented by Francis V. D. Lloyd of Hackensack.

William T. Vanderlipp of the New Jersey Defense Council will also speak at the opening session on War Preparations in New Jersey. Thursday night, there will be a panel discussion on the Effects of War on the Savings and Loan Industry. The panel will be headed by M. K. M. Murphy of Rutherford, Chairman of the League's Economic Policy Committee. Other members of the panel will be Joseph A. O'Brien of Camden, President of the Fidelity Mutual Savings and Loan Association of that city; Philip Klein of Newark, President of the Mohawk Savings and Loan Association of Newark; Carl F. Distelhorst, Assistant Vice-President of the United States Savings and Loan League, and George L. Bliss, President of the Railroad Federal Savings and Loan Association of New York.

tional Revision Commission, will discuss the proposed new constitution, and Fred G. Stickel, Jr., of Newark, will talk on the problems facing lawyers under the Soldiers' and Sailors' Civil Relief Statute.

At the Friday morning session of the attorneys, George H. Jacobs of Camden will talk on the protection afforded attorneys by official tax searches. James N. Butler of Atlantic City, will discuss the government's program for War Risk Insurance, and S. Arthur Stern of Newark, will talk on Current Legal Decisions of Interest.

Friday morning will also see a session of directors, which is the first such session at a New Jersey League convention. H. Edward Wolff of Elizabeth, will preside at this session. Among the topics to be discussed will be the Legal Responsibilities of a Director, by Robert S. Pollard of Chatham; What the Directors Should Know About Examinations and Audits, by Wilton T. Barney of Hackensack, Chairman of the Accounting Standards Committee of the League, and Directors' Responsibilities From the Layman's Viewpoint, by Frank Stave of Paterson.

Albin L. Krempecke of Trenton, will talk at this session also on how small associations can sell war bonds.

Also on Friday morning there will be a session for executive managers directed by George P. Byrnes of Jersey City. This session will hear discussion on Internal Checks and Controls, by John R. B. Byers of Rutherford, an explanation of Governmental Construction Relations and Other Related Regulations, by Warren Hill, Assistant Executive Vice-President of the League, and an address by Jerome B. McKenna, Deputy Commissioner of the Department of Banking and Insurance, in charge of building and loan associations.

On Friday afternoon, the convention will convene in a general session which will be addressed by Nugent Fallon, President of the Federal Home Loan Bank of New York. Wythe Williams, noted radio commentator, author and lecturer, will speak under the auspices of the War Savings Bonds Staff of the Treasury Department and the National Situation As It Affects the Savings and Loan Situation will be discussed by Morton Bodfish, Executive Vice-President of the United States Savings and Loan League.

Election for members of the Board of Governors of the League in the even numbered districts

A Safe Haven For Investment Funds

Individual Investors, trustees and other* fiduciaries interested in becoming acquainted with the Federally insured investment opportunities offered by savings and loan associations should write for current explanatory literature to the associations mentioned below. When doing so please mention the "Chronicle."

- Quaker City Federal Savings and Loan Association
1427 Walnut Street, Philadelphia, Pennsylvania
- First Federal Savings and Loan Ass'n of Lake County
Leesburg, Florida
- Atlanta Federal Savings & Loan Association
22 Marietta Street, Atlanta, Georgia—Ask for booklet, "A Safer and Better Plan"
- Fulton County Federal Savings & Loan Assn.
Ground Floor Trust Co. of Georgia Building, Atlanta, Ga.
- Guaranty Savings and Loan Association
2004 Second Avenue, North, Birmingham, Alabama
- Prospect Federal Savings and Loan Ass'n of Chicago
1707 West 47th Street, Chicago, Illinois
- Radnice Savings and Loan Association
3919 W. 26th Street, Chicago, Illinois
- First Federal Savings and Loan Ass'n of Wewoka, Oklahoma
- Peoples Federal Savings and Loan Ass'n
1700 West 21st Street, Chicago
- Northern Federal Savings and Loan Association
4th and Cedar, St. Paul
- American Savings & Loan Assn.
Dept. G, 4525 Hohman Avenue, Hammond, Ind.
- First Federal Savings and Loan Association of Philadelphia
1332 Point Breeze Avenue, Philadelphia, Pa.

*Guardians, insurance companies, State, school and municipal sinking funds, firemen's, police and other pension funds, etc.

ATTENTION! Trust Officers Estate Managers Insurance Companies Individuals

INVEST IN FEDERAL SAVINGS & LOAN CERTIFICATES

- (1) Your investment funds can earn up to 4%
- (2) Safety of your investment is insured up to \$5,000 in each Institution
- (3) Legal for Trust Funds in most of the States
- (4) Principal—non-fluctuating—always available at par

Address inquiries to

S. R. GAYNES & CO.

225 Broadway, New York, N. Y. Telephone CO 7-1184-5
We specialize in creating institutional and trust investment portfolios up to \$1,000,000

will take place that afternoon.

The convention closes with a general session on Saturday, May 30th, at which the new officers of the League will be installed and the Resolutions Committee will make its final report. It is anticipated that Edward J. Fyfe, of Hackensack, who has served as Vice-President, will be elevated to President.

A. E. Casgrain, Regional Rent Executive, OPA, will talk on Rent Ceilings at the Saturday morning session. Emil A. Gallman, Executive Vice-President of the League, will discuss the Current Outlook, and Banking Commissioner Dr. Eugene E. Agger will deliver an address.

Rails Attractive

Detailed analyses of Virginia & Southwestern first consolidated 5s of 1958, and Pittsburgh & West Virginia first mortgage 4½s of 1958-59-60, have been prepared for distribution by B. W. Pizzini & Co., 52 Broadway, New York City, specialists in guaranteed railroad stocks and bonds. The Virginia & Southwestern bond has unusual investment merit relative to the price at the present time, according to B. W. Pizzini & Co., from whom copies of both analyses may be obtained upon request.

FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF PHILADELPHIA

1332 Point Breeze Avenue
Philadelphia, Pa.

"Pennsylvania's Oldest Federal"

Assets over \$2,500,000.00

Financial and operative statements sent on request.

Samuel A. Green, Sec'y-Manager

Paying 3% Currently on
INSURED SAVINGS
& INVESTMENTS

PEOPLES FEDERAL Savings and Loan Ass'n

1700 West 21st Street
CHICAGO

Assets over \$1,000,000.00

INVESTMENTS INVITED

Insured by Federal Savings
and Loan Corporation

Current Dividends 4%

FIRST FEDERAL Savings and Loan Association of WEWOKA, OKLAHOMA

The first chartered in Oklahoma

FEDERAL SAVINGS & LOAN SHARES

Dividends payable June 30th
and December 31st. Anticipated rate for 1942

3%

Legal Investment for TRUST FUNDS

Installment purchase plan for
private investors

All \$5,000 or less accounts
insured against capital loss

FIRST FEDERAL Savings and Loan Ass'n of Lake County Leesburg, Florida

The Safety Of Your Savings Is Assured

All accounts Federally
insured up to \$5,000

Current dividend rate 4%

Write for free copy of
"The Radnice Plan of Insured Savings"

RADNICE

Savings and Loan Association
3919 W. 26th Street,
CHICAGO, ILLINOIS

3% ON SAVINGS
current div. rate
Open your account with any amount

NORTHERN FEDERAL SAVINGS AND LOAN ASSOCIATION 4th and CEDAR ST. PAUL Federally Insured to \$5,000.00

4% FOR YOUR SAVINGS
CURRENT RATE
MONEY INSURED BY FEDERAL AGENCY
Investment funds of Individuals, Estates, and Corporations accepted from any part of the U. S. A. Income Certificates issued in multiples of \$100 to \$5,000. Each account insured by Government Agency at Washington, D. C. Mail check or money order.
Write today for Details

AMERICAN SAVINGS & LOAN ASSN. Dept. G, 4525 Hohman Avenue, Hammond, Ind.

Stevens-Legg To Admit
George F. Robb will shortly become a partner in the New York Stock Exchange firm of Stevens & Legg, 11 Wall Street, New York City. It is proposed that Mr. Robb serve as alternate on the floor of the Exchange for John W. Walters.

Municipal News & Notes

A slightly better tone has been evidenced recently in the municipal market, with dealers and investors displaying more confidence. Activity was reported in most quarters to have continued at a minimum although prices were steady to firm reflecting a continuation of the improvement in trading sentiment that appeared after the refusal of the House Ways and Means Committee to endorse the Treasury Department's proposal to remove the tax exempt feature of State and municipal securities.

New issues were reported to have met with relatively good demand with the result that a number of accounts which only recently came on the market were cleared out shortly after their respective reofferings. Activity in the secondary market was described as dull and quiet with offerings scarce and little bidding interest being shown.

Municipalities Feel War Emergency Impact

Cities face three chief problems as a result of the national defense program a survey by the International City Managers' Association shows. The problems involve obtaining priorities on materials needed for municipal services, holding employees offered higher salaries by defense industries, and meeting employee demands for increased wages to match the rising cost of living.

The survey included reports from 27 cities of varying size and character in 21 States. Affected most drastically were municipalities in defense areas, where increased demands for municipal services have resulted in rapid expansion of such services as recreation facilities, garbage collection, and police protection. A shortage of housing in a few cities points to increases in rents and, perhaps, to municipal control of rents, according to the survey.

