Final Edition

THURSDAY

In 2 Sections – Section 1

The COMMERCIAL and FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

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Our Reporter On "Governments"

From Washington in the last fortnight have come several dispatches of deep significance. . . . "Feelers," they were—and hints of actions to come. . . . In effect, they told us that (1) interest rates will be stabilized but not frozen at the levels of today, which are 2½% for long-terms and ⅜% for shortest-terms; (2) reserve requirements will be slashed and open market operations will be carried on to accomplish a $5,000,000,000 plus increase in excess reserves; (3) banks and other major investors in Governments will be told the types of issues to be sold to them over the coming war months as soon as the Treasury and Federal Reserve authorities have decided. . . .

All of these things we knew. . . . (In fact, what approximated them was printed in this column only last week.) . . . The question of importance then is not what the Government intends to do but what success is it likely to have in its efforts. . . . And on that, this writer suggests a valuable activity would be a close study of Britain's experience since 1939 and of its trial and error program. . . .

To begin with the conclusion, England has been able to do just about everything it has wished with its Government market. . . . It has financed the war to date on an astonishingly cheap basis. . . . It is still raising huge amounts of funds with a minimum of difficulty. . . . It is relying primarily on its banks, secondarily on the public. . . . It is leading us in the paths of sophisticated public finance. . . .

If you want to take those sentences and carry them to another logical conclusion, you might say "If England has been able to do it with its admittedly less wealthy setup, America can." . . .

Here are some significant points worth re-reading several times for an indication of what probably lies ahead for us. . . .

(1) Short-term financing is Britain's main support. . . . At present, Britain has a system of issuing "Treasury Deposit Receipts," which are six-months' non-negotiable securities. . . . The banks buy these in huge amounts and as a result the war in which England has been engaged since September, 1939, has been financed on a basis considerably below 2%. . . .

(2) About 90% of the resources of Britain's banks are being used in one form or another to help pay for the war. . . .

(3) In the last two and one-half years, British "perpetual" Consol. 2½s (the big loan of England) have risen from 62½ to 83½. . . . Or, to put it another way, yields have gone down from 4 to 3%. . . .

(4) Only a short time ago, England cut the rate on its war loans of long-term maturity from 3 to 2½%. . . .

(5) British policy is to stress maturity rather than interest rate. . . . And the banks manage their portfolios on that basis. . . .

WHY A CHANGE?

The more you study the experience of England, the more clear will be one thought. . . . And that is that fears of any major or even intermediate rise in interest rates during the war period are generally without foundation in fact. . . . The fear is father to the thought, a false although natural handicap in financial circles. . . .

If England can carry on the war and cut interest rates while it is

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OUR REPORTER'S REPORT

The part played by the Nation's banks and bankers in financing the vast war expenditures becomes quite clear upon the statement of Henry W. Koeneke, President of the American Bankers Association, that they have accounted for 85% of all war bonds sold to date.

Under the circumstances it is readily apparent that the position of these institutions, as regards their excess reserves, looms large in the picture of future financing operations by the United States Treasury.

Secretary Morgenthau is, of course, intent upon obtaining the widest possible public distribution of the war bonds as a means of offsetting the inflationary potentialities involved in the vastly increased buying power growing out of huge war spending.

But there is nothing to be gained by overlooking the fact that by far the bulk of the war debt must ultimately be lodged with the banks. They must be assured of the reserve funds necessary to take up their share of the new Government debt.

It is with that end in view, no doubt, that the Federal Reserve Board is moving for a change in the Reserve Act, to permit reclassification of New York and Chicago from Central Reserve to Reserve Cities. As Central Reserve City banks, institutions in those two areas must now set up a reserve of 26% against demand deposits.

As Reserve City banks, the requirement would automatically drop to 20%. Banks in those two areas now have excess reserves totaling $817,000,000. Upon reclassification as now sought, such reserves would rise to approximately $1,800,000,000.

But in view of vastness of the Treasury program ahead, it is

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Warns High Corporate Taxes Planned Will Kill Incentive to Expansion So Vital to War Effort

"Congress should move cautiously in proposing substantially higher taxes against corporations at this time, without a careful survey of their future effect on the national economy," in the judgment of A. W. Robertson, Chairman of the Westinghouse Electric & Manufacturing Co. In a letter addressed to all members of Congress last week, Mr. Robertson said that the corporation tax program proposed by the House Ways and Means Committee will seriously affect the future of his company, adding that it "may entirely eliminate the essential incentive to accomplish economically that expansion in production which is now so vital." At the same time Mr. Robertson said:

"I am entirely sympathetic with a program that will impose heavy taxes on so-called excess profits, provided the true excess profits are really established. I am also sympathetic with the substantial taxation of so-called normal profits, but surely the application of a combined normal tax and surtax rate of 40% after taxing excess profits at a rate of 94% appears excessive.

"On top of these taxes is an insistent drive to reduce profits, which, of course, will reduce our taxes at the same time as they reduce our net incme. And the final straw might be considered the increase in all expenses which is taking place on account of operating precautions due to the war, as well as threats of other increases."

From Mr. Robertson's letter we also quote:

"Every company finds need for additional money from earnings from time to time, due primarily to the fact that the future is uncertain, and mistakes are made. Unless additional money is available from some source, a company that is unfortunate enough to expand in the wrong direction will not be able to correct its mistake after it is found. This can weaken any company. A company must keep on growing or old age and decay will overtake it, and a company can grow only through money. Money is its life blood.

"The country at large and all its citizens will suffer loss if a company like the Westinghouse Company fails through lack of funds to meet emergencies, and if it fails other companies will fail for the same reason. Where will men work if there is no Westinghouse Company or similar companies? Where will men invest their savings if not in such companies? Who will care for those whose investments are lost if these companies fail? And who will care for the pensioners whose pensions will stop if their company fails?

"It has been said many times that the power to tax is the power to destroy. I am sure you agree with me that among the obligations and duties which rest upon the shoulders of Congress is the duty to act wisely when it enacts tax laws.

"The trend I refer to is well illustrated by this comparative statement of Westinghouse earnings and taxes for the first quarters of the years 1941 and 1942.

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THE BOND SELECTOR

SCRANTON-SPRING BROOK WATER SERVICE COMPANY

First and Refunding 5s of this Company, the Scranton Gas & Water First $4\frac{1}{2}$s and the Spring Brook Water Supply First 5s Are Reviewed

Scranton-Spring Brook Water First and Refunding 5s, 1961 and 5s, 1967, will appeal to those investors who are looking for a medium grade bond with a steady record of earnings which will return them a comfortable yield. Either issue can be bought over the counter at about $97\frac{1}{2}$ to yield 5.21% to maturity in the case of the 5s, 1961, and 5.18% in the case of the 5s, 1967. For those who are willing to sacrifice some yield but desire a better secured bond and are not adverse to paying a premium above call, Scranton Gas & Water $4\frac{1}{2}$s, 1958, at $103\frac{7}{8}$, yield 4.17% and Spring Brook Water Supply 5s, 1965, yield 4.30% at the current market price of $110\frac{1}{4}$. The Scranton Gas & Water bonds are now callable at 102; the Spring Brook Water 5s at $107\frac{1}{2}$.

The Scranton-Spring Brook Water Service Company and its subsidiaries supply water or manufactured gas, or both, to sixty-odd neighboring communities in Pennsylvania with an aggregate population of about 620,000. The territory includes Scranton, Wilkes-Barre, Pittston and other important industrial centers. Water sales contribute about 80% of operating revenues and manufactured gas the balance. The company's service territory is in the heart of the anthracite coal mining fields, but includes numerous other industries including silk mills, railway repair shops, and iron, cement and machinery plants. About 18% of sales are in the industrial classification.

Capitalization includes funded debt of roundly $35,400,000 and includes the following: $14,500,000 1st & Ref. 5s, 1967, $2,400,000 1st & Ref. 5s, 1961, $11,000,000 Scranton Gas & Water 1st $4\frac{1}{2}$s, 1958, and $7,500,000 Spring Brook Water Supply 1st Ref. 5s, 1965. The Scranton-Spring Brook 1st & Ref. 5s, 1961 and 1967, are secured by a first mortgage on a portion of the company's property but by a refunding mortgage on the remaining properties subject to the prior liens of the Scranton Gas & Water $4\frac{1}{2}$s and the Spring Brook Water 5s. Consequently, their position is considerably junior to the other two issues. These latter bonds too are secured by first mortgages on practically all prop-

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NYSE Firms To Merge As Stillman, Maynard

Evans, Stillman & Co. and Maynard, Oakley & Lawrence have formulated plans for the merging of their business under the name of Stillman, Maynard & Co., it is announced. Offices of the combined firm will be located at 61 Broadway, New York City, in the space held by Maynard, Oakley & Lawrence, the offices of Evans, Stillman & Co. at 14 Wall Street being discontinued.

All general partners of the two firms will be partners in Stillman, Maynard & Co.; Howard A. Plummer is retiring as a limited partner in Evans, Stillman & Co., but will continue to make his office with the combined firm.

Partners of the consolidated firm will be: R. Lawrence Oakley, Walter N. Stillman, James McMillen, Robert W. Morgan member of the New York Stock Exchange, Charles C. Lawrence, Richard S. Maynard, and William W. Dean, New York Stock Exchange member. Major J. Gould Remick, a partner in Evans, Stillman & Co. on leave of absence with the armed forces, and Arvid Taube of Maynard, Oakley & Lawrence who is serving as a Captain in the Aviation Corps, will also be partners in the combined firm.

Longmire St. Louis Victory Fund Head

ST. LOUIS, MO. — John R. Longmire has been appointed to serve as Executive Manager of the Victory Fund Committee for the Eighth Federal Reserve Dist. His appointment has been approved by the Secretary of the Treasury.

John R. Longmire

Mr. Longmire is well known in financial circles having been partner in I. M. Simon & Co., St. Louis invest. bankers, since 1929. During 1932-33 he served as manager of St. Louis RFC Agency. On April 15 he took leave of absence from his investment banking connection to become Director of the War Production Loan Agency in the Federal Reserve Bank of St. Louis, to which he will continue to devote part time.

John D. McCutcheon, John D. McCutcheon & Co., Inc., also widely experienced in the securities business, has been designated as full-time assistant to Mr. Longmire in the Victory Fund program.

As Executive Manager, Mr. Longmire will have executive responsibility, under the direction of the Victory Fund Committee, for developing and guiding an aggressive program for the sale of Government securities other than War Savings bonds, as an aid to the United States Treasury in its war financing.

NSTA Convention Is Put Off Indefinitely

The Ninth Annual Convention of the National Security Traders Association, scheduled for Cleveland, Ohio, Aug. 26, 27 and 28, has been postponed indefinitely, it was announced by Joseph W. Sener of Mackubin, Legg & Co., Baltimore, President of the association.

The traders decided that they would not be justified in taxing the transportation and hotel facilities of so busy a war production center as Cleveland, Mr. Sener explained. The association, which has a nationwide membership of over 2,000, expected a convention attendance of approximately 500. Edward E. Parsons, Jr., of William J. Mericka & Co., is chairman of the convention committee.