Several officials said cities should be given financial aid by the Federal Government, and many expressed concern over what will happen after the defense emergency is past in regard to employment conditions, expanded facilities and municipal debt.

Federal and Local Debt Situation Now Reversed

The United States entered World War II with States, counties, and cities being responsible for only 29.2% of the total outstanding debt of all governmental units. The situation before World War I was exactly reversed. In 1912—last year before the war of 1914-1918 for which figures are available—the Federal Government accounted for only 21% of the total debt as against 79% attributable to States, counties, and cities. By 1912, however, the total public debt had risen from \$5,692,000,000 to \$33,219,000,000 and the Federal Government's share jumped to 69.1.

States Asked to Maintain Tax Levels

The States are urged by the Federal Budget Director to resist any public pressure to reduce taxes in this "period of great inflationary danger."

"Balances in State treasuries in excess of current needs should not be made the basis for appeals for tax reduction," Budget Director Harold D. Smith asserted recently at a conference on emergency fiscal problems called by the Council of State Governments.

"It is a pressure with which I have much sympathy, but it is a pressure which must be resisted." By maintaining taxes at a high

level and improving their fiscal position, he said, State and local governments first would reduce the pressure toward inflation by keeping down the demand for goods and services; and, secondly, they would place themselves in a position to be more independent of the Federal Government after the war when Federal war expenditures have ceased.

Airports Don't Affect Adjacent Real Estate Values

Contrasting effects of airport developments on values of adjacent real estate were brought out in a summary of opinions by Assessors in 19 cities made by the National Association of Assessing Officers.

Findings by the Association indicated two general results: First, residential property values seldom show any marked change when airports are located nearby, but such changes as do take place tend slightly downward; and second, values of some business properties near airports usually show a small increase.

The cities queried by the Association were: Atlanta, Baltimore, Boston, Buffalo, Cincinnati, Cleveland, Dallas, Denver, Detroit, Los Angeles, Louisville, Miami, Milwaukee, Minneapolis, Portland, Ore., St. Louis, St. Paul, Spokane, and Washington, D. C.

In reporting on how airports influence values of nearby residential properties, 10 cities could see no effect one way or the other, seven claimed values decreased and two said they increased.

As for the influence of airports on surrounding business and industrial real estate, nine cities noticed no effect, seven reported such values increased and three said they decreased.

Reasons given by the cities for depreciation in value of residential property were: Noise of take-offs and landings, especially during sleeping hours; increased dust; and accident hazards.

Municipal Finance Conference Scheduled

Municipal financial problems have been aggravated greatly by the war. There are demands for new activities and some curtailment of old services. Violent changes in revenue may be expected. These new war problems will be discussed at a conference of the Municipal Finance Officers Association, which will be held in Buffalo, N. Y., on June 22 to 25.

Revenue Bonds Suffer Another Setback

Municipal circles were informed Monday that a well known New York investment service had lowered the ratings on a sizable number of revenue obligations, quite a few of which had hitherto enjoyed considerable prestige. This new depressive is attributed to the current uncertainty enveloping these securities, payable mainly from vehicular traffic revenues, which have been hit by curtailment of automobile usage.

Observers were inclined to depreciate the market effect of this latest action on the ground that dealers and investors have fairly well discounted the lower revenues arising from the restriction of traffic. The Port of New York Authority obligations perhaps were the most important issues on which the rating was dropped by that agency. Neither the Triborough Bridge Authority or the Pennsylvania Turnpike Commission bonds had previously been rated so their status was unchanged.

Ratings were dropped on the bonds of such agencies as California Toll Bridge Commission,

FLORIDA

FLORIDA MUNICIPAL BONDS

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

R.E. CRUMMER & COMPANY
157 NAT BANK BLDG CHICAGO ILLINOIS

Colorado Highway Revenues, Delaware River Joint Commission, Kentucky Bridge Revenues, Mississippi Highway Commission and Louisville Bridge Commission, among others.

Pennsylvania Turnpike Profiting Despite Rationing

Prospects of eventually extending the Pittsburgh-Harrisburg Turnpike to Philadelphia were brighter recently as a survey showed the present highway is financially sound despite tire rationing and reduced travel.

Although the effect of gasoline rationing has not yet been felt, the 160-mile super-highway earned more money in the first four months of 1942 than it did in the corresponding months of last year.

Passenger car travel has dropped, but the slack has been more than taken up by increased use of the all-weather "dream highway" by trucks hauling vital defense materials east and west, and by additional bus travel.

Turnpike officials point out that the road is still the most economical way for motor vehicles to travel the Pittsburgh-Harrisburg route because of savings in rubber, gasoline and automotive equipment due to the easy grades and curves and constant speed permitted without stops.

When there were no rationing restrictions in the first four months of 1941, the toll highway earned \$660,441, Acting Chairman Thomas J. Evans, of the Turnpike Commission, said, while in the corresponding period this year the revenue totaled \$735,158, an increase of 11.3%.

N. Y. State Fiscal Inquiry Board Signed

Governor Lehman approved last Friday a bill creating "a little Byrd Commission" to investigate State departments and learn where economies could be effected. At the same time he warned against any attempt of the Commission, which will be Republican-controlled, to indulge in "petty politics."

The Commission will consist of 15 members, five appointed by the Speaker of the Assembly, five by the majority leader of the Senate, and five by the Governor, with an appropriation of \$50,000.

Mr. Lehman said that the fiscal committees of the Legislature receive large appropriations totaling nearly \$100,000 a year "for this very purpose, and with the aid of the large staff of employees annually scrutinize each and every item of appropriation."

He said the new Commission "should go far beyond the usual procedure of making feeble and general recommendations to cut 10% of this or 10% of that." Insisting that its recommendations should be "concrete and specific," Mr. Lehman said "no one can deny that the times call for rigid economy both by the State and the municipalities, so that a maximum of money can be poured into the crucial task."

VIRGINIA

Wire Bids on
VIRGINIA—WEST VIRGINIA
NORTH and SOUTH
CAROLINA
MUNICIPAL BONDS

—F. W.—
CRAIGIE & CO.
RICHMOND, VIRGINIA
Bell System Teletype: RH 83 & 84
Telephone 3-9137

N. J. Revised Constitution To Be Supported

The proposed new constitution for the State of New Jersey, drafted by the Constitution Revision Committee will be supported by the New Jersey Committee on Constitutional Convention. This was announced by Spencer Miller, Jr., State Highway Commissioner, Chairman, after a meeting last week of the Executive Committee.

The group will recommend a modification to provide that amendments be submitted to the voters if approved by a majority vote of each branch of one Legislature. The Commission suggested amendments be substituted if approved by two-thirds of each House.

The Committee also urges that a provision be included requiring the "submission of the question of a constitutional convention to the people at intervals of not longer than 20 years."

Illinois Chamber Discusses Tax Modernization

The appalling tax burden that has been steadily piled upon business and individuals throughout the United States has long been in the position of Mark Twain's weather: Everybody talks about it, but nobody does anything about it. But now comes the Illinois Chamber of Commerce with a highly sensible plan actually to do something about taxation.

In a well-written, graphically illustrated and documented 108-page booklet, the Illinois Chamber outlines a five-point program for reducing taxes. This booklet has been sent to all members of Chamber and copies have gone to similar associations in other States.

The foreword asks: "Do you know how much 36 billion dollars is?"—and then points out that this is the estimated amount of taxes to be collected by the 161,000 Federal, State and local taxing bodies in the Nation during the fiscal year ending June 30, 1943. This means \$274 for every man, woman and child, or about \$1,100 for the average family of husband, wife and two children.

The Chamber's five-point program for State and local taxing authorities calls for: (1) elimination of tax delinquency; (2) adoption of uniform accounting and regular auditing practices on the part of every taxing body; (3) strengthening and enforcement of the budget law; (4) revision of assessment methods; (5) reduction of the number of local governmental units.

Wide-spread tax delinquency, it is claimed, results in most taxpayers paying about 10% more than their rightful share because of failure to collect all taxes that are extended on the rolls. Lack of accounting and auditing encourages waste and inefficiency.

Chicago Transit Unification Forecast

Nearly full approval is said to have been forthcoming from participating security holders in Chicago elevated and surface lines for the proposed reorganization and unification plan. The results were made known to Federal Judge Michael L. Igoe by attorney

neys of the bondholders' committees. The approving vote ran between 96% and 100%, with several bondholders groups in the latter classification. Referendum vote by citizens of Chicago on the unification ordinance is scheduled for next Monday.

Note Sales Scheduled

Because they are of short term maturity we do not include them in the calendar, but, for possible reader interest, we call attention to the fact that the State of Massachusetts offers for sale tomorrow \$3,000,000 one-year notes, while the City of Buffalo, N. Y., will offer next Thursday, \$3,650,000 six-months' tax anticipation certificates.

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 28 (Today)

\$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.

\$1,100,000 Albany Co., N. Y.
Last January this county awarded bonds to a group headed by Halsey, Stuart & Co. of New York. Runner-up in the bidding was Lehman Bros. of New York, and associates.

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.

\$7,062,000 Buffalo Mun. Hous. Auth., N. Y.
These bonds are being issued to refund outstanding obligations of the Authority.

June 15

\$7,900,000 Seattle, Wash.
In March this city awarded an issue to a syndicate headed by John Nuyven & Co. of Chicago. Next best in the bidding was an offer submitted by Blair & Co., Inc., and associates.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on May 25 that the tenders for \$250,000,000, or thereabouts, of 91-day Treasury bills to be dated May 27 and to mature Aug. 26, which were offered on May 22, were opened on May 25 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for — \$461,283,000
Total accepted — 250,983,000
Range of accepted bids (excepting one tender of \$300,000):

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%.

(80% of the amount bid for at the low price was accepted).

There was a maturity of a similar issue of bills on May 27 in amount of \$150,445,000.

Thomas To Be Partner

Edwin G. Thomas will become a partner in Stevenson & Bartram, 120 Broadway, New York City, members of the New York Stock and Curb Exchanges, and will act as alternate on the floor of the New York Stock Exchange for J. Burr Bartram.

Lehman Bros. Sells R. H. Macy Debs.

A syndicate headed by Lehman Brothers on May 25 offered \$12,000,000 10-year 2½% sinking fund debentures, due May 1, 1952. The offering price was 100 and accrued interest. The proceeds of the issue will be used to pay certain of the outstanding notes and debt of the company and its subsidiaries, and for working capital.

R. H. Macy & Co., Inc., and its three principal subsidiaries are engaged in the operation of a department store business generally and activities incidental thereto. The principal store operated by the parent company, is located at Broadway and 34th St., New York City.

A list of the underwriters together with the principal amount of debentures underwritten by each will be found under, "Calendar of New Security Flotations," on another page of this section.

Three New Partners For W. D. Gradison

CINCINNATI, OHIO—M. Loth Newburgh, M. Herbert Oettinger, and Eugene J. Weston, member of the Cincinnati Stock Exchange, will become partners in the New York Stock Exchange firm of W. D. Gradison & Co., as of June 1. They will make their headquarters at the firm's main office in the Dixie Terminal Building, Cincinnati. All were formerly partners in W. L. Lyons & Co.

Bolivia Bonds Attractive

The war has affected many vital changes in our sources of supply for strategic materials, and has placed Bolivia in the position of our only real tin source and a prime source of tungsten and antimony, according to "Blueprints for Business," issued by Alexander and Company, 141 West Jackson Boulevard, Chicago, Ill. Bolivia, it is stated, holds long-term firm contracts for total output of tin and other strategic materials at favorable prices, is receiving strong financial support from our Government, is experiencing a steady growing prosperity, has low per capita dollar bond debt, enormous undeveloped wealth, a sound future, has been repatriating bonds, and has demonstrated "willingness to pay." In view of these factors Bolivian bonds at present markets offer a most interesting situation, according to Alexander and Company, from whom copies of "Blueprints for Business," which discusses the situation in detail, may be had upon request.

Heads WPB Branch

The War Production Board announced on May 17 the appointment of John P. Maguire, President of the John P. Maguire Co., commercial textile factor, of New York City, as Regional Director of the WPB for New York State and northern New Jersey.

Establishment of the New York regional office, together with offices in 12 other cities, was recently announced by the WPB; referred to in these columns of May 21, page 1958. It is in line with the WPB's decentralization policy to keep policy and planning work in Washington but to put operations, insofar as possible, in the field where war production lines are being turned out.

Our Reporter's Report

(Continued from First Page) Company, indicating revamping of institutional holdings to provide for acquisition of more U. S. Treasury loans, has been placed on the market.

Although the identity of the seller naturally was not di-

vised, the size of the block, \$2,470,000, made it clear that the operation was for the account of an institutional holder, either bank or insurance company.

Only last week a block of \$1,000,000 American Telephone & Telegraph Company 2½s were marketed in secondary offering, while earlier in the month \$1,179,000 of Atlantic Coast Line's outstanding unified 4½s were sold in the same manner.

SEC Splits Ranks On Issue The Virginia Public Service

Company received clearance for its projected refunding operation involving \$36,500,000 but not with the unanimous consent of the Securities and Exchange Commissioners.

For the first time, the Commission as it now is composed, split ranks, three of the five favoring the company's program, and the other two, including Chairman Ganson Purcell, standing as a dissenting minority.

The minority report based its objections chiefly on the conten-

tion that the effect of accounting adjustments made as a condition for the sale of the securities by the majority would be to create an earned surplus deficit on the company's books in excess of \$4,000,000.

The company already has called for bids on the foregoing issues to be in its hands by June 1 next.

Treasury Exchange Completed

The Treasury closed its books on the exchange offer, made to holders of Home Owners Loan Corporation and Reconstruction Finance Corporation obligations,

on Tuesday with indications that the response had been decidedly satisfactory.

Holders of the outstanding HOLC 2½s and the RFC 1% were accorded the right to take up the new Treasury five-year 1½% notes in exchange. None of the latter were offered for cash the operation being held to a straight conversion.

That the "rights" accruing to the outstanding Federal agency loan holders were recognized was indicated by the fact that the new notes moved to substantial premiums in when-issued trading.

TIME TO HEDGE

Replacing a valued partner takes time and costs money. Other problems, too, must be coped with—the demands of the deceased partner's heirs often being the most difficult to solve.

Hedging now, while there is yet time, may prove suddenly to be the wisest decision your partnership ever made.

Hedging, through the Massachusetts Mutual partnership protection plan, enables you to build an annually increasing cash reserve while guarding against the ravages of time and circumstance.

At your request, an experienced representative will call to discuss your partnership protection—confidentially, of course. Call one of our General Agents, or write to us.

Massachusetts Mutual LIFE INSURANCE COMPANY

SPRINGFIELD, MASSACHUSETTS

Bertrand J. Perry, President

Organized 1851

General Agents in New York City Area

Lawrence E. Simon
20 Pine Street

Donald C. Keane
22 East 40th St.

Lloyd Patterson
17 East 42nd St.

Gibson Lewis
One Hanson Place
Brooklyn

John E. Clayton
Raymond-Commerce Bldg.
Newark

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2021)
side it must first go down to the lows of two weeks ago to establish a base. Market theories are as thick as weeds in a neglected vegetable patch. You can take any one and build up a case around it. Still I don't think the market is going to go down to the old lows again. On the contrary a two or three point reaction (if as much as that) is all I look for from present levels. For if the market does make up its mind to drift back to the old lows I am almost certain that it won't hold.

Meanwhile, readers of this column are committed to a few stocks. So long as they keep their heads above their critical levels they should be held. The complete list, purchase prices and stops follow:

Air Reduction bought at about 30 (now 31½) stop 27¾. Allis Chalmers bought at about 23 (now 23½) stop at 21. Atchison bought at 35½ (now 35½) stop 34. International Harvester bought at 43 (now 44½) stop 41½. Union Carbide bought at 59 (now about 63½) stop 57. And Western Union bought at 25½ (now about 26) stop at 24.

There are undoubtedly lots of other stocks in the market that act as well as those I have chosen above but being human I can't watch everything on the board.

You will note that the list has war beneficiaries as well as those commonly labeled "peace" stocks. But none were chosen for those reasons. They were picked purely on market action. And

Our Reporter On "Governments"

(Continued from First Page)

AN INDEX TO PATRIOTISM

The Vice-President of a large corporation remarked off-the-record, recently, that he was scared stiff over the probability of being "pressured" into buying Governments one of these days. . . . He revealed he had \$100,000,000 in cash and no bank loans and that momentarily, his company was expecting a visit from a Treasury representative who would inquire as to his reasons for not buying Governments. . . . A small bank in Mississippi reported a few months ago that it had \$112,000 of cash, \$200,000 of deposits (\$80,000 in time deposits), only \$1,000 of Governments. . . . Another bank in Kentucky reported cash at \$305,000, deposits at \$720,000, Governments at \$35,000. . . . Another in New York disclosed cash at \$214,000, deposits at \$530,000 (half time), Governments at \$31,000. . . .

And so down the list of smaller country banks. . . . The ones cited are typical—not unusual. . . . And the point of citing these statistics is to emphasize that the Government will not permit banks and institutions in a similar position to go through this war contributing so little to the financing angle of the conflict. . . .

That's definite and that's a forecast this writer is positive will come true. . . . The investment managers who have not been buying Governments may have plenty of reasons for their reluctance: Remembering the price declines in the Liberty loans after the first World War is undoubtedly a major factor or lack of knowledge concerning the issues being sold may be of prime importance. . . . But the reasons won't matter soon. . . .

If you're afraid of market fluctuations despite all indications of strong support, buy the Treasury bills at a minor yield and fill out your portfolio with a few intermediates. . . . It's possible that the banks may be given a short-term non-marketable issue on a "tap" basis soon and that certainly would be a satisfactory solution for the country bank still reluctant to place its idle cash in Governments. . . .

REFUNDING

The refunding of the HOLC 2¼ of 7/1/44/42, outstanding in the amount of \$875,000,000 and the RFC 1s of 7/1/42, outstanding in the amount of \$276,000,000 is now on. . . . You may have received news of the terms of the note offering in exchange by the time you read this, for the flotation was announced for this week. . . . But the exact terms do not matter, for a note financing is bound to go over. . . . What does matter is that this deal is likely to stimulate the market on the upside—at least, temporarily. . . .