Thompson, Wittmer & Malone With Buckley

PHILADELPHIA, PA.—J. Cary Thompson, Jr., formerly manager of the statistical department of Mackubin, Legg & Co., Baltimore, has become associated with Buckley Brothers, 1529 Walnut Street, members of the Philadelphia Stock Exchange, where he will be in charge of the statistical department of their Philadelphia office.

Alexander J. Malone, formerly an officer of Yarnall, Stetser, Malone & Co., Inc., and Edward Brooke are also with Buckley Brothers in their Philadelphia office.

Carl S. Wittmer, Jr. has also joined Buckley Brothers as manager of their office in the Professional Arts Building, Hagerstown, Md. Mr. Wittmer was previously Hagerstown manager for Mackubin, Legg & Co.

Municipal Club Outing Pronounced Success

The annual field day of the Municipal Bond Club of New York held at the Westchester Country Club, Rye, N. Y., was pronounced a huge success by members and guests attending.

Golf and tennis were special features of the day.

Walter Dempsey, B. J. Van Ingen & Co., Inc., won the golf meet with a low gross of 78. In Class A competition, Daniel Fitzpatrick, Phelps, Fenn & Co., scored low net of 83-11-net 72 with Ferris Moulton, R. H. Moulton & Co., Inc., runner-up scoring 87-15 net 72. Low net Class B and also the Governor's Trophy were won by Walton R. Dunn, Mackey, Dunn & Co., Inc. (102-35 net 67), with Fred W. Buesser, Chemical Bank & Trust Co., runner-up. E. A. M. Cobden, Kean, Taylor & Co., captured first place in the match play against par competition, followed by George Gillies, Blair & Co., Inc. Kickers Handicap was won by W. R. Compton Jr., Schwabacher & Co. Longest drive of the day was made by Thomas McEntee, Adams, McEntee & Co., Inc. and Randolph Compton, Union Securities Corp., won the Accuracy Contest.

E. B. Laughlin, Harry Downs & Co., and Brainerd Whitbeck, The First Boston Corporation, won the tennis doubles matches, with John Stephenson, Jr., Dun & Bradstreet, and Henry Eyre, F. B. Eyre & Co., runners-up.

Curb Exchange Names Nominating Committee

At the final election on June 9 members of the New York Curb Exchange voted Harry A. Tracy Joseph F. Crowley, O. F. Browning, Jr., and Edward C. Werle Class A members, and Robert J. Lewis, James C. Warren, and Matthew Dean Hall Class B members of the Nominating Committee. The constitution of the Exchange requires that Class A members be regular members of the Exchange, one of whom shall be engaged solely in the commission business. Class B members must be associate member partners or non-member partners of regular or associate member firms doing business for the public. The Committee will attend meetings of the Board of Governors and various standing committees for the purpose of selecting nominees for offices to be filled at the annual election in February, 1943.

Fred H. Gabbi Joins Nathan C. Fay & Co.

PORTLAND, ME. — Fred H. Gabbi, who formerly represented Paine, Webber & Co. in Portland for over 21 years, has become associated with Nathan C. Fay & Co., 465 Congress Street, it is announced. Mr. Gabbi, who is well known in Maine financial circles, has been a director of Lions International, Chairman of Portland Common Council, and is Chairman of Appeal Board No. 3, Chairman of Cumberland County Salvage Committee, and Director of Portland Gas Light Co.

N. Y. Analysts Elect; To Hear Dr. Nadler

At the annual meeting of the New York Society of Security Analysts Wm. Hamilton Swartz was elected President for the ensuing year. Mr. Swartz is director of research at Goodbody & Co. Frederick A. Dewey was elected Vice President, Hamilton Hager of the First National Bank was elected secretary and Marvin Chandler of Barrett Associates was elected Treasurer. At the next general meeting of the society to be held today at Block Hall Lunch Club, Dr. Marcus Nadler, Professor of Finance at New York University and Research Director of the Institute of International Finance, will speak on "The Financing of the War and its Consequences."

Jones Raises All But Cane

Jack E. Jones, Vice-President of Hartley Rogers & Co., 1411 Fourth Avenue Building, Seattle, Wash., is the man to go to if you want to know what's what and how's how about starting a victory garden to help the National Defense Program. He recently told our Western representative that he had an abundance of vegetables for his table and a surplus of delicious strawberries that grow to be gigantic in size only in the North West. If your garden is not what it should be, drop a card to Jack, who will be glad to give you his expert advice—but how to get sugar for the berries is another question, as he has no cane in his crop.

Reopens Hughes Case

The Securities and Exchange Commission has ordered the reopening of the case of Charles Hughes & Co., Inc., 32 Broadway, New York City, investment firm, to determine whether the registration of the company should be suspended or revoked. The order was issued in order that Charles Hughes & Co. might cross-examine witnesses, Mrs. S. D. Furbeck, Mrs. Ann Knebel, Mrs. A. Zinnel and H. E. Monahan and offer evidence in its own behalf regarding charges made in the Commission's order of February 13, 1942. The new hearing will be held on June 15 at the Commission's New York regional office.

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

Corwin Liston Joins Prescott & Co. Staff

CLEVELAND, O.—Corwin L. Liston has become associated with Prescott & Co., Cleveland, members of the New York Stock Exchange, according to announcement today.


Corwin L. Liston

Mr. Liston has been a specialist in this district's over-the-counter security market for many years From 1921 to 1941 he was on the staff of Mitchell, Herrick & Co and its predecessor firms and later was associated with Ledogar-Horner & Co. Recently he was connected with Huff, Geyer-Hecht, Inc.

He served as Secretary of the National Security Traders Association in 1938-39 and was Regional Committeeman for the National Association of Securities Dealers, Inc., in 1940-41. He was also one of the organizers of the Cleveland Security Traders Association.

At Prescott & Co. Mr. Liston will specialize in over-the-counter securities, syndicate, and wholesale work.

SEC Widens Fraud Rule

The Securities and Exchange Commission announces the adoption of a rule prohibiting fraud by any person in connection with the purchase of securities. The previously existing rules against fraud in the purchase of securities applied only to brokers and dealers. The new rule, says the Commission, closes a loophole in the protections against fraud administered by the Commission by prohibiting individuals or companies from buying securities if they engage in fraud in their purchase.

Schappert-Teden Co. Changes Name Of Firm

The firm of Schappert-Teden-Blumer, Inc., 2 Rector Street, New York City, established in 1931, has changed its firm name to Teden & Co., Inc. Officers of the firm will remain the same.

The firm will continue to specialize in the sale of high-grade producing oil royalties. In order to broaden its distribution, a wholesale department has been established under the direction of Kenneth M. Smith, formerly wholesale and syndicate manager for J. A. Sisto & Co.

A newly prepared booklet, giving a comprehensive description of oil royalties, has just been issued by Teden & Co., who will send copies to dealers on request.

Customers' Brokers Elect New Officers

The Association of Customers Brokers of New York has elected Armand E. Fontaine, Merrill, Lynch, Pierce, Fenner & Beane, President, to succeed Thomas B. Meek, Francis I. du Pont & Co. and Chisholm & Chapman.

Allyn C. Donaldson, Francis I. du Pont & Co. and Chisholm & Chapman, was named Vice-President; Donald C. Blanke, Eastman, Dillon & Co., was chosen Treasurer, and Douglas V. Ellice, Fahnestock & Co., Secretary.

Thomas B. Meek, the retiring President, John J. Tuffy, Hirsch, Lilienthal & Co.; Richard G. Horne, Peter P. McDermott & Co., and Standish M. Perrin, Winthrop, Whitehouse & Co., were elected directors for four-year terms. Anthony A. Smith, G. H. Walker & Co., and John F. Power, Eastman, Dillon & Co., were elected directors for three-year terms, and Ernest H. Hochstuhl, Stocks, Hoyt & Co.; Lionel F. Stern, Ward, Gruver & Co., and Percy Friedlander, Astor & Ross, for one-year terms.

H. F. Christy Joins Crowell, Weedon Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Herschel F. Christy has become associated with Crowell, Weedon & Co., 650 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Christy was formerly a principal in O'Melveny-Wagenseller & Durst and its predecessors, and held membership in the Los Angeles Stock Exchange.

Farrell & Sullivan With Fitzgerald Co.

John J. Farrell and Robert J. Sullivan have become associated with Fitzgerald & Co., Inc., 40 Wall Street, New York City. Mr. Farrell and Mr. Sullivan were previously with Craigmyle, Rogers & Co. and prior thereto with R. H. Johnson & Co. of which Mr. Sullivan was a partner.

United States of Mexico

Recent War Declaration Points To Closer Economic Collaboration With The United States and Strengthens Position of the External Debt

The article carrying the above caption, which appeared in our issue of June 4, in the Bond Selector column, had been submitted by the author in advance of publication date and, as a consequence, we have been informed that the quotations contained in the study did not adequately reflect the recent price trend. Through the courtesy of one of our subscribers we are able to publish a more comprehensive tabulation of "recent prices" and quotations on outstanding securities of Mexican origin. In addition, we have received some additional information which may prove of interest to dealers and others interested in the securities in question. This data is given, along with the price record, herewith:

	Price Range 1942		Recent Sales	Date
Mexican Government:				
5/99-45	5⅞	7½	6⅞	6- 9
4/04-54	5⅝	7⅜	6⅝	6- 2
4/10-45	5⅞	7¾	6⅝	6- [illegible]
6/13-33	6	7½	7½	5-22
4½/08-43	5⅝	7¼	6¾	6- 9
National Railways of Mexico:				
4½/07-57	3½	5⅛	4⅞	5-28
4/07-77	3½	5⅜	4⅞	5-28
6% two year & three year notes	3½	4⅞	4¼	6- 8
National RR. of Mexico:				
4/02-51	3¾	5¼	4⅞	6- 3
4½/02-26	3⅞	7⅛	6⅝	6- 9
Veracruz & Pacific RR.:				
4½/04-34	3¼	5¼	4⅞	5-29
Mexican Government:				
3% Silver bonds 1885	3¼	4½	4½	5-29
5% Silver bonds 1895	4	5⅜	5⅜	5-28
Mexican States:				
Sinaloa 5/06-07		no turnover in 1942		
Tamaulipas 5/03		no turnover in 1942		
Tamaulipas 5/1906		no turnover in 1942		
Veracruz 5/1902		no turnover in 1942		
Veracruz 5/07	3½	3¾	3½	5-18
Mexico City D. F.:				
5/89	5	5¼	5¼	5- 8
International RR. of Mexico:				
4½/97-47	4	4⅝	4¾	5-27
4/97-77	3⅛	4⅜	4¾	5-23
Mexican Central Ry. Co., Ltd.:				
5/89-39		no turnover in 1942		
5% notes	4⅞	4⅞	4⅞	6- 2
Tehuantepec National Railways:				
5/14-53	3⅝	4½	4½	5-18
4½/14-53	3¼	3¾	3¾	4- 4
Pan- American RR. of Mexico:				
5/03-34	4¾	4¾	4¾	5-18
5/07-37		no turnover in 1942		

Current quotations for issues listed above, that have remained without turnover in 1942, are reported as follows:

	Bid	Offered
Sinaloa 5/06-07	4½	none
Tamaulipas 5/03	4½	6½
Tamaulipas 5/06	4½	6½
Veracruz 5/02	4½	6½
Mexican Central Ry. Co., Ltd. 5/89-39	4⅞	5⅞
Pan. Am. RR. of Mexico 5/07-37	4¾	none

"Throughout the month of May, 1942, the most remarkable turnover and price developments took place in National RR. of Mexico 4½% 1926 bonds, and in our opinion the writer of the article in question should have mentioned:

a) That all the above listed Mexican issues, including those mentioned by us but not mentioned in your article, (are) are included in the so-called De La Huerta-Lamont Agreement of 1922-23, which is administered by the International Committee of Bankers on Mexico;

b) That National RR. of Mexico 4½% 1926 bonds have an additional feature, outside of being 'assented' under the De La Huerta-Lamont Agreement, in so far as they are secured also by a lien subject to existing mortgage on the Texas-Mexican Railway, situated entirely within the U. S. territory, by reason of deposit with the trustee, the Central Hanover Bank & Trust Company, of the entire issue of first 7% bonds of Corpus Christi, San Diego, Rio Grande narrow gauge Railway Co.; of Texas Mexican Railway Co. first 6% Railway bonds; and of $2,495,000—out of $2,500,000—capital stock of Texas-Mexican Railway Co."

In connection with the foregoing, Standard & Poor's Corp. is said to have made the following observations, at the request of one of our subscribers:

". . . Complying with your telephonic request of May 27, we are pleased to give you herewith a brief review of the National Railroad Co. of Mexico Prior Lien 6s, 1-1-33, with particular reference to the possibility of an interest disbursement on this issue.

According to the Central Hanover Bank & Trust Co., trustee for this issue, it currently holds approximately $125,000 of cash under the mortgage. Also, because of the improvement in earnings of the Texas Mexican Railway, (all of those bonds and stocks are pledged under the subject obligation), an interest disbursement is contemplated on such pledged bonds of about $150,000, which after allowing for the 27½% U. S. Government withholding tax levied on interest paid on foreign securities, would net the trustee about $108,750. If this payment is made, it would bring the trustee's cash holdings to roughly $233,750.

As to an interest disbursement on the Prior Lien 6s, 1933, our contact would make no definite statement, but intimated that if the additional cash mentioned above is received, the trustee might consider a payment. On the basis of the $233,750 cash indicated, a disbursement of about $10 per $1,000 bond would be possible.

The Texas Mexican Railway reported $319,155 income available for fixed charges in 1941, up from $97,365 in 1940; and for the initial 1942 quarter, earnings available for charges recorded a further gain to $111,371, from $56,321. Cash and cash items of the road as of Mar. 31, 1942, amounted to $425,940, more than double year-earlier resources, while current assets of $839,560 compared with current liabilities of $348,437. Thus, this Texas line appears to be in a favorable position to make the cash disbursement in question. . . . ", which, we believe, will explain sufficiently the activities in this particular issue throughout May, 1942.

A few days ago an article in the financial section of the New York "Times" mentioned that the London Stock Exchange "greeted Mexico's entry into the war as an ally of the United Nations with registering very much higher prices for the various Mexican securities listed in London."

LONDON STOCK EXCHANGE QUOTATIONS

	May 1, '42	June 1, '42
Mex. Govt. 6/13-33	8½—9½	12¼—13
Mex. Govt. 5/99-45	9 —9¾	12¾—13¼
Mex. Govt. 4/10-45	7½—8½	9¾—10½
Mex. Govt. 4/04-54	7½—8½	9¾—10½
Mex. Govt. Irrig. 4½/43	7¾—8¾	9½—10½
Natl. RR. Mex. 4½/26	7½—8	8½—9½
Natl. RR. Mex. 4/51	4½—5½	6½—7½
Natl. Rvs. Mex. 4½/57	6 —6½	7½—8

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Three With Pasadena Corp.

(Special to The Financial Chronicle)

PASADENA, CALIF. — Keith Westbrook Nusbaum, John Curtis Wilfong, and Roland Yoder have become associated with Pasadena Corporation, 234 East Colorado Street. All were formerly with the local office of Conrad, Bruce & Co.

Cyrus Peirce Now With Hill, Richards & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Cyrus Peirce has become associated with Hill, Richards & Co., 621 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Peirce formerly for many years conducted his own business as investment counsel.

To Be Cgo. S. E. Member

CHICAGO, ILL. — Application has been posted for the transfer of a membership in the Chicago Stock Exchange to Walter R. Brailsford, Brailsford, Rodger & Co., Chicago.

PERSONNEL ITEMS

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

NEW YORK CITY—**Harold J. Cone** and **Fred W. Reed**, formerly of Burr & Co., are now with **Amott, Baker & Co., Inc.**, 150 Broadway.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Harry S. Allen** has become associated with **Thompson Ross Securities Co.**, 39 South LaSalle St. Mr. Allen was formerly with Straus Securities Co. and Bond & Goodwin, Inc., of Illinois.

(Special to The Financial Chronicle)

CINCINNATI, O. — **Gilbert A. Davis** and **Maxwell W. Fuller** have become affiliated with **W. E. Hutton & Co.**, First National Bank Building. Mr. Davis was formerly connected with Dominick & Dominick for many years.

(Special to The Financial Chronicle)

CLEVELAND, O.—**Frederic W. Staffeld** has rejoined the staff of **McDonald-Coolidge & Co.**, Union Commerce Building.

(Special to The Financial Chronicle)

DENVER, COLO. — **Hugh C. Pearson** is now connected with **Bosworth, Chanute, Loughridge & Co.**, Security Building. He was previously with R. G. Bulkley & Co. for ten years.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **Charles E. Frankel, Jr.**, **Esther R. Heyne**, and **Margaret Sheedy** have joined the staff of **H. R. Baker & Co.**, Bank of America Building. Mrs. Heyne was previously with Bankamerica Company.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**John R. James, Jr.**, formerly with Cavanaugh, Morgan & Co., has become connected with **Thomas Kemp & Co.**, 210 West Seventh St.

(Special to The Financial Chronicle)

NEW BRITAIN, CONN. — **Arthur J. Marieni** is now with **Tifft Brothers**, 125 Pearl St., Hartford, Conn. Mr. Marieni was formerly with the New Britain office of Goodbody & Co.

(Special to The Financial Chronicle)

OAKLAND, CALIF.—**Madison Lee Howell**, previously wih E. F. Hutton & Co., has been added to the staff of **Wilson, Johnson & Higgins, Inc.**, Central Bank Building.

PHILADELPHIA, PA. — **Reynolds & Co.**, 1500 Walnut St., announce the association with them in their investment department of **Otto Rothe** and **Lewis W. Woodland.** Mr. Woodland was formerly with F. P. Ristine & Co.

(Special to The Financial Chronicle)

POMONA, CALIF.—**Charles B. Ewing** has become affiliataed with **Pacific Company of California**, 623 South Hope St., Los Angeles. Mr. Ewing was previously with the Pomona office of Merrill Lynch, Pierce, Fenner & Beane and was with Crowell, Weedon & Co.

Klein In New Quarters

Contrary to the present trend in Wall Street, M. F. Klein Co. announce the removal of their offices from the third floor to larger quarters, which were formerly occupied for many years by Zimmermann & Forshay, on the second floor at 170 Broadway, New York City.

Milton F. Klein continues as sole proprietor of the firm and has associated with him Rudy Klein, Office Manager; William N. Portnoy, Sales Manager, and Edward Ruskin, Manager of the Trading Department.

Last year M. F. Klein Co., as underwriters, marketed 65,000 shares of the Phillips Pump & Tank Co. Class A stock and also 65,000 shares of Moline Pressed Steel Corp. Class A. At the present time both of these companies are engaged in extensive war work.

Next month Mr. Klein and his associates will celebrate the firm's second anniversary.

N. E. G. & E. Interesting

The New England Gas & Electric Association's earnings trend, tax situation, possibility of tax relief, and outlook for debentures are discussed in a four-page report by Bond & Goodwin, Incorporated, 63 Wall Street, New York City. Copies of the report may be had from Bond & Goodwin upon request.

Insured Investment For Investors And Trustees

The Fulton County Federal Savings and Loan Association, Ground Floor Trust Co. of Georgia Building, Atlanta, Ga., will be glad to send investors, trustees, and other fiduciaries interested in learning more about insured Federal Savings and Loan investments full particulars. Current dividend rate of 3½% per annum.

In Armed Forces

John Hayward, member of the St. Louis Stock Exchange and a partner in Harry Hall Knight & Co. of St. Louis, has been commissioned a Captain in the United States Army.

C. Wickham Moore of Smith, Moore & Co., 509 Olive Street, St. Louis, Mo., is serving with the United States Army.

Dwight C. Rose, President of the Investment Counsel Association of America and a partner of Brundage, Story and Rose, New York City, has retired temporarily from that firm to accept a commission as Lieutenant in the United States Navy.

Frederick F. Johnson, Vice President and Manager of the Chicago branch office of Brown, Bennett & Johnson, has been commissioned a Lieutenant in the U. S. Navy and will be stationed at the U. S. Naval Air Station, Quonset Point, Rhode Island. The firm has closed its Chicago office.

Lebenthal Goes Fishing

Louis S. Lebenthal, of the Odd Lot Muncipal Bond firm of Lebenthal & Co., 135 Broadway, New York City, has left for a fishing trip in New Brunswick.

Chicago Committee For Victory Fund

Another step in completion of plans to support the war financing work of the Treasury was taken in the Seventh (Chicago) Federal Reserve District on June 2, with the announcement by C. S. Young, President of the Federal Reserve Bank, that the Secretary of the Treasury had approved the appointment of Francis F. Patton as Executive Manager of the Victory Fund Committee for this district. Mr. Young stated that Mr. Patton, Vice-President of the A. G. Becker & Co., Inc., Chicago investment house, had been granted a leave of absence by his firm to accept the position. Mr. Patton is to take charge immediately, with headquarters in the Federal Reserve Bank Building.

The Seventh District Committee, of which Mr. Young is Chairman, consists of 10 commercial bankers and 8 investment bankers. It is one of 12 such committees which will be used in connection with Treasury financing, other than war savings issues.

Commercial Bankers

Edward E. Brown, President, First National Bank of Chicago; Philip R. Clarke, President, City National Bank & Trust Co. of Chicago; Walter J. Cummings, Chairman, Board of Directors, Continental Illinois National Bank & Trust Co. of Chicago; Howard W. Fenton, President, Harris Trust & Savings Bank, Chicago; Herbert L. Horton, President, Iowa-Des Moines National Bank & Trust Co.; William G. Irwin, President, The Indiana National Bank of Indianapolis; Walter Kasten, President, First Wisconsin National Bank, Milwaukee; Walter S. McLucas, Chairman, Board of Directors, National Bank of Detroit; Solomon A. Smith, President, The Northern Trust Co. of Chicago; Lawrence F. Stern, President, American National Bank & Trust Co. of Chicago.