The reasoning of professionals forecasting this is that so many holders of these guaranteed, tax-exempt issues will want to maintain their tax-exemption status that there should be a tremendous demand around in the next few days for outstanding exempt issues. . . . The holders in brief, will be doing their own refunding by entering the tax-exempt lists and buying bonds. . . . And that should give the market a good appearance and help pave the way for a giant borrowing of cash. . . . The only logical reason for the Treasury's handling this refunding before the cash borrowing of June would be its belief that prior refunding of the guarantees would have this bullish effect on the market. . . .

Incidentally, while the tax-exempts still appear the best buys in the market, there's no denying that any prolonged, important upsurge in this section is bound to have a salutary effect on the taxables. . . . The spreads between the exempts and the taxables will widen beyond the differentials now quoted as months go by and more and more exempts are called in. . . . But for a while, the tax-exempts must pull the taxables with them when they advance. . . . Which means, for the immediate outlook that a refunding should help the market. . . .

BRIEFS

The ceiling on Treasury bills is working. . . . Bids have expanded markedly since the announcement of the Reserve's willingness to buy bills at ¾%. . . .

Lowering of reserve requirements generally, as well as redesignation of the central reserve cities as reserve cities, being talked about. . . . May come before the June borrowing. . . .

Whatever supply of tax-exempts is around is coming from savings banks. . . . Peculiar tax position of these institutions plus the decline in their deposits plus their purchases of the new taxable bonds causing their liquidation. . . .

Removal of subscription limits on last issue of 2s probably will be continued, suggests even greater caution in placing of orders by smaller institutions. . . . Look for larger allotments on each issue. . . .

As indication of what lies ahead for American banks, consider fact that 90% of the resources of British banking institutions is invested in securities or other paper allied to financing of the war. . . . Britain actually has cut the interest rate on its war obligations since the outbreak of war. . . . It's holding to the 2½-3% level, too. . . .

they will be held so long as that market action continues good. I will have no compunction in telling you to get out of one, or all of them, if in my opinion market action warrants. I have no favorites.

In going over the above you will note that paper profits now are about 7 points in three stocks as against "even" prices in the other three. I believe that before we are many days older not only will the paper profits increase but the "even" stocks will come up into the black as well.

Stop-Out Values

Some very interesting stop-out values in defaulted railroad bonds are described by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange, in a circular they have just issued. Copies of this circular may be obtained upon request from Pflugfelder, Bampton & Rust.

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.]

UP-TOWN AFTER 3

PLAYS

"The Strings, My Lord, Are False," by Paul Vincent Carroll. Presented by Edward Choate, in association with Alexander Kirkland and John Sheppard, Jr. At the Royale Theatre, New York. With Walter Hampden, Ruth Gordon, Colin Keith-Johnston, Margot Grahame, Art Smith, and others. Staged by Elia Kazan; settings by Howard Bey. Reviewed May 19, 1942. When God made the Irish he gave them the gift of gab. Any Irishman will tell you that. But unlike the Irish cop on the beat, Mr. Carroll talks too much. So that even if he has something to say he loses his arguments in a welter of words. In his play of a few seasons back, "Old Foolishness," he flung words around with such abandon that they got in the way of what little action presented itself. In "The Strings, My Lord, Are False," he is a little more realistic. He doesn't conjure up fantasies, or spirits and try to put life into them. He tells us of the blitz and how it affected a small Scotch town. But here, too, the plethora of talk-talk slows the excitement down to a walk. His hero, Colin Keith-Johnston, is too stiff, depending on his display of self sacrifice to convince the audience of his heroism. His heroine, Ruth Gordon, blubbers shrilly of her problem as a coming mother. She hits the high registers too often without any apparent reason. Even his conscientious objector is too easily converted. On the credit side there are the fine performances of Walter Hampden, as the town priest, who runs afoul of the local politicians and the church hierarchy. Margot Grahame, as the lady of little virtue, who classifies men into two categories; the washed and the unwashed. And Art Smith, the salty radical, who is realistic about the war, its causes and who it must benefit. . . . "Claudia," by Rose Franken, presented by John Goldea, with the original cast including Frances Starr, Donald Cook, Dorothy McGuire, and others. Back at the Booth, New York, after an out-of-town run. Dealing with a child wife's growing up, it still has a charm that is heart warming.

MOVIES

"Ten Gentlemen From West Point" (20th Century-Fox), George Montgomery, Maureen O'Hara, John Sutton, Laird Gregar, and others. Directed by Henry Hathaway. This is the story of the beginning of West Point and the politicians who tried to kill it. Going back some 140 years ago it tells of the small group of recruits who journeyed up the Hudson to learn how to become soldiers. The Commandant, out of sympathy with the aspirations of the budding officers, tries his hardest to force them to resign. He has little use for military strategy. He feels that soldiering can be taught only in the field. It isn't until the small band, following the lessons taught in the classrooms, meets and outwits Tecumseh, that the commanding officer becomes amenable. Too much heroics and self sacrifices to make it good adult fare. A pompous snob gets a lesson in patriotism; the nephew of Benedict Arnold dies, hoping he has made partial amends for the treachery of his uncle, the hill billy recruit who joined because "it was free," turns noble and refuses his diploma. It's all cut to suit the times. The kids will love it. "Take A Letter, Darling" (Paramount), Rosalind Russell, Fred MacMurray, Constance Moore, Robert Benchley, and others. Directed by Mitchell Leisen. This, an uproarious, grown up sophisticated comedy, will have you holding your sides with laughter. It has a new twist on the office-secretary angle. In this case it is not the male boss and his blonde secretary. It's the charming Rosalind Russell, go-getting female advertising executive, who hires a male secretary. His job is to escort and protect her from predatory business men from whom she wangles fat advertising contracts; or to appease their wives who feel their husbands are spending too much time in "business conferences" with the beautiful Miss Russell. During all this, MacMurray is to keep his distance. Of course, you know what the end will be, but even knowing it doesn't detract from the enjoyment of the plot or the excellent dialogue.

AROUND-THE-TOWN

The Stage Door Canteen in the swarming basement of the 44th Street Theatre crowded to the doors with men in all kinds of uniforms. Service men having a time of their lives—no liquor—but everything else is free. American Theatre Wing has done a bang up job. Entertainment is tops and the enthusiasm, genuine. The public is barred, but if you're in the Service and you hit New York it's the place to have a swell time. . . . Despite the dim out (for the duration the view from the Rainbow Room is no more) the place is a bee hive of activity. Saw an Army private doing a rumba with a gray haired lady here that had my eyes bulging out with envy. . . . Gene Cavellero's Colony Restaurant (61st & Madison) is getting its face lifted. The cocktail lounge will shortly become "The Tent." Nothing need be done about its cuisine. It's still the best in New York. . . . The Penthouse Club with its main windows overlooking the Park now has pleasant entertainment to keep its customers from wandering off. A dark haired lovely guitarist with a sweet voice serenades at tables, giving it just the touch one needs to start romances a-blooming.

Payment On Panama 5s

The National City Bank of New York, as fiscal agent, states that funds are available for an additional payment on account of interest represented by the Nov. 15, 1939, coupons on Republic of Panama 35-year 5% external secured sinking fund gold bonds, series A, due May 15, 1963, in the amount of \$6.86 per \$25 coupon, and \$3.43 per \$12.50 coupon. The bank also states that funds are available for a partial payment on account of interest represented by the May 15, 1940, coupons in the amount of \$14.46 per \$25 coupon and \$7.23 per \$12.50 coupon. Payment is being made at the bank's offices, 22 William Street, New York.

The Penthouse Club

30 CENTRAL PARK SOUTH
Adjoining The Plaza

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

Serving best food, skilfully prepared.

Entertainment after 11 P. M.

Telephone PLaza 3-6910

Established 1856

H. Hentz & Co.

Members
New York Stock Exchange
New York Curb Exchange
New York Cotton Exchange
Commodity Exchange, Inc.
Chicago Board of Trade
New Orleans Cotton Exchange
And other Exchanges

N. Y. Cotton Exchange Bldg.
NEW YORK

BOSTON CHICAGO DETROIT
PITTSBURGH
GENEVA, SWITZERLAND

LAMBORN & CO.

99 WALL STREET
NEW YORK CITY

SUGAR

Exports—Imports—Futures

DIgby 4-2727

NSTA Bond Committee Reports Activities

Thomas Graham, Bankers Bond Company, Louisville, Ky., Chairman of the Defense Bond-War Bond Committee of the National Security Traders Association, has presented a report to the Association on its activities in promoting the sale of bonds during the last eleven months.

"For the entire period before the United States went into the war," Mr. Graham stated, "we had worked on the idea of coordinating the Treasury Department activities and the investment banking activities in the sale of Defense Bonds, and immediately on the declaration of war, offered the services of our organization in any way possible in aiding the Treasury Department in its sale of bonds."

"We advocated for some time after the declaration of war, changing the name from Defense Bonds to War Bonds."