Investment Bankers

Robert W. Baird, The Wisconsin Co., Milwaukee; Emmett F. Connely, First of Michigan Corp., Detroit; Paul H. Davis, Paul H. Davis & So., Chicago; Charles F. Glore, Glore, Forgan & Co., Chicago; Edward B. Hall, Harris Hall & Co., Chicago; Francis F. Patton, A. G. Becker & Co., Chicago; Harold L. Stuart, Halsey, Stuart & Co., Inc., Chicago; Jay N. Whipple, Bacon, Whipple & Co., Chicago.

An Executive Committee, consisting of six men with extensive experience in the securities business, consists of the following: Robert W. Baird, The Wisconsin Co., Milwaukee; Philip R. Clarke, President, City National Bank & Trust Co. of Chicago; Edward B. Hall, Harris Hall & Co., Chicago; Lawrence F. Stern, President, American National Bank & Trust Co. of Chicago; Harold L. Stuart, Halsey, Stuart & Co., Inc., Chicago; Jay N. Whipple, Bacon, Whipple & Co., Chicago.

Mitchel, Whitmer Co. To Admit A. Preston

Alfred I. Preston will shortly become a partner in Mitchel, Whitmer, Watts & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, and will act as alternate on the floor of the Exchange for Ormsby M. Mitchel, Jr. Mr. Preston was formerly a partner in Winthrop, Mitchell & Co.

A. M. Kidder Outing

The partners and employees of A. M. Kidder & Co., members of the New York Stock Exchange, held their 77th Annual Outing Saturday, June 6, at the Timber Point Country Club, Long Island.

Chicago Stock Exch. Appoints Committees

CHICAGO, ILL.—At the annual organization meeting of the Board of Governors of the Chicago Stock Exchange held June 4, Arthur M. Betts, Alfred L. Baker & Co., who was recently re-elected Chairman of the Board for the fifth consecutive time, appointed the following standing and special committees to serve for the ensuing year, which were confirmed by the Board:

Executive:—Emmet G. Barker, Chairman, James E. Bennett & Co.; R. Arthur Wood, Vice-Chairman; F. Fletcher Garlock, F. D. Moseley & Co.; Homer P. Hargrave, Merrill Lynch, Pierce, Fenner & Beane; and Harry M. Payne, Webster, Marsh & Co.

Admissions:—T. Clifford Rodman, Chairman, Shields & Co.; Alfred E. Turner, Vice-Chairman; Walter J. Buhler; Ralph Chapman, Farwell, Chapman & Co.; and D. Dean McCormick, Kibbon, McCormick & Co.

Finance:—James A. Cathcart, Chairman, Harris, Upham & Co.; Walter J. Buhler, Vice-Chairman; M. Ralph Cleary, Cleary & Company; Thomas E. Hosty, Sincere & Co.; and Charles R. Perrigo, Hornblower & Weeks.

Floor Procedure:—Hugh H. Wilson, Chairman; John C. Stewart, Vice-Chairman, Hixon, Stewart & King; Lyman Barr, Paul H. Davis & Co.; William W. Haerther; Elmer A. Kurzka, Fred W. Fairman & Co.; Frederick J. Stannard; John E. Wheeler, Hicks & Price.

Judiciary: — Reuben Thorson, Chairman; Thomas E. Hosty, Vice-Chairman; John J. Bryant, Jr., James H. Oliphant & Co.; Joseph P. Brown; and Morton D. Cahn.

New Business and Public Relations:—Roy E. Bard, Chairman, Clement, Curtis & Co.; M. Ralph Cleary, Vice-Chairman; Leo M. Apgar, Apgar, Daniels & Co.; Irving E. Meyerhoff; Alger Perrill, Alger Perrill & Co.

Special Committee on Commission Schedules: — George E. Barnes, Chairman, Wayne Hummer & Co.; Thomas E. Murchison, Vice-Chairman, Paul H. Davis & Co.; Clarence J. Bridgen, Paine, Webber & Co.; Joseph E. Dempsey, Dempsey-Detmer & Co.; and Charles R. Perrigo.

Mr. Betts also announced the reappointment of the four present advisors: Messrs. Sheldon Clark, Charles Y. Freeman, Lee Higginson Corp., Edward B. Hall, Harris, Hall & Co., and Bentley G. McCloud. Mr. Clark has been an advisor of the Board since inception of the plan to invite non-members to serve in such capacity in 1937.

Kenneth L. Smith was reelected President, Sidney L. Parry and C. Russell Bergherm were reappointed Vice-Presidents, Walter R. Hawes was renamed Secretary and Carl E. Ogren, Assistant Secretary.

William F. Black was advanced from Assistant Treasurer to Treasurer to succeed Martin E. Nelson, who was named Treasurer Emeritus. Charles T. Atkinson was reappointed Secretary Emeritus.

Mr. Nelson, who has served the Exchange for 39 years, will continue as an active member of the staff in an advisory capacity.

Jess Halsted, of Scott, MacLeish & Falk, was reappointed Counsel.

Condon Opens Office For Van Ingen in Chgo.

CHICAGO, ILL.—The municipal bond firm of B. J. Van Ingen & Co., Inc. of New York and Miami, announces the opening of a Chicago office at 135 South La Salle Street, under the management of Raymond V. Condon, formerly a Vice-President of V. P. Oatis & Co., Inc. of Chicago, and prior thereto for many years with Blair Securities Corp. and Bancamerica-Blair Corp.

Tomorrow's Markets Walter Whyte Says—

Recent strong market fed by Midway naval battle news. Present outlook calls for minor setbacks from which new strength can come.

By WALTER WHYTE

It looks like the news of the successful raids over Germany and German held territory wasn't dynamic enough to set this market off. It needed some news a little closer to home to get it going. Well, it got it—the Jap attack on Midway and its rout by our forces. At this writing complete details of the attack are not available but enough is already known to make it good news indeed.

* * *

In any case the market taking its cue from it did start up after just a few hours of hesitation. True, little of this rally has had the explosive quality we would all like to see. But in these days of slim pickings, when even meager rallies die aborning, it's something to look on with some satisfaction.

* * *

From Washington the news continues to be one of those things. Congress, mindful of election, put on another display of "independence." The House voted to give the men in the armed forces $50 a month. The Senate committee said $46. Then the Senators insisted the whole thing be brought to the floor and voted upon. Right away our courageous Senate, realizing that its vote would become part of the public record (and who knows what with election coming up they might not be sent back to get special gas ration cards), stood up and said, okay, fifty bucks it is.

* * *

I think the men fighting and perhaps dying are worth more than a windy Congress seems willing to give them. But that isn't the point. The point is that behind a curtain of anonymity of committees our elected representatives, these guardians of our liberties, are perfectly willing to do one thing. But let the proceedings become public and the whole thing changes. Courage! Independent thinking! What a joke!

* * *

Of course salaries to men in the service or regular payments to their dependents have little to do with the market. But it is a clue to what Congress will do if it ever gets around to acting on taxes which have a lot to do with business and the market that reflects its state. It seems to me that if Congress has the courage to act only when the glare of full publicity on individual votes is on it, then by all means take the tax bill out of committee and place it on the floor in open debate so that we may all know how every Cngressman and Senator voted.

* * *

Meanwhile the market is not saying, as some people claim, that the war is about over and a peace is closer than we believe. I think it is saying something entirely different. It is saying that at long last instead of optimistic and assuring statements from on high, actual events that can only be determined on the field of battle, are coming true. Slowly but surely we are turning the tide against the enemy. And that is cause for rejoicing. The only place where we are still getting it in the neck is off the Atlantic Coast.

* * *

Still, the market, a balancer of the news, good, bad or indifferent, surveys the immediate picture with optimism. It seems to be saying that having all known news at hand the outlook is no longer as dark as it was on, and shortly after, December 7th.

* * *

This doesn't mean that the market will now go straight up; markets don't act that way, but it does mean that the lows of last April need not be tested again to assure the belief of an advancing market. On the contrary if such lows are even threatened mildly the picture will have completely changed.

* * *

Of course this being a market subject to the vagaries of news and rumors wilder than most, it will go down again, but I don't think that a de-

(Continued on page 2204)

Hirsch-Lilienthal To Admit

Louis A. Mollard will shortly be admitted to partnership in Hirsch, Lilienthal & Co., 25 Broad Street, New York City, members of the New York Stock Exchange and other Exchanges. Mr. Mollard will act as alternate on the floor of the New York Stock Exchange for Daniel T. Pierce, Jr.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—40⅝; low—14¾; last 34½.

RAILROAD SECURITIES

The Southern Pacific Secured 3¾s, 1946, continue to attract a considerable investment following, and railroad bond men have been pointing to their recent excellent market action in contrast to general uneasiness in the rail list. With other obligations of marginal carriers fading consistently away to new low levels, the Southern Pacific 3¾s receded only a few points. This firm underlying tone may be traced to a growing confidence on the part of the investing public that, regardless of its longer term prospects with a return to a peace economy, Southern Pacific will be able to meet this near term maturity. Furthermore, the public buying is presumably being augmented by additional purchases by Southern Pacific and its wholly owned subsidiaries. On a quality basis, and in the event of reorganization of the obligor, the Secured 3¾s could hardly be placed in the same class with the better Southern Pacific mortgages due to the questionable nature of some of the underlying security collateral. Under present conditions, and with the belief growing that the war may be of shorter duration than formerly expected, the question of quality and probable reorganization status exerts only a minor market influence.

There is not a major border line carrier that has benefited so dynamically from the business upturn and transportation dislocations arising from the war as has Southern Pacific. Large cantonments in the service area, expansion in the aircraft industry on the west coast, establishment of new industries to manufacture armaments, the urgent shipbuilding program, etc. have all been important contributary causes to the record volume of Southern Pacific's freight business. More important from an operating standpoint, have been the sharp drop in steamship competition and the unusually heavy movement of goods westward since the opening of the Pacific war. The former has brought profitable long-haul traffic back to the rails while the latter has brought a healthy balance of traffic. Normally freight movement in the area is predominantly eastward with a large empty car movement west. To bring the cars back with a revenue load rather than empty involves relatively little extra expense.

Even those visualizing a short war admit the probability that Southern Pacific's business will remain at high levels throughout 1943 at least. The heavy submarine toll of shipping and the probable need for a large steamship tonnage for foreign service in the opening stages of the postwar period minimize the possibility of a near term resumption of serious intercoastal competition. Also, many of the new industries established and being established under the urgency of war needs may be considered permanent accretions to the economy of Southern Pacific's territory. With a high level of earnings now established and presumably in prospect for another year and a half at least, the main concern of investors is the use being made of the profits. On this question the management of Southern Pacific may point with pride to its own activities during the past year and a half.

Exclusive of equipment trust obligations Southern Pacific and its wholly owned subsidiaries purchased or retired a total of $34,441,500 face value of debt. Bank and RFC loans, which totaled $39,800,000 at the beginning of the year, were reduced to $15,000,000 represented by a serial bank accommodation. This has been reduced to $3,750,000 by prepayments so far in 1942 and should be entirely eliminated in a month or so. The bond purchase program reduced the amount of the 1943 maturities outstanding with the public to $8,727,000 and the 1946 maturities to $64,904,000. Of the latter amount, $52,308,000 represented the Secured 3¾s. Aside from the regular serial equipment maturities, which are more than covered by depreciation, the company has no other bonds to meet until 1949. It is expected, therefore, that future bond reduction programs will be concentrated on the 1943 and 1946 problems.

On the basis of results to date and the excellent prospects over the balance of the year, it is estimated that Southern Pacific may realize net income of perhaps $50,000,000 in 1942. Considering the excellent financial condition, it is probable that some $45,000,000 of such earnings could be utilized for debt retirement. After allowing for the $15,000,000 bank loans outstanding at the beginning of the year, this would leave $30,000,000 for bond purchases. This would provide for the entire 1943 maturities with a balance of more than $21,200,000 for 1946 maturities. Applied to the purchase of the 1946 maturities at an average price of 90 (they have sold well below that in the year to date) this would be sufficient to reduce the aggregate of 1946 maturities to $41,300,000. Even with a drop in 1943 earnings below the indicated 1942 level, this balance could be practically, if not entirely, eliminated by the end of next year. The company would then have a breathing spell of some six years to prepare for its next maturities.

Derickson Lieutenant

PHILADELPHIA, PA.—John H. Derickson, Jr., formerly in charge of the Municipal Department of E. H. Rollins & Sons, Inc., has been commissioned a First Lieutenant in the Ordnance Department of the United States Army.

Newburger-Hano To Admit

John F. Clark will become a partner in Newburger & Hano, members of the New York and Philadelphia Stock Exchanges. He will act as alternate on the floor of the Exchange for Harry Grabosky and will have his headquarters at the firm's New York office at 39 Broadway.

DIVIDEND NOTICES

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 145
Common Dividend No. 129

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending June 30, 1942, and a dividend of 10¢ per share on the Common Stock have been declared. Both dividends are payable July 1, 1942, to holders of record June 11, 1942. The stock transfer books will remain open.

J. P. TREADWELL, JR.
May 27, 1942 *Secretary*

ACF

AMERICAN CAR AND FOUNDRY COMPANY
30 CHURCH STREET
NEW YORK, N. Y.

There has been declared, out of the earnings of the fiscal year ended April 30, 1942, a dividend of one and three-quarters per cent (1¾%) on the preferred capital stock of this Company, payable July 1, 1942 to the holders of record of said stock at the close of business June 19, 1942.

Transfer books will not be closed. Checks will be mailed by Guaranty Trust Company of New York.

CHARLES J. HARDY, *President*
HOWARD C. WICK, *Secretary*
June 4, 1942

ALLIS-CHALMERS MANUFACTURING COMPANY
Common Dividend No. 72

A dividend of twenty-five cents ($0.25) per share on the common stock, without par value, of this company has been declared, payable June 30, 1942, to the stock holders of record at the close of business June 15, 1942.
Transfer books will not be closed.
Checks will be mailed.

W. E. HAWKINSON
June 4, 1942.

HOMESTAKE MINING COMPANY
Dividend No. 854

The Board of Directors has declared dividend No. 854 of thirty-seven and one-half cents ($.37½) per share of $12.50 par value Capital Stock, payable June 25, 1942 to stockholders of record 12:00 o'clock Noon, June 20, 1942.
Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

R. A. CLARK, Secretary.
June 2, 1942.

New York & Honduras Rosario Mining Company
120 Broadway, New York, N. Y.

June 10, 1942.

DIVIDEND NO. 259

The Board of Directors of this Company, at a meeting held this day, declared an interim dividend for the second quarter of 1942, of Forty Cents ($.40) a share on the outstanding capital stock of this Company, payable on June 27th, 1942, to stockholders of record at the close of business on June 17th, 1942.

WILLIAM C. LANGLEY, Treasurer.

LOEW'S INCORPORATED
"THEATRES EVERYWHERE"

June 5, 1942

THE Board of Directors on June 3rd, 1942 declared a dividend at the rate of 50c. per share on the outstanding Common Stock of this Company, payable on the 30th day of June, 1942 to stockholders of record at the close of business on the 19th day of June, 1942. Checks will be mailed.

DAVID BERNSTEIN,
Vice President & Treasurer

THE NEW YORK TRUST COMPANY
100 Broadway

The Board of Trustees has this day declared a quarterly dividend of 3½% ($0.87½ per share) on the Capital Stock of the Company, payable July 1, 1942, to stockholders of record at the close of business on June 20, 1942. The transfer books will not close.

HARRY F. LITTLEJOHN, Secretary
New York, June 9, 1942

DIVIDEND NOTICES

THE TEXAS COMPANY

TEXACO

159th Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on July 1, 1942, to stockholders of record as shown by the books of the company at the close of business on June 5, 1942. The stock transfer books will remain open.

L. H. LINDEMAN
May 26, 1942 *Treasurer*

UNITED FRUIT COMPANY

DIVIDEND NO. 172

A dividend of one dollar per share on the capital stock of this Company has been declared payable July 15, 1942 to stockholders of record at the close of business June 18, 1942.

LIONEL W. UDELL, Treasurer

THE UNITED STATES LEATHER CO.

A dividend of $7.75 per share on its Prior Preference stock to apply on account of dividends in arrears on this date has been declared by the Board of Directors of this Company, payable July 1, 1942 to stockholders of record June 19, 1942.

C. CAMERON, Treasurer.
New York, June 8, 1942.

WESTERN TABLET & STATIONERY CORPORATION

Notice is hereby given that a dividend at the rate of $.50 per share on the issued and outstanding shares without par value of the Common Stock of Western Tablet & Stationery Corporation has been declared payable on June 30, 1942, to the holders of record of such shares at the close of business on June 19, 1942.

E. H. BACH, Treasurer

UNDERWOOD ELLIOTT FISHER COMPANY

The Board of Directors at a meeting held June 10, 1942, declared a dividend for the second quarter of the year 1942 of 50c a share on the Common Stock of Underwood Elliott Fisher Company, payable June 30, 1942, to stockholders of record at the close of business June 20, 1942.
Transfer books will not be closed.

C. S. DUNCAN, Treasurer

AMERICAN MANUFACTURING COMPANY
Noble and West Streets
Brooklyn, New York

The stock record books of the American Manufacturing Company will be closed for the purpose of transfer of stock on June 20th, 1942 until July 1st, 1942. Directors' Meeting will be held on Friday, June 19th, 1942.

ROBERT B. BROWN, Treasurer.

Utility Equities Look Good

Goodbody & Co., 115 Broadway, New York City, has made available through its various offices a special study of the utility industry. An extensive research indicated that certain utility equities now offer both liberal yield and appreciation possibilities, the study states. A detailed table is presented showing that the total market value of the securities of certain utility companies is well below book values, even though such book values are computed on a very conservative basis. Additionally, the market values of certain companies are shown to be below the historical construction costs as computed by the new yardsticks recently developed by the Federal Power Commission. Probable earnings for 1942 are shown based on various tax assumptions, and estimates are made as to likely dividends and yields based on the indicated earnings.

Copies of the study may be had upon request from Goodbody & Co.

FINANCIAL NOTICE

WARNER COMPANY
PLAN OF EXTENSION
(DATED MAY 15, 1942)

First Mortgage 6% Sinking Fund Bonds

In the event any bondholder has not received a copy of the Plan, please notify the undersigned promptly.

ALFRED D. WARNER, JR., Treasurer
219 N. Broad St., Philadelphia

Bank and Insurance Stocks

This Week—Insurance Stocks

Just how much of a "war hedge" are insurance stocks? Judging from recent trend of inquiries, it appears that investors have been over-anticipating the results to be expected from insurance stocks in wartime, and it is up to the dealer to temper the disappointment as investors read of increasing losses, Government war risk insurance, reduction in automobile insurance volume, higher taxes and possibility of reduced dividends because of lower investment income.

To be a perfect wartime hedge, an equity security should be in a position to show gains in volume and earnings, despite higher wartime operating costs, thus making possible higher dividends to offset the increased cost of living of investors. The decision, however, to finance this war through a combination of very high taxes and a controlled economy so as to hold down the danger of inflation has had the effect of leaving very few, if any, equity securities which can approach this ideal of a wartime hedge.

Consequently, equity securities today are only wartime hedges in a relative sense—in so far as one type of stocks affords a better hedge than another type. Insurance stocks are entitled to come under the heading of stocks which afford a better than average wartime hedge.

On this matter of taxes, for example, the most important single factor affecting equity securities today, insurance stocks are in a better than average position. True, they are not immune from high taxes—no segment of industry is; but they possess a high degree of exemption from an onerous load of taxation. As institutional investors, insurance companies are entitled to a credit of up to 85% of adjusted net income, on income received from corporate dividends, for both normal tax and surtax purposes. For excess profits tax purposes, the majority of insurance companies use the average earnings alternative (95% of 1936-1939 average earnings), which affords them a high exemption base, inasmuch as underwriting profits by a combination of favorable circumstances were unusually good in those years. As far as direct taxation is concerned, therefore, insurance stocks are not in a crushing tax position.

Indirectly, however, taxes also hit insurance companies at the paying end of income from their securities. Faced with lower net after taxes this year and the uncertainties of early termination of the war, corporations are going to have less and be less inclined to declare dividends this year. This would mean lower investment income for insurance companies. Two factors offset this, however: (1) Interest income from bonds will not be affected at the paying end by taxes, and thus will be stable for insurance companies; (2) The continued increase in volume of premiums written creates a large inflow of new money for investment by insurance companies, the investment of which under present conditions is being placed in Government and other high grade bonds, thus creating larger income of a stable type to offset the loss in income resulting from reduced dividends on stockholdings.

On this matter of increased volume in wartime, the insurance industry is not under the necessity experienced by other lines of conversion into purely wartime production for the duration, thus leaving for an unsettled post-war period the painful process of reconversion back to normal production. Wartime increases the demand for insurance protection in a great variety of ways—plant expansion and defense projects, increased production of "capital goods" such as machinery and equipment to increase manufacturing capacity, expanded output of finished goods, larger volume of inventories and shipments both en route and in warehouses, larger payrolls, and the rise in the price level, which necessitates increase in insurance to cover larger insurable values, etc. For 1941, on increases of 15% apiece, fire and casualty insurance companies reached the billion dollar mark in premiums written, and while a more moderate increase appears likely for 1942, a favorable volume outlook exists for the duration.

But what of Government insurance? The Government has not invaded the regular field of insurance volume, its aim being to take over lines such as war damage and ocean marine hull insurance, which cannot be underwritten on actuarial principles by private companies. In fact, in writing war damage insurance, the Government's War Damage Corporation will do the business entirely through the insurance companies, which will act as fiduciary agents for the Government corporation. The insurance companies have agreed to assume 10% of any deficit and participate in 10% of any profits up to a maximum of $20,000,000 on this business.