"Congressman Emmet O'Neal, of the firm of O'Neal, Alden & Co., Louisville, was partly responsible for suggesting to the Treasury Department that the leaders in our industry be invited to participate in the program. The meeting a week later was held in January, and at the initial meeting our President, Mr. Herbert Blizzard, was invited. The fact that Mr. Blizzard was not asked to be present at subsequent meetings is a source of keen regret to us, as the task of raising war funds is one of first magnitude and requires cooperation on the part of everyone. We again pledge our best efforts towards this task."

"For some time we have advocated an open end issue. Recently the Treasury Department issued such bonds, namely, the 2 1/2% issue due Dec. 15, 1967, but the books have been closed. These bonds should be available by subscription indefinitely."

"Your Committee has also advocated:

"1. An intermediate issue of long-term negotiable bonds to be sold to the average investor.

"2. That the services of the security business should be called on and at least the salesmen handling the retail sales should receive some small compensation for services rendered, as has so successfully been done in Canada. To expedite the program we felt that the banks and investment firms should be refunded their out-of-pocket expenses in this operation. We feel that the President of our organization should be available to the Treasury Department, or whatever governmental agency that handles the bonds, as it is the thought of your Committee that the members of the National Security Traders Association have more actual experience and contact with the retail investor at present than any other of the organizations of our industry.

"3. It was felt that for various reasons it would be advisable to revamp the whole set-up on offerings of all types of Government bonds and the controlling agency should be the Federal Reserve Board. The Treasury Department has its hands full at the present time with the other necessary fiscal operations of the Government.

"In conclusion: Your Committee has felt that every effort should be made by members of our organization and by the leaders of the various branches of the Government having to do with finances, to keep the security markets healthy so that it is possible to raise the necessary sums to successfully carry through the war effort.

"As the President of our organization has been granted a leave of absence to enter the Army Air Corps, the responsibilities suggested above would, naturally, devolve on Mr. Sener. I know of no group in the country that percentage-wise has more men not

This advertisement appears as a matter of record only and is under no circumstances to be construed as an offering of these securities for sale, or as a solicitation of an offer to buy any of such securities. The offering is made only by the Prospectus.

R. H. Macy & Co., Inc.

\$12,000,000

Ten Year 2 1/2% Sinking Fund Debentures, due May 1, 1952

Dated May 1, 1942

Price 100% and accrued interest

Copies of the Prospectus may be obtained in any State from such of the several Underwriters, including the undersigned, as may lawfully offer these securities in such State.

LEHMAN BROTHERS

May 25, 1942

only in the services, but more anxious to be of real service to their Government, than ours. Next to actually fighting, the raising of the necessary funds for the war effort seems to be the next most important task; and from long training, we certainly should be fitted to do the job.

"In a recent editorial on War Bonds, published in the Louisville 'Courier-Journal,' one of the leading newspapers in the South, appeared the following: 'Too little and too late is not only applicable to the theater of military operations.'"

Urged To Set Example In Purchasing War Bonds

Secretary of the Treasury Morgenthau on May 16 asked all employees of the Treasury Department in Washington and throughout the country—more than 67,000 persons—to set an example for all other Government workers by putting aside at least 10% of their pay every pay day for the buying of War Savings Bonds.

The Secretary announced that an "All-out for Victory" campaign would be conducted during the two-week period beginning June 1 to enroll every Treasury employee in the Government's Payroll Allotment Plan for systematic War Bond purchase. The sale of bonds and stamps for cash through so-called group agents will be discontinued in Government departments July 1, and a Payroll Allotment campaign similar to the Treasury's will soon be begun in all other departments and agencies of the Government.

Elliott Reported Missing

John Elliott, a partner in Gilbert Elliott & Co., New York City, and a son of Sir Gilbert Elliott, founder of the firm, now residing in England, joined the Royal Canadian Air Force and was one of those who volunteered for a low altitude attack on Rostock. His plane was shot down in the engagement and his fate is still unknown.

Oil Royalties Attractive

Oil royalties offer an interesting investment at the present time; according to Tellier & Company, 52 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association, since returns from royalties are based upon gross production of oil, rather than on net profits as in the case of preferred and common stocks, and also because this type of investment carries a substantial income tax deduction privilege. An interesting list of current offerings of oil royalties as filed with the Securities and Exchange Commission has been prepared by Tellier & Company, from whom copies of the list may be had upon request—ask for Schedule "A."

Investment Trusts

(Continued from page 2023) reflect the past rather than the present or the discernible future? "What are some of the high-

Stock—	1930 Earnings	1930 High	1941 Earnings	Price May 5, 1942
Atchison	12.86	242 1/2	9.90	37
Atlantic Coast Line	7.59	175 1/2	13.51	22
Great Northern pfd.	7.25	102	6.72	23 3/4
Illinois Central	6.02	136 3/4	6.95	5 7/8
Kansas City Southern pfd.	6.92	70	8.79	*16 1/2
Kansas City Southern com.	2.04	85 1/2	1.97	3 3/8
Louisville & Nashville	5.65	138 1/2	16.65	*65
New York Central	7.21	192 3/4	4.07	7 3/8
N. Y. Chic. & St. L. pfd.	12.20	110 1/4	35.19	43 1/4
Northern Pacific	6.94	97	3.13	5 1/8
Pennsylvania	5.29	86 1/2	3.98	20 1/2
Southern Pacific	8.34	127	9.21	11 1/2
Southern Ry. pfd.	15.37	101	32.28	26 3/4
Union Pacific	15.63	242 3/4	11.19	71 1/2
Averages	8.52	136.32	11.68	25.71

*Bid. No sales May 5, 1942.

"2. The Railroads have outstandingly favorable excess profits tax positions. A great majority of roads can record earnings substantially in excess of even the 1941 figures without excess profits tax liability either under the present law or the proposals of the Treasury or the Ways and Means Committee.

"3. This means that high earnings can be largely retained to improve financial positions, reduce debt and establish post-war

Brokers Exonerated

Robert E. Rew and James Henry Ferdon Saier, officers of Robert E. Rew & Co., were acquitted of fraud charges in connection with sale of oil participation certificates. The chief witness against them was Archie H. Carpenter, a driller who had worked with them and who pleaded guilty to the charges of mail fraud and conspiracy. Both Mr. Rew and Mr. Saier testified that they had never offered the certificates as anything but speculations and their counsel charged that Carpenter had misled his clients and any fraud existing had been perpetrated by him.

lights of the railroad situation as it appears today?

"I. Heavy traffic and high earnings appear assured not only for the duration, but probably for an extensive reconstruction period to follow.

Stock—	1930 Earnings	1930 High	1941 Earnings	Price May 5, 1942
Atchison	12.86	242 1/2	9.90	37
Atlantic Coast Line	7.59	175 1/2	13.51	22
Great Northern pfd.	7.25	102	6.72	23 3/4
Illinois Central	6.02	136 3/4	6.95	5 7/8
Kansas City Southern pfd.	6.92	70	8.79	*16 1/2
Kansas City Southern com.	2.04	85 1/2	1.97	3 3/8
Louisville & Nashville	5.65	138 1/2	16.65	*65
New York Central	7.21	192 3/4	4.07	7 3/8
N. Y. Chic. & St. L. pfd.	12.20	110 1/4	35.19	43 1/4
Northern Pacific	6.94	97	3.13	5 1/8
Pennsylvania	5.29	86 1/2	3.98	20 1/2
Southern Pacific	8.34	127	9.21	11 1/2
Southern Ry. pfd.	15.37	101	32.28	26 3/4
Union Pacific	15.63	242 3/4	11.19	71 1/2
Averages	8.52	136.32	11.68	25.71

"4. Net income of Class I railroads for the first quarter of 1942 is estimated to have exceeded 1941 figures by 40% (\$98,000,000 vs. \$69,035,000) although increased freight rates were in effect for only the last two weeks of the 1942 quarter.

"5. Thus the railroads, as a class, seem likely to equal or exceed last year's net earnings in 1942, even after application of the prospective new tax law. We know of

no other industry of which this can be said."

The "Letter" goes on to point out that the rails listed in the comparison are the issues currently held in the Railroad Series of New York Stocks, Inc. The performance of the series is compared with the Dow-Jones Rail average as follows:

	Dec. 31, 1941	May 4, 1942	% Chge.
Dow-Jones RR. Average	25.42	24.66	-2.9
N. Y. S. RR. Average	3.01	3.28	+8.9

Investment Company Briefs

Dividend Shares, Inc.: As of April 30 approximately 90% of assets at market were invested in stocks of 99 corporations. Of these stocks, dividends have been paid on 96, representing 98% of invested assets—during the 12 months' period ended April 30, 1942. Net assets at market on April 30 were \$29,802,714. Net income for the six months ended April 30, 1942 was \$1,141,264 and net profits from the sale of securities was \$214,864, compared with \$946,720 and \$267,480 respectively in the same period of 1941.