Granted that premium volume is increasing, are not losses increasing also? Rising losses are usual as an accompaniment to higher premium volume. This is especially true at this time, because of the all-out production effort which increases the exposure to losses. The aggregate increase in losses, however, is not as important as their ratio to the larger earned premiums. Such ratios have risen moderately and may continue to rise, but the other element in underwriting profits, the expense ratio, has fallen as the increased premium volume has been done at a lower expense ratio. Thus far, the reduction in expense ratios has offset the rise in loss ratios, thus preserving underwriting profit margins. If ultimately necessary, of course, insurance rates could be adjusted to reflect more unfavorable loss experience, as State regulation is based on an enlightened policy of allowing adequate rates based on actual loss experience. For the duration, therefore, underwriting operations should continue "in the black."

Being institutional investors and with the larger portion of their liquidating values dependent upon fluctuating market values of securities, insurance stocks must inevitably reflect the tides and trends of the general security market. Investors, therefore, should not reasonably expect insurance stocks to outstrip the general market, although it is true nevertheless that they have shown better stability on the declines than the general market. Because of their normally high ratio of ploughed back earnings, resulting in compounded increase in liquidating values, insurance stocks do, if held over a period of years, afford better than average investment results.

Despite higher taxes and adverse effect on investment income, wartime as outlined above should not, therefore, occasion any reduced regard for insurance stocks as investment media.

Scrap Rubber Drive Announced By President

President Roosevelt announced on June 9 that a nation-wide campaign to collect scrap rubber will soon be started to actually determine how much is available. The President told his press conference that the campaign would take about two weeks, indicating that it would be voluntary if the people fully cooperated otherwise it would be compulsory. Mr. Roosevelt explained that estimates on the available supply of scrap rubber differ widely and that no two reports agreed. He further said that if the lowest estimates are correct the situation is serious and that if the highest estimates are right then the situation from a military viewpoint is not so grave but in either event there is still a rubber shortage.

With respect to the gasoline problem, the President advised motorists in those areas where the supply is plentiful to reduce non-essential driving in half and to drive slowly to conserve tires. He added that the rubber and gasoline situations should not be confused. Mr. Roosevelt gave no inkling as to whether gasoline rationing would be extended from the Eastern seaboard States to the rest of the country but it is understood that this matter will be finally determined within two weeks when studies now being made are expected to be completed.

The Securities Salesman's Corner

The Law Of Compensation Is Still Working!

In these days of managed money, managed businesses, managed prices, managed goods and managed lives, maybe the few bond salesmen still left in this country can talk together for a short spell on this much discussed subject. At least, we have known something about bureaucratic regimentation for quite a few years now, whereas the rest of the country is just beginning to catch on.

First of all, we'd like to put it this way—a salesman knows one thing if he knows little else—you can't get something for nothing. Everything, in other words, has its price. One thing above all else that any successful salesman will tell you, is, **You Can't Manage Away the Old Law of Compensation.** It's as true today as when the great Emerson wrote his soul-searching essay on the subject and despite all the managers in creation, this law stands supreme above all the efforts to nullify its effects. It cannot be managed out of existence. Get too many managers and you have confusion. Get too much book learning and you won't have enough "life learning." Give any man or group of men too much power and it will make jackasses out of them. Put the screws on the financial world so tightly, as has been done in the City of New York, and finally business goes away from the city, taxes drop, real estate values shrink, and eventually a Socialist Mayor who has been a tireless enemy of Wall Street for years, begins to scratch his head and worry nights as to what must be done to bring business back to the city he has helped to ruin. Emerson was right, for every good there is a bad, for day there is night, for work there is rest, for every hardship there is a new strength, for idleness there is weakness, for every gain a loss—every tide that comes in must go out—this is the law of life and it will stand when all the foolish bureaucrats that now infest and infect every nook and cranny of our national life are long disposed of and forgotten.

And what is the lesson for those of us who still elect the old-fashioned, hard, American way, of private competition and private endeavor as against the scholarly schemes of the bureaucrats who now control our economic life. That lesson is plain as day. That lesson says to us, stick to your bond selling. Stick to your jobs. The longer these planners plan, the sicker our people will finally become over the whole snarled-up mess. The longer they plan the greater will be the pent-up forces against them. The greater these forces the more complete will be our eventual liberation.

Every evil has its good—so goes the law. Even today, as more and more firms are forced to go out of business, those houses and their salesmen that somehow stick it out will find that their own competition becomes less, thereby evening up the dwindling supply of existing business. This is not the time to quit. This is the time to stick.

Probably no better way to end this little piece could be found than to quote the following paragraph from that great essay: "Human labor, through all its forms, from the sharpening of a stake to the construction of a city or an epic, is one immense illustration of the perfect compensation of the universe. The absolute balance of Give and Take, the doctrine that everything has its price—and if that price is not paid, not that thing but something else is obtained, and that it is impossible to get anything without its price—is not less sublime in the columns of a ledger than in the budgets of States, in the laws of light and darkness, in all the actions and reactions of nature. I cannot doubt that the high laws which each man sees implicated in those processes with which he is conversant, the stern ethics which sparkle on his chisel edge, which are measured out by his plumb and foot rule, which stand as manifest in the footing of the shop bill as in the history of a State—do recommend to him his trade, and though seldom named, exalt his business to his imagination."—Emerson.

If this is the way we regard our chosen vocation as securities men, then all the planners and managers in creation can come, and then, they will will go. But we will go on, long after.

IBA Governors Vote Reduction In Dues

At its recent Spring Meeting at Rye, N. Y., the Board of Governors of the Investment Bankers Association of America decided, among other things, to propose a reduction in members' dues, to expand its efforts in promoting the sale of government securities and to continue to press for amendments to the Securities Acts. This was disclosed on June 4 in a letter sent to IBA members by John S. Fleek, President of the Association. The Governors' meeting was held May 22-24.

The decisions of the Board affecting internal operations were listed as follows in Mr. Fleek's letter:

To continue and further the program of rigid economy initiated in January. Already, as of April 1, by voluntary action of the principal members of our staff, a reduction of over 20% in the salary overhead was effected and one staff member reduced his salary by over 30%. At the same time the Chairman of the Public Information Committee voluntarily reduced his salary by 35%. On an annual basis, the aggregate of these reductions amounts to more than $22,000.

To accept your President's proposal that his salary, as Chairman of the Public Information Committee, be discontinued entirely as of May 31. I intend, however, to give the Association work all the time it requires, even if this means full time, as it has up to June 1.

To reduce dues for the ensuing fiscal year beginning Sept. 1, 1942, subject to convention vote on an amendment to the by-laws, as follows:

Class A, from $200 to $175;
Class B, from $150 to $125;
Class C, from $100 to $75.

To make no further calls on the subscriptions to the Public Information Program and to release all subscribers from further liability. After settling current commitments, the balance of the funds on hand (about $30,000 at this time) is, if required and at the discretion of the President, to be available for the Association's participation in the war effort.

To propose an amendment to the by-laws at the October convention to eliminate the minimum capital requirement of $25,000 on the part of applicants for membership.

To propose an amendment to the constitution for the creation of an Executive Committee, consisting of the President, the five Vice Presidents, and the last Past President, its general function being to make decisions on any matters requiring prompt action arising between Board meetings and conventions.

To propose an amendment to the by-laws to set up a new, special class of inactive membership for member houses which close for the duration of the war because principal executives have gone into some form of war work but expect to resume business after the war is over, such inactive members to pay no dues.

To propose an amendment to the constitution, effective in 1943, to defer the date for beginning the election of Governors by the Groups from March 1 to July 1 in each year. This will greatly cut down the time lag in the present plan, which has been found objectionable. A further amendment of the present plan will reduce the number of Group members required to support an opposition ticket from "not less than 12 regular members of the Group or 12% of such regular members, whichever number is larger" to 12% of the regular Group members.

Industrial Real Estate Conference At Pittsburgh

A national conference on industrial real estate, sponsored by the Society of Industrial Realtors, will be held in Pittsburgh on June 25 and 26, at the William Penn Hotel. Wartime plant location, financing for industrial plant purchases and conversions, and the whole problem of maximum use of our industrial real estate for war production will be under discussion, according to the program announced by Walter S. Schmidt, Cincinnati, President of the Society. Mr. Schmidt states:

In the major cities of the country there is still a substantial volume of industrial and warehouse space, and as we find it necessary to stop manufacturing of non-essential items, additional industrial space will be made available for war production. We will discuss what can be done to support the work of the Plant Site Board both in location of war plants where buildings, labor, transportation and other public utilities are already available and in the intelligent readjustment of industrial production in the post-war period.

Fred A. Kimmich, S. I. R., head of the Industrial Building Utilization Section of the Plant Site Board, will talk on war plant facilities. He will be an important speaker at this conference, in which officials of principal governmental agencies concerned with war industry location are expected to participate. The Industrial Building Utilization Section was created by the government for the specific purpose of utilizing existing industrial buildings as far as possible in the war effort. On the program also appears the name of Thomas D. Jolly, Chief Engineer and director of purchases of the Aluminum Corporation of America, who will talk on industrial locations from the viewpoint of his company.

Hancock, Brannan Is Now Hancock, Blackstock

ATLANTA, GA.—Jerry G. Blackstock has acquired an interest in the firm of Hancock, Brannan & Co., First National Bank Building, and effective June 1 the firm name was changed to Hancock, Blackstock & Co., it was announced by Roy W. Hancock, President of the company.

Mr. Blackstock, who will be Vice-President of Hancock, Blackstock & Co., has been active in Atlanta investment circles for the last ten years, having been with Livingston & Co., Dobbs & Co., and since 1941 with Hancock, Brannan & Co.

Now McLean & Bishop

Coincident with the retirement from partnership of William E. Warren, on May 15, the firm name of McLean, Bishop & Warren, 42 Broadway, New York City, was changed to McLean & Bishop.

Investment Trusts

Constructive Contributions

One of the best indications that the investment company field has arrived at respectable maturity is the high level of professional service rendered by the majority of investment company sponsors.

The primary job of the sponsor is to promote the growth of the investment company or companies with which it is affiliated. At first glance this would appear to be strictly a sales job. And yet the services rendered by many sponsors to their dealer groups and to the investing public go far beyond the ordinary processes of "making a sale."

This is particularly true with respect to the valuable investment information provided at considerable expense to themselves by a large number of sponsors. In addition to the publication of findings based on careful research, the sane, dispassionate discussion of current investment problems is a contribution that is frequently made. A case in point is the review entitled, "Investments And World Conflict," contained in the June 1, 1942, issue of the "New York Letter," published fortnightly by Hugh W. Long & Co., Inc. The text of that review is reprinted herewith in full.

"In a recent trip to the mid-West it was our privilege to have a long and frank discussion with the head of a large Chicago investment house.