American Business Shares, Inc.:

On May 14 the directors voted a semi-annual dividend of 8c per share, payable June 1. Portfolio changes in April were as follows: Borg-Warner (900 shares), Electric Auto Lite (1800 shares) and Chesapeake & Ohio (2000 shares) were added to the portfolio; Ingersoll Rand was eliminated; holdings of Spicer Mfg. were increased and those of Cutler Hammer and Deere decreased. Bonds added during the month were Kansas City Southern 5/1950; Toledo, St. Louis & Western 4/1950; Continental G. & E. 5/1953; and Georgia Pw. & Lt. 5/1978. As of April 30, 1942 the ABS portfolio was diversified as follows: Common Stocks, 43.0% (Industrials, 32.1%; Rails & Rail Equip., 8.2%; Utilities, 2.7%); Preferred Stocks, 4.3%; Corporate Bonds, 19.0% (Industrials, 2.2%; Rails, 11.0%; Utilities, 5.8%); Government Bonds, 33.1%.

Calendar of New Security Flotations

OFFERINGS

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.	400,000
Hallgarten & Co.	400,000
Hayden, Stone & Co.	400,000
Hemphill, Noyes & Co.	400,000
Wertheim & Co.	250,000
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

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)
Effective 1 p. m. EWT on May 23, 1942
Offered May 25, 1942, at 100 and interest

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

Proceeds will be used to reduce outstanding bank loans

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

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

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

Offerings will rarely be made before the day following.

SATURDAY, 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)

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

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
Domnick & Dominick, New York	1.0
Emanuel & Co., New York	2.3
Goldman, Sachs & Co., New York	4.4
Granbery, Marache & Lord, N. Y.	1.7
Hallgarten & Co., New York	1.7
Harriman Ripley & Co., Inc., N. Y.	1.7
Ira Haupt & Co., New York	4.4
Hayden, Stone & Co., New York	4.4
Hemphill, Noyes & Co., New York	4.4
Hirsch, Lillenthal & Co., New York	3.1
Hornblower & Weeks, New York	1.7
Jackson & Curtis, Boston	4.9
Kuhn, Loeb & Co., New York	4.4
Ladenburg, Thalmann & Co., N. Y.	3.1
Lazard Freres & Co., New York	5
W. L. Lyons & Co., Louisville	1.2
Mackubin, Legg & Co., Baltimore	1.2
Laurence M. Marks & Co., N. Y.	1.0
Mason-Hagen, Inc., Richmond	1.0
Merrill Lynch, Pierce, Fenner & Beane, New York	3.1
Reinholdt & Gardner, St. Louis	1.0
Ritter & 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

Offering—The 49,666 shares of 4½% cumulative preferred stock were offered for subscription at \$102 per share to common stockholders of record May 15 in ratio of one share of preferred for each 18 shares of common stock held. Rights expired May 25. The unsubscribed shares (17,609) were offered by the underwriters May 27 at \$102 per share

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

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

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)

Offering—The \$6,000,000 20-year 3% debentures were offered to the public May 27 at 102 by Lehman Brothers, Glore Forgan & Co. and the identical underwriters listed under the company's offering of preferred stock

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

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)

Offering—The \$6,000,000 20-year 3% debentures were offered to the public May 27 at 102 by Lehman Brothers, Glore Forgan & Co. and the identical underwriters listed under the company's offering of preferred stock

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

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)

Offering—The \$6,000,000 20-year 3% debentures were offered to the public May 27 at 102 by Lehman Brothers, Glore Forgan & Co. and the identical underwriters listed under the company's offering of preferred stock

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

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)

Offering—The \$6,000,000 20-year 3% debentures were offered to the public May 27 at 102 by Lehman Brothers, Glore Forgan & Co. and the identical underwriters listed under the company's offering of preferred stock

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

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)

Offering—The \$6,000,000 20-year 3% debentures were offered to the public May 27 at 102 by Lehman Brothers, Glore Forgan & Co. and the identical underwriters listed under the company's offering of preferred stock

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

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)

Offering—The \$6,000,000 20-year 3% debentures were offered to the public May 27 at 102 by Lehman Brothers, Glore Forgan & Co. and the identical underwriters listed under the company's offering of preferred stock

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

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

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 1951

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to be 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 23, 1942, to defer effective date

DESPINA GOLD MINES, LTD.

Despina Gold Mines, Ltd. refilled 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

Registration effective but apparently deficient at 5:30 p. m. EWT on May 19, 1942

Withdrawal request filed May 25, 1942

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC \$45,000,000 First Mortgage bonds, due Oct. 1, 1971; \$10,000,000 Sinking Fund Debentures, due Oct. 1, 1955, 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-56 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 102½, 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 A-2 (9-17-41)

Amendment filed May 22, 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 outstanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus \$1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and \$105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange

offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

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

Registration Statement No. 2-4926. Form S-2 (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 pistons and expanders

Underwriters—Schroeder, 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

Registration effective 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 A-2 (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 Alapai 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, 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. on May 21, 1942, filed an amendment to its registration statement disclosing that it now proposes to sell \$4,000,000 3¼% sinking fund

Calendar of New Security Flotations

business for property additions and improvements
 Registration Statement No. 2-4995, Form A-2, (5-5-42)

Bids Asked—The company has asked for proposals for the purchase from it as a whole of \$15,000,000 first and refunding mortgage 3% bonds, due May 1, 1972.

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 Guyon 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 25, 1942, to defer effective date

STANDARD AIRCRAFT PRODUCTS, INC.
 Standard Aircraft Products, Inc. filed a registration statement with the SEC covering \$300,000 5 1/2% 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 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 \$251,855 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 22, 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 3 1/4% 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 company's \$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 3 1/4% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the best possible price." Amendment filed May 22, 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 3 1/4% 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 3 1/2%, due 1971, \$5,700,000 2 1/2% to 3 1/2% serial notes, due Dec. 1, 1951, 70,000 shares 5 1/4% 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 3 1/4% bonds and the \$10,500,000 debentures, will be used as follows: \$37,239,193 to the redemption, purchase or prepayment of all funded debt of the company and Virginia Public Service Generating Co.; \$360,000 to pay expenses of present financing; payment of accrued interest on the debt securities to be retired; and the balance will be pledged under the mortgage to be available for property additions.

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

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

Amendment filed May 14, 1942, to defer effective date

Registration effective 5:30 p. m., EWT, on May 25, 1942

Public Invitation for Sale of Securities—Company has advertised for the sale of the bonds and debentures. All bids must be presented to the company at room 2601, 61 Broadway, N. Y. City, before 12 o'clock noon, EWT, on June 2 and addressed to attention of W. E. Wood, President. Each bid covering the purchase of the debentures shall specify the coupon rate, which shall be a multiple of 1/8%, but shall not be more than 5%

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 Dis-solution, 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

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 John C. Kappleman to Leslie Harman will be considered on June 4.

Aldo R. Balsom, a special partner in Gammack & Co., New York City, will become a general partner on June 1, on which date John D. Warren, a general partner in the firm, will become a special partner.

Eugene J. Weston, M. Herbert Oettinger, M. Lot's Newburgh, Alvin P. Bohmer, John M. Warden, Baylor Landrum, F. Pennington Kemp, and Samuel Clay Lyons are retiring from partnership in W. L. Lyons & Co., Louisville, Ky.

Norman C. Lee retired from partnership in Fellowes Davis & Co., New York City, effective April 30.

E. Worthington Walters withdrew from partnership in Hicks & Price, Chicago, effective May 15.

Bernard Aronson & Co., as of May 17, and Gengler Brothers, as of March 16, have become inactive during the period that all active general partners engage in War service.

J. C. Louis & Co., as of May 2, and Wilbur F. Smith & Co., as of April 1, have ceased dealing with the public during the period that all active office partners are in War service.

Howe & Co., New York City, will dissolve as of May 31.

Montevideo Bond Exch. Offer Period Extended

Juan Carlos Blanco, Ambassador for the Republic of Uruguay, is notifying holders of City of Montevideo (Republic of Uruguay) external sinking fund 6% gold bonds, series A, dated Nov. 1, 1926, due Nov. 1, 1959 and 7% sinking fund gold bonds, dated June 1, 1922, due June 1, 1952, that the offer of exchange for bonds of the Republic has been amended as of May 25, 1942, to extend the period for the exchange, and to furnish certain supplementary information. The announcement also states that copies of the amended prospectus and form letters of transmittal for the 6% bonds may be obtained from Hallgarten & Co., 44 Wall Street, New York. On the 7% bonds, copies of prospectus and letters of transmittal may be obtained from Dillon, Read & Co., 28 Nassau Street, New York.

Customers' Brokers Announce 1942-3 Slate

The Association of Customers Brokers announces that Armand E. Fontaine, Merrill Lynch, Pierce, Fenner & Beane, has been nominated for president to succeed Thomas B. Meek. Allyn C. Donaldson, Francis I. du Pont & Co. and Chisholm & Chapman, was renominated for vice-president. Donald C. Blanke, Eastman, Dillon & Co., was named treasurer, and Douglas V. Ellice, Fahnstock & Co. for secretary.

Named to the executive committee for four year terms are Mr. Meek; John W. Tuffy, Hirsch, Lilienthal & Co.; Standish M. Perrin, Winthrop, Whitehouse & Co.; and Richard G. Horn, Peter P. McDermott & Co. Nominated for

three year terms: Anthony A. Smith, G. H. Walker & Co., and John F. Power, Eastman, Dillon & Co.; for one year terms: Ernest Hockstuh, Stokes, Hoyt & Co.; Lionel C. Stern, Ward, Gruver & Co.; and Percy Friedlander, Astor & Ross.