"This man has spent his entire business life in the securities field and both he and his clients lean toward conservatism and safety rather than the assumption of the degree of risk that accompanies the pursuit of unusual profit. Several of his old clients had asked him what constituted a conservative investment today and what sort of investment program they should follow.

"We tried to find the answer by analyzing the various divisions of the investment field and the resulting conclusions are set forth for what they may be worth.

"To put the general conclusion first, it seemed to us that war, with its inevitable companions—inflation and taxation—had injected a strong and unavoidable element of speculation into even those forms of investment commonly thought of as suited for the most conservative portfolios. The various steps leading to this conclusion went something like this.

Cash

"This traditional refuge for the undecided is necessarily a speculation on the future value of the dollar. We all know that the dollar is worth less today than a year ago or two years ago in terms of shoes and ships and sealing wax and few of us doubt that it will be worth still less a year or two years from now. Certainly the Government is acutely conscious of this prospect and is directing its efforts toward orderly control of the inevitable further price rise. To do more would entail the freezing of wages and farm prices, steps which apparently will come into play only at a later date and a higher level, if at all. So cash is a one-way street headed in the direction we don't want to go.

Short-Term, High-Grade Bonds

"At today's negligible yields, short-terms are nothing more than another form of cash and are consequently open to all the objections that apply to cash. For large institutions which have huge sums to invest and whose obligations are payable in dollars, regardless of the actual value of those dollars, the meagre yields available have some attraction. For the ordinary investor they have none.

Long-Term, High-Grade Bonds

"Credit demands generated by a major war have always spelled rising interest rates in the past and there seems no valid reason for expecting World War II to be an exception. Already many high-grades show recessions from their highs. An interest rate of 4% for

(Continued on page 2207)

Municipal News & Notes

The Ohio Supreme Court ruled last week that a low rent housing project built by the Columbus Metropolitan Housing Authority was not public property and therefore subject to real estate taxation. The vote on this far-reaching decision was 5 to 2, the dissenting opinion holding that the property, known as Poindexter Village, was public and should be exempted.

The majority opinion fixed the taxing status of housing authorities controlling some $60,000,000 in property throughout the State. It probably will be appealed to the United States Supreme Court.

The State Board of Tax Appeals, which carried the case to the Supreme Court, contended restrictions of the village's use to certain families, depending upon their income, removed all its public character.

Counsel for the village argued the housing was built for public use, and the fact it was rented only to persons of prescribed earnings did not take it out of the public class.

Governors to Hear Nation's War Chiefs Speak

Five of the Nation's top war executives will sit in a day-long round table discussion at the National Governor's Conference in Asheville, N. C., on June 23.

Joining with Governors of at least 35 States, the following representatives of war agencies will discuss State participation in the victory effort:

Donald M. Nelson, Chairman of the War Production Board; Leon Henderson, Administrator of the Office of Price Administration; Paul V. McNutt, Chairman of the War Manpower Commission; Jesse Jones, Secretary of Commerce; and Robert Patterson, Under Secretary of War.

Municipal Finance Officers to Meet

Municipal fiscal problems brought about by the war will receive the attention of about 500 local, State and Federal finance officials at the 37th annual conference of the Municipal Finance Officers Association of the United States and Canada. The meeting is scheduled to be held in Buffalo on June 22-25. Such problems as wartime budget and financial policies, pension and retirement programs, salary and wage policies, accounting and insurance, and use of tax delinquent lands will be up for discussion.

Municipal Forum to Meet

Abbott Low Moffat, New York State Assemblyman, will be the guest speaker at the next luncheon meeting of the Municipal Forum of New York tomorrow at Block Hall. Mr. Moffat will discuss "Improving Local Government Financing in New York State: The Recently Enacted Local Finance Law."

East's Rural Highway Travel Drops

Gasoline rationing has cut rural highway travel in Eastern States by 55 to 65%, compared with a year ago, the Public Roads Administration estimated last Friday on the basis of reports from Maine, Connecticut, Rhode Island, New York, Pennsylvania, New Jersey, North Carolina and South Carolina.

On the other hand, April motor fuel tax receipts in 29 States scattered throughout the country indicated that gasoline consumption still was about 95% as great as a year ago. A spokesman explained that while rural travel over the entire country had declined, urban traffic had increased.

Canadian Provinces and Municipalities Show Fiscal Advances

The magnitude of the financial problems faced by the Dominion Government since the outbreak of war has tended to distract attention from the financial situation of Canadian provinces and municipalities, comments the Royal Bank of Canada in its June Letter. The last three years have seen profound changes in their fiscal positions, with expanding income and somewhat reduced expenditures. The time has come, however, the bank continues, for governments as well as individual citizens, to examine closely their expenditures. It is suggested that provincial and local governments should reduce debts and postpone all possible public works, but plan for the start of new construction at the opportune time following the cessation of hostilities.

Like many individual citizens of the Dominion, the provinces and municipalities have received increased incomes as a result of the industrial war effort. While the Dominion Government has found it necessary to increase taxes and to enter new fields of taxation in order to secure needed funds, the provinces and municipalities have enjoyed increasing buoyant revenues from their existing tax sources. The latest available statistics indicate that practically all provincial and municipal governments have shared in this gain. But the very need of the Federal Government for new revenues and the indirect effect of the spread of the war on provincial taxes, notably in the automobile and gasoline tax fields, might be expected to alter this situation.

N. Y. C. Financial Study Board Meets

Mayor LaGuardia, in an address last Thursday to the first session of his new Joint Finance Study Board, said that New York was in dire need of fiscal reform and told the members they had "a long, hard, difficult, thankless job ahead."

With the city's financial and tax problems growing steadily more serious, Mayor LaGuardia appointed the Joint Board on May 1 to make a comprehensive study of "all matters pertaining to the financial condition of the City of New York."

The scope of the inquiry as outlined by the Mayor's index included existing revenues; new sources of revenues; mandatory legislation; law of real estate assessments; distribution by the State to the city of State-collected taxes and contributions by the State to public works, education and courts.

Also further economies in administering city government expenditures caused by war emergencies; methods of financing these, and protection of pension reserves.

The multi-partisan Board is composed of 35 members, including city and State officials, three former Governors, bankers, business men, real estate owners, representatives of civic organizations and finance and tax experts.

N. Y. Port Authority Names Tobin Executive Head

The Commissioners of the Port of New York Authority announced late last week the retirement of John E. Ramsey, General Manager, and Julius Henry Cohen, General Counsel. Austin J. Tobin, outstanding opponent of the Administration's movement toward the elimination of tax ex-

succeeds Mr. Cohen as General Counsel. Both Mr. Tobin and Mr. Shelley have been associated with the Port Authority for a number of years.

Supreme Court Decision Seen Aiding N. J. Local Finances

The decision in the Asbury Park, N. J., case, handed down by the U. S. Supreme Court on June 1, cannot fail to have a most beneficial effect on the credit and finances of New Jersey and its municipalities, according to State emption for municipals, was named as successor to Mr. Ramsey, assuming the post of Executive Director, and Leander I. Shelley Treasurer Robert C. Hendrickson.

(We carried a report on the high Court's decision in our issue of June 4, page 2112.)

Arizona Bond Case Rehearing Granted

The Arizona Supreme Court has granted the petition for a rehearing of the case decided early last month, in which the Court ruled that certain outstanding bonds of Maricopa Co., Ariz., are subject to call at anytime even though the bonds as issued made no provision for redemption prior to final maturity date.

Attorneys for the petitioners for the rehearing have been given 20 days in which to file briefs and the county 10 days in which to answer.

Chicago Voters Approve Transit Unification

An ordinance designed to cure Chicago's transportation headache was ratified by the electorate in a referendum last week. Expressing his pleasure at this action, Mayor E. J. Kelly said he expects his city will now have the best local transportation system in the world.

The measure provides for immediate unification of the surface and elevated systems and eventual absorption of the Chicago motor bus properties—a new company called the Chicago Transit Co. would be created and charged with spending $102,000,000 during the first eight years of operation for improvements in service. This company also would rent the city's new system of downtown subways not yet in operation, but nearing completion.

Wash. Utility District Receives No Bids

Municipal dealers displayed no apparent fervor last week over the offering by Whatcom County, Wash., Public Util. Dist. No. 1, of $5,875,000 electric revenue bonds, when no bids were submitted. The proceeds from the sale were to be used to finance acquisition of the electrical properties now operated by the Puget Sound Power & Light Co. in the district, together with certain transmission lines extending into Skagit County, to provide working capital and for other purposes.

No reoffering date has been scheduled as yet. Whatcom District's Commissioners blamed "award larger than facts justified," delay due to legal action which has added more than $500,000 to interest, and war conditions for inability to finance take-over.

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.

June 11

$2,800,000 Yonkers Mun. Housing Auth., N. Y.

This issue will refund outstanding bonds. Larger issue of similar bonds was awarded on June 2 to Blyth & Co., Inc. of New York, and associates. Runner-up was an account headed by Phelps, Fenn & Co. of New York.

June 16

$1,792,000 Albany, N. Y.

Last June this city awarded bonds to a syndicate headed by the Bankers Trust Co. of New York, whose bid topped that submitted by Halsey, Stuart & Co., Inc., of New York, and associates.

$7,900,000 Seattle, Wash.

In March this city awarded an issue to a syndicate headed by John Nuveen & Co of Chicago. Next best in the bidding was an offer submitted by Blair & Co., Inc., and associates.

(These bonds were originally scheduled for sale on June 15, but the offering was postponed for technical reasons.)

June 22

$490,000 Tennessee (State of)

Although slightly under the required amount this offering is included because of general interest. Last December the State awarded bonds to Halsey, Stuart & Co., Inc. There were a number of other bids submitted for the issue.

June 24

$2,025,000 Minnesota (State of)

These are Rural Credit Deficiency Fund certificates. Last January the State awarded similar certificates by a syndicate headed by the Wells-Dickey Co. of Minneapolis. Second best bid submitted by Harriman Ripley & Co., Inc. of New York, and group.

New York Stock Exchange Weekly Firm Changes

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

Granberry & Co., New York City, retired as a Stock Exchange member firm as of May 21.

Interest of the late Bernard J. Harrison in Henderson, Harrison & Co., New York City, ceased as of June 2.

Interest of the late William H. Burg in Smith, Moore & Co., St. Louis, Mo., ceased as of April 23.

R. Emmet Byrne retired from partnership in Edward D. Jones & Co., St. Louis, Mo., on May 29.

Harman & Co., New York City, dissolved as of June 4.

Frances M. Lynch, partner in Wilbur F. Smith & Co., New York City, died on May 19.

NYSE Short Interest Higher On May 29

The New York Stock Exchange announced on June 6 that the short interest existing as of the close of business on the May 29 settlement date, as compiled from information obtained by the Stock Exchange from its members and member firms, was 534,396 shares, compared with 530,636 shares on April 30, both totals excluding short positions carried in the odd-lot accounts of all odd-lot dealers. As of the May 29 settlement date, the total short interest in all odd-lot dealers' accounts was 65,434 shares, compared with 66,323 shares, on April 30.