Chairman of the nominating committee was William McK. Barber, Maynard, Oakley & Lawrence.

Elections will be held at 20 Broad Street, New York City, on June 9.

Foreign Trade Bankers To Meet In Canada

The annual convention of the Bankers Association for Foreign Trade of which Harry Salinger, Vice-President of the First National Bank of Chicago, is President, will be held at the Seignior Club, Quebec, Canada, on June 4 and 5. Various phases of international trade will be discussed and included among the speakers will be Graham F. Towers, Governor of the Bank of Canada and Chairman of the Foreign Exchange Control Board; P. A. Kinnoch, Vice-President, American Trust Co., San Francisco; I. C. Raymond Atkin, Vice-President of J. P. Morgan & Co.; Wilbert Ward, Vice-President, the National City Bank of New York, New York City; Egil Mack, Vice-President Seattle First National Bank, Seattle, Wash., and Philip P. McGovern, Assistant Vice-President, Manufacturers Trust Co., New York City. The Secretary of the Association, Fred B. Tedford, Assistant Vice-President of the First National Bank of Chicago, is in charge of arrangements.

Lehman Vetoes Quarterly Payments Of NY State Tax

Governor Lehman has vetoed the bill which would have permitted quarterly installment payments of the State income tax in 1943. This measure would also have advanced permanently the beginning of the fiscal year from July 1 to April 1 in 1944.

Disapproval of this measure had been urged by the New York Board of Trade on the ground that its objections far outweigh its advantages. Percy C. Magnus, President of the Board of Trade, contended that all lines of business in the State, especially the small businessman, would be seriously affected by the provision in the bill requiring corporations to file their returns and pay at least half of their State franchise tax on March 15, instead of May 15. He added that the duplication of Federal and State income tax payments on March 15 and the necessity of filing separate returns on the same date would make the law almost impossible to comply with.

Speer Administrative Asst. At Naval Air Station

CHICAGO, ILL. — Lieutenant Paul Dee Speer, who recently completed preliminary training as an Aviation Volunteer (Specialist) at Quonset Point, R. I., has been notified that he is to remain at that Naval Air Training Station for an indefinite period to assist in administrative duties.

Lieutenant Speer, until his enlistment, was a vice president and director of H. C. Speer & Sons Company, Chicago's oldest bond house dealing exclusively in tax exempt securities. The firm was established by his grandfather, the late Henry Clay Speer, in 1885. His father, William W. Speer, has devoted his entire business career to the firm and is currently serving as chairman of the board. Bert M. Kohler, who recently celebrated his 25th year with the firm, is president, having served in that capacity since March 15, 1939.

Retire Coffee Bonds

J. Henry Schroder Banking Corp., New York, announces that a total of £231,100 — nominal amount of the sterling issue—and \$1,025,000—nominal amount of the dollar issue—of the State of San Paulo 7% Coffee Realization Loan of 1930 have been retired, pursuant to the offer of the National Coffee Department of Sept. 2, 1941, and the sinking fund requirements for the fourth six-months' period ending March 31, 1942. These bonds have been cancelled, leaving the following amounts of bonds outstanding:

\$5,611,700 of the sterling Tranche
 \$14,646,000 of the dollar Tranche

According to advices received from Banco de Comercio e Industria de Sao Paulo, S. A., Sao Paulo, Brazil, there remain 1,352,336 bags of government coffee and 5,979,585 bags of planters coffee pledged for the loan.

The retirement plan was reported in these columns of Sept. 4, page 19.

Lehman, Glore Forgan Sell Tobacco Issues

Lehman Brothers and Glore, Forgan & Co. headed an underwriting group which on May 27 offered 17,609 shares of Philip Morris & Co., Ltd., Inc., cumulative preferred stock 3 1/2% Series at \$102 per share. This offering represents the balance of the 49,666 shares not subscribed by warrant holders and not sold by underwriters during the subscription period, which began May 16 and ended at 3 p.m. on May 25. The identical group also on May 27 offered \$6,000,000 of 20-year 3% debentures due May 1, 1962, at 102%.

Of the proceeds of the financing, approximately \$8,000,000 will be applied to the repayment of bank loans, the balance being added to the company's working capital.

On the completion of this financing, the outstanding capitalization of the company will be \$6,000,000 of 20-year 3% debentures due May 1, 1962; 198,657 shares of cumulative preferred stock (\$100 par) consisting of 148,991 shares of the 4 1/4% Series and 49,666 shares of the 4 1/2% Series; and 893,993 shares of common stock (\$10 par).

The new preferred stock is identical with existing preferred stock as to preferences, differing only in dividend rate and call prices. Both issues of preferred stock are entitled to the benefit of a sinking fund in an annual amount sufficient to redeem 1% of the total number of shares outstanding at the end of the preceding fiscal year.

The \$6,000,000 of 20-year debentures are a direct obligation of the company but are not secured.

The principal product of Philip Morris & Co., Ltd., Inc., is the cigarette "Philip Morris (English Blend)," net sales of which constitute 92 1/4% of the company's total sales volume for the year ended March 31, 1942. Because of the increasing success of the Philip Morris (English Blend) cigarette, the company's sales volume has increased yearly since 1934. For the 11 months ended Feb. 28, 1942, sales amounted to \$103,027,091. Other products of the company consist of the cigarette brands Paul Jones, Dunhill Majors, English Ovals, and Marlboro, and the smoking tobaccos, Bond Street and Revelation.

[The underwriters of the two issues, in addition to Lehman Brothers and Glore, Forgan & Co., are listed under "Calendar of New Security Flotations" elsewhere in this section.]

Curb Members Vote To Up Commission Rates

An increase in commission charges on stocks was voted by members of the New York Curb Exchange on May 26. When the ballots were counted it was revealed that of the 245 votes cast, 177 members were in favor of the increased rates. The new schedule went into effect at the opening of business on May 27. Regarding the new rate, the Exchange's announcement stated:

"The minimum non-member commission charge on transactions involving \$100 or more has been raised from \$3 to \$5. At \$90 a share and above a uniform commission of \$35 per 100 shares will be charged. On stocks selling 8/32nds of \$1 and under 50¢ the new rate is \$2 per 100 shares, as compared with \$1.50 formerly. For stocks selling at 50¢ and up to \$10 a share there is a flat increase of \$1 per 100 shares. The commissions increase progressively at the rate of 1/4 of 1% of the selling price on stocks selling over \$10 and under \$90 per share.

"Member give-up rates are increased approximately 10% for stocks selling at 8/32nds of \$1 and over. Commissions on clearance rates for stocks selling at 8/32nds of \$1 and over are increased 10% and over.

"Bond commission rates were not changed."

The Exchange also says: "The Committee on Communications and Commissions, after weeks of study and discussion, during which time members of the Exchange submitted numerous ideas and proposals for changes in the schedule of rates, submitted the final proposed schedule to the Board of Governors at its meeting of May 6. Following approval by the Board, the proposed changes were presented to the members for voting [referred to in these columns May 14, page 1855].

"Members of the Exchange also voted in favor of an amendment to Article IV, Section 5(d) of the constitution which clarifies the status of temporary member firms. Formerly, on the death of a regular member partner, the firm ceased to be a member firm and could not be admitted to temporary member firm status until an application for such status was filed and approved by the Exchange. The new amendment provides that pending the consideration of an application for temporary member firm status, such firm shall continue to enjoy the privileges and be subject to the obligations of a temporary member firm, provided they satisfy such requirements as the Committee on Admissions may prescribe."

Frank K. Tracy Now With Gross, Martin Co. Staff

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—Frank Kirk Tracy has become affiliated with Gross, Martin & Co., 639 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Tracy was formerly with Bogardus, Frost & Banning and in the past was a partner in Kerr & Bell and its predecessor, J. D. Kerr & Co.

Eagle Lock Co.
R. Hoe & Co.
COMMON
American Hair & Felt
Chicago Rapid Transit 6s & 6 1/2s
HAY, FALES & CO.
Members New York Stock Exchange
71 Broadway, N. Y. BOWling Green 9-7030
Bell Teletype NY 1-61

Market Transactions In Govts. For April

Market transactions in Government securities for Treasury investment and other accounts in April, 1942, resulted in net purchases of \$300,000, Secretary Morgenthau announced on May 15. This compares with net purchases of \$5,814,450 in March.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1940—	
May	\$387,200 purchased
June	934,000 purchased
July	No sales or purchases
August	No sales or purchases
September	\$300,000 sold
October	4,400,000 sold
November	284,000 sold
December	1,139,000 sold
1941—	
January	\$2,785,000 purchased
February	11,950,000 purchased
March	No sales or purchases
April	\$743,350 sold
May	200,000 sold
June	447,000 purchased
July	No sales or purchases
August	No sales or purchases
September	\$2,500 sold
October	200,000 sold
November	No sales or purchases
December	\$60,004,000 purchased
1942—	
January	\$520,700 sold
February	29,980,000 purchased
March	5,814,450 purchased
April	300,000 purchased

N. Y. Municipal Forum Nominates '42 Slate

The Nominating Committee of the Municipal Forum of New York has presented the following slate of officers:

Charles F. Auferhar, Jr., The Savings Banks Trust Company, to succeed Craig S. Bartlett, First National Bank of Jersey City, as President; John J. Rust, Equitable Securities Corporation, to succeed Mr. Auferhar as Vice-President; Elmo P. Brown, United States Trust Company, to succeed Floyd F. Stansberry, Bankers Trust Company, as Secretary; Harold H. Hahn, Thomson, Wood & Hoffman, has been renominated for Treasurer.

Named for three-year terms as Governors are Arnold Frye, Hawkins, Delafield & Longfellow, and William W. Mezger, Graham, Parsons & Co.

Members of the nominating committee are: Sheridan A. Logan, Chairman; Cushman McGee, William A. Schlicht, John A. Stephenson, Jr., and Austin J. Tobin.

Don't Lose Perspective

An analysis of the current situation in the field of ocean marine insurance has been prepared for distribution by the Bank and Insurance Stocks Department of Mackubin, Legg & Company, 22 Light Street, Baltimore, Md., entitled "Don't Lose Your Perspective." Analyzing the cases of a number of the leading insurance underwriters, the analysis points out that many of these companies have been in business for from one hundred to one hundred and fifty years and have withstood crises extending over the entire history of our nation, both in war and in peace time.

Copies of this interesting analysis, which also contains comparative figures showing the approximate effect of war risk ocean marine hull losses on "Syndicate C" subscribers based on their percentages of participation, may be had from Mackubin, Legg & Company upon request.

E. A. C. Keppler Dies

Emil Alexander Carl Keppler died at his home after a long illness; he was seventy years old. Mr. Keppler was formerly senior partner in the Wall Street house of Keppler & Company and had been a member of the New York Stock Exchange. For a number of years he was a professor of languages at Columbia University and was the author of several books of poetry.

Rubber, A Vital Industry In War & Post War Period

In view of the dominating role in the news now played by rubber, Smith, Barney & Co., 14 Wall Street, New York City, members of the New York Stock Exchange and other leading Exchanges, have issued a timely study prepared by Charles Kennard, of the firm. The study presents a comprehensive picture of the overall rubber situation in an effort to clarify much of the confusion now existing. Messrs. Nelson and Newhall held a special joint press conference last Friday to emphasize the seriousness of the rubber shortage and the study issued by Smith, Barney & Co. supplies much of the background of this shortage. It states that in normal times approximately 75% of our rubber consumption is for tires and tubes and that the economic and industrial life of the country is built around the automobile. It shows that, according to the last figures given by Leon Henderson, even after a cut in allocations of 25%, requirements for military and essential civilian purposes of the United Nations will be at least 700,000 tons a year, and that such requirements do not include a single pound of rubber for the civilian passenger automobile.

Stocks of rubber and the remaining sources of supply are analyzed and a detailed discussion is given of the various types of synthetic rubber, of the program for the construction of synthetic rubber plants, and of the time schedule and costs of such program. It is shown that if none of our remaining sources of supply such as Ceylon are cut off, and if the most optimistic time schedules on synthetic rubber production are realized we will just about be able to meet the essential requirements of around 700,000 tons a year during the next three years, leaving no crude rubber for the civilian passenger car.

The potentialities of reclaimed rubber in relieving the shortage are discussed and it is stated that a satisfactory recapping material can be made from reclaimed rubber with only two ounces of crude rubber. It is shown, however, that until it is reasonably certain that our essential requirements can be kept down to the bare minimum of 700,000 tons, that our few remaining sources are not interrupted and that our most optimistic time schedule on synthetic rubber production can be realized, no reclaimed rubber can possibly be made available for the unessential civilian driver. The reclaimed rubber will be used to supplement or replace crude rubber in our war and essential requirements and if in 1943 or 1944 we can recap with reclaimed rubber some of the tires of workers whose cars are essential to reaching their places of employment we will be very lucky.

Despite the gloomy outlook for the man in the street, the study goes on to state that the rubber industry should be reasonably busy processing rubber during the war period as, of the 700,000 tons of essential requirements of the United Nations, it is likely that at least 500,000 tons will be processed in this country which is more than was processed in 1938 and almost as much as in 1936 and 1937. Because of the intensive research now going on in the field and because of the superiority of certain characteristics of synthetic rubber and combinations of natural and synthetic, it is likely that the use of rubber will expand in the post-war period and that the rubber industry will handle a greater volume of business than in any pre-war period, the study says.

Nickle-Crone Opens

Nickle, Crone & Co., Limited, has opened offices at 30 Broad Street, New York City, to engage in a securities business.

Named For Cleveland Victory Fund Comm.

M. J. Fleming, President of the Federal Reserve Bank of Cleveland and Chairman of the Victory Fund Committee for the Fourth Federal Reserve District, announced on May 19 the appointment of the following to serve with him as members of the Victory Fund Committee:

C. W. Enyard, President, the First-Central Trust Co., Akron.
J. B. Root, President, the Geo. D. Harter Bank, Canton.

C. W. Dupuis, President, the Central Trust Co., Cincinnati.

J. J. Rowe, President, the Fifth-Third Union Trust Co., Cincinnati.

T. J. Davis, President, First National Bank, Cincinnati.

J. C. McHannan, Chairman Central National Bank, Cleveland.

George Gund, President, Cleveland Trust Co., Cleveland.

L. B. Williams, Chairman, National City Bank, Cleveland.

O. L. Cox, President, Union Bank of Commerce, Cleveland.

J. H. McCoy, President, City National Bank & Trust Co., Columbus.

W. H. J. Behm, President, Winters National Bank & Trust Co., Dayton.

J. T. Rohr, President, Toledo Trust Co., Toledo.

G. C. Brainard, President, General Fireproofing Co., Youngstown, and Chairman of the Board of Federal Reserve Bank of Cleveland.

C. A. McClintock, President, the Colonial Trust Co., Pittsburgh.

F. F. Brooks, President, First National Bank, Pittsburgh.

Clarence Stanley, President, the Union Trust Co. of Pittsburgh.

Maynard H. Murch, of Maynard H. Murch & Co., Cleveland.

Daniel W. Myers, of Hayden, Miller & Co., Cleveland.

Reamy E. Field, of Field Richards & Co., Cincinnati.

Ewing T. Boles, Ohio Corporation, Columbus.

Hazen Arnold, of Braun, Bosworth & Co., Toledo.

Hugh D. MacBaine, Mellon Securities Co., Pittsburgh.

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 (see issue of May 21, page 1950). The members of the New York Victory Fund Committee were indicated in the same issue, page 1944.

Purchase Limit Raised On F and G War Bonds

Secretary of the Treasury Morgenthau announced on May 25 that the limitation on purchases of Series F and G War Bonds in any one calendar year will be raised from \$50,000 to \$100,000, effective July 1. Series F Bonds are designed for the larger investors, for trustees, for reserve funds, while Series G bonds is a current income bond intended for both small and large investors. Both series have a 12-year maturity and carry a return of about 2 1/2% if held to maturity.

Hammel & Co. Formed; New Municipal Firm

Hammel & Co., Inc., has been formed with offices at 149 Broadway, New York City, to act as dealers and brokers in general market municipal bonds. President of the new organization is Richard H. Hammel, who for the past 20 years has been associated with Brandon & Co. and its predecessor, Brandon, Gordon & Waddell of New York City, as Manager of their Municipal Trading Department.

Bond Club To Hear Dewey

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

Brown & Sharpe
Merrimac Mfg. Co.
World's Fair 4s, 1941
Evans Wallower Zinc
Panhandle Eastern Pipeline Co.
5.80 Preferred
South American Bonds
Mexican Bonds
M. S. WIEN & CO.
Members N. Y. Security Dealers Ass'n
25 Broad St., N. Y. HANover 2-3780
Teletype N. Y. 1-1397

Unemployment Shows Decline In March

A decline of 850,000 in the number of jobless persons in the United States in March brought total unemployment in the United States down to slightly less than 3,500,000, according to the Conference Board, New York. A decline of 300,000 in February marked the first check in an upward trend in unemployment which began from a low point last September and reached 4,665,000 in January. Commenting on the March decline, the Board's report says:

"Rapid conversion to war production during the first quarter has reversed the steadily upward trend of unemployment that began last September. The turning point in the growth of 'priorities unemployment' came in February when an initial decrease in unemployment of 300,000 was reported. War production and industrial employment were further expanded to reduce the number without jobs in March by 850,000. By the close of the first quarter, the total number of unemployed had fallen to slightly below 3,500,000, compared with 4,700,000 at the start of the year. For each person unemployed at the end of March of this year there were about two persons without jobs a year ago and almost three persons two years ago."

The Board also states: "As compared with the unemployment total of 6,635,000, for March, 1941, this March's total represented a decline of 3,155,000.

"The total number of persons employed, including the armed services, rose from 50,714,000 in February to 51,513,000 in March as compared with 48,021,000 in March of last year. Since the start of the year, 1,300,000 persons have found employment in industry or in the armed forces. In addition to the 700,000 taken on in agriculture, slightly more than 200,000 were absorbed in the basic industries, while almost 400,000 were added in the service industries, including the armed forces. Meanwhile, the number on WPA and the other emergency employment receded to 1,278,000, a reduction of almost 100,000 since January."

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—40%; low—14%; last—36 1/2%.