The Exchange's announcement further said:

> Of the 1,242 individual stock issues listed on the Exchange on May 29, there were 30 issues in which a short interest of more than 5,000 shares existed, or in which a change in the short position of more than 2,000 shares occurred during the month.
>
> The number of issues in which a short interest was reported as of May 29, exclusive of odd-lot dealers' short position, was 401 compared with 438 on April 30.

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

1940—	
June 28	446,957
July 31	479,243
Aug. 30	474,033
Sept. 30	517,713
Oct. 31	530,442
Nov. 29	515,548
Dec. 31	459,129
1941—	
Jan. 31	498,427
Feb. 28	487,151
Mar. 31	537,613
Apr. 30	510,969
May 29	496,892
June 30	478,859
July 31	487,169
Aug. 29	470,002
Sept. 30	486,912
Oct. 31	444,745
Nov. 28	453,244
Dec. 31	349,154
1942—	
Jan. 31	460,577
Feb. 27	489,223
Mar. 31	513,546
Apr. 30	530,636
May 29	534,396

Warns Against Hasty Sale Of Medium Grade Rails

The recent weakness in medium grade rail bonds has raised numerous inquiries as to the causes, according to Hirsch, Lilienthal & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, and other leading exchanges, who state that "it is our opinion that the present weakness more or less reflects the individual lethargy and lack of speculative enthusiasm while on the other hand there are evidences of dribbling liquidation from institutional sources, particularly from small banks and certain insurance companies, all predicated on the viewpoint that the railroad industry is aided by the war effort and that the railroads will be in financial difficulty once the end of the war can be envisioned.

"It is our viewpoint, however, that the roads have been and are making substantial improvements in their financial positions and that this viewpoint bears consideration before taking the stand that the railroads cannot withstand a period of declining business."

Copies of a recent circular discussing this question may be had upon request from Hirsch, Lilienthal & Co.

Seeks $39 Billions For US Army In 1943

President Roosevelt asked Congress on June 8 for $39,417,827,337 for the War Department's 1943 fiscal year needs, thus raising the projected war expenditures to over $200,000,000,000.

This request replaces the tentative budget estimate sent to Congress in January calling for only $6,388,091,747. The President indicated at that time that the figure would probably be increased. In his letter transmitting the revised amount, the President explained:

> Under the change in conditions which has since come about, such estimates fall short of reflecting the estimated needs of the military establishment for 1943, and their complete revision becomes necessary.

The largest single request was $11,043,000,000 for the Army Air Corps and the second largest item was $9,943,920,000 for ordnance and equipment and $4,127,000,000 for Army pay.

Authority to transfer up to $12,700,000,000 worth of supplies purchased under the appropriation to lend-lease nations was requested by the President.

Mr. Roosevelt's budget request also recommended that the Secretaries of War and Navy be empowered to disallow salaries and bonuses paid to officers and employees of war contracting firms "in excess of a reasonable amount."

House Committee Adopts Tentative Tax Change; Confers With Morgenthau on Action

With a view to expediting action on the Administration's tax program, Chairman Doughton of the House Ways and Means Committee, called for night sessions of the Committee beginning June 3. Consideration of the proposed tax measure has been under way for the past three months. It was stated on June 3 that at the first night session an endeavor would be made to dispose of consideration of 90-odd so-called "administrative changes" in the Internal Revenue Code. On June 4 it was indicated that the Committee had tentatively acted on a number of the more important of these administrative and technical tax changes which had been submitted by the Committee's and the Treasury's experts. According to advices to the "Wall Street Journal" from its Washington correspondent, affiliated corporations could file consolidated income tax returns if they are willing to pay a 2% special surtax for the privilege, according to a tentative plan adopted June 4 by the Committee.

Reporting that the Committee on June 3 announced recommendations for changes in the tax laws to remove "hardships" and to "adjust" practices under some statutes, Washington advices on that date to the New York "Times" said in part:

> The Committee's actions to date on changes sought in the tax laws by the Treasury or by individuals were explained in a statement prepared by the Committee's chief expert, Colin F. Stam. It was said that the actions would not materially affect the revenue picture.
>
> The statement said that the purpose of the amendment to tax mutual investment companies, adopted tentatively, was to extend the special tax treatment now given to such companies to other investment companies registered under the Investment Company Act of 1940. These are regulated by the Securities and Exchange Commission.
>
> Also adopted was an amendment denying a deduction for interest paid on an indebtedness incurred to buy or carry a fully paid-up life insurance or endowment contract. Mr. Stam said this treatment would be in conformity with the present provision of the Internal Revenue Code which prohibits the deduction of interest paid on a debt incurred to purchase tax-exempt securities.

Advices to the effect that public utility companies may be exempted from taxes on gain resulting from the sale or exchange of assets made under the provision of the death sentence of the Holding Company Act were contained in a Washington account June 4 to the New York "Sun" which reported that the Committee had tentatively approved on June 3 administrative changes in tax regulations which would eliminate those taxes. These advices added:

> The present Internal Revenue Code provides for postponement of gains that may be realized on exchange of assets made in compliance with the Holding Company Act, but makes no such provision as regards outright sales of assets. Direct exchanges have not always been feasible and sales of assets are often necessary. The action of the Ways and Means Committee would put sales of assets on the same basis as direct exchanges of assets or securities.

Included in the Committee's action this week was its tentative approval of an increase from $4 to $6 a gallon in the tax on whiskey and other distilled spirits. At the same time the Committee agreed to raise the tax on beer from $6 to $7 a barrel. In Associated Press advices from Washington June 3 it was stated:

> The liquor tax increase was exactly what Secretary of the Treasury Morgenthau recommended last March and which he said then would produce $279,700,000. But the Treasury had asked that the beer tax be raised to $8 a barrel in order to produce $117,100,000 in new revenue. No estimate was available immediately of the returns from a $7 tax.
>
> Members said that the Committee planned to take up in order all of the Administration's excise tax proposals, which it was estimated would raise $1,340,000,000, and might finish that work by the weekend.
>
> Then, they predicted, the stage would be set for a showdown on the question of whether a sales tax would be approved. One of them explained the situation this way:
>
> "When we get all through with the excise taxes, we will see how much we will have raised; then we will have to decide whether we will let it go at that or go to a sales tax to make up the difference."
>
> The Treasury's revised tax goal is $8,700,000,000. The Committee has approved levies estimated to produce about $5,800,000,000.

On June 9 the Committee voted to retain the Federal gasoline tax at the present rate of 1½ cents per gallon. The Treasury had proposed that the rate be doubled to bring in another $24,000,000 from this source, it was noted in Washington advices to the "Wall Street Journal," which added:

> It agreed to increase the rate on lubricating oil from 4½ cents per gallon to 6 cents and estimated this would raise an additional $7,500,000. The Treasury had asked that the rate be boosted to 10 cents per gallon to raise an additional $50,000,000.
>
> On wines, the Committee went just about half way on the Treasury recommendations, approving an estimated increase of $12,800,000, compared with the $25,000,000 increase advocated by the Department.

The Committee acted to advance the rate on still wines having not more than 14% alcoholic content from 8 to 10 cents a gallon; a 15-cent tax had been asked by the Treasury; on wines of 14 to 21% alcoholic content the Committee proposed to increase the rate from 30 cents to 40 cents a gallon, as against 50 cents requested by the Treasury. In the case of wines of 21 to 24% alcoholic content, the Committee moved to increase the tax from 65 cents to $1, as requested by the Treasury.

Reports to the effect that ranking members of the House Committee have given Mr. Morgenthau the alternative of the sales tax or a bill $2,000,000,000 short of the Administration's goal were noted in United Press accounts from Washington on June 6 which said Mr. Morgenthau replied to the Ways and Means Committeemen that he would submit the Treasury's choice in a statement possibly next week.

Another development of the week was the exception taken by members of the Committee to remarks made in a radio address by Secretary Morgenthau on June 3 in which, among other things, he said:

> The Ways and Means Committee is now hard at work writing a new tax bill. It is not for me to discuss the details of what they are about to recommend. I should like to make only this comment: I hope it cannot be said of the new tax bill that it was too little and too late.

Following a conference held between members of the Committee and Mr. Morgenthau on June 4, a statement that "harmonious cooperation" was expected to continue between the Committee and the Secretary was issued as follows by Chairman Doughton:

> Secretary of the Treasury Morgenthau met with the senior members of the Committee on Ways and Means in an informal conference.
>
> The opinion was unanimous that the Committee and the Secretary had labored together for many years in a most harmonious manner in connection with the difficult fiscal affairs of the Government. It was also agreed that the remarks made by Secretary Morgenthau in a recent radio address did not reflect and were in no way intended to reflect upon the Committee on Ways and Means or its procedure in writing the pending tax bill.
>
> As a result of the conference there is every reason to believe that the same spirit of harmonious cooperation between Secretary Morgenthau and the Committee on Ways and Means will continue in the future as in the past.

United Press advices from Washington on that date (June 4) said:

> Before going to the Capitol Morgenthau revealed at a press coference that the Treasury plans to delay deduction of income taxes from pay-checks until January 1, 1943, so the taxpayers will be relieved of "double taxation" this year.
>
> Under the withholding program, which is still before the House Ways and Means Commit, 10% of a worker's paycheck would be deducted at the source and sent to the Government for liquidation of his next income tax bill.

From the Washington bureau, June 4, the New York "Journal of Commerce" reported the following:

> Following the conference Chairman Doughton said, "the Ways and Means Committee has the responsibility before the country to write the tax bill. The Treasury cannot account for our responsibility and we cannot account to the country for how he runs his bureau."

A reference to the Committee's deliberations on the tax bill appeared in our June 4 issue, page 2119.

Mortgage Recordings Up

The volume of non-farm mortgage recordings of $20,000 and less moved upward during April in response to seasonal factors and totaled some $360,000,000, Federal Home Loan Bank Administration economists reported on June 6.

They pointed out, however, that "the difficulties in sustaining normal lending operations in the face of building material shortages, which have now resulted in virtual cessation of new construction in those areas not engaged directly in war production, may be seen by reference to financing activity of recent years.

"The rise of 7% in the volume of recordings from March to April of this year amounted to less than one half of the relative increase reported for all lenders in comparable periods of 1941 and 1940. Also, total recordings for April were nearly 10% less than in the same month of last year, although 6% above those of April, 1940."

Savings and loan associations again led the home financing field in number and amount of mortgages recorded during the month, accounting for 30% of the total amount and 32% of the number. Banks and trust companies were second with 20 and 23% in number and amount, respectively.

Stock Market Comments

Further bits of favorable war news brought broadening demand for equities during the past week.

Devastating RAF bombing on the Continent, the continued stalemate on the Russian front, the failure of the Nazi offensive in Libya to gain momentum, and the United States declaration of war on the three Axis puppet states (possibly in exchange for the granting of Russian bases to the United States for bombing of Japan), were all to the good.

We expect the advance to continue, subject to recurring setbacks, and to broaden considerably during coming months.

Position of Equities

Position of equities on the basis of cold logic is virtually unassailable.

There are only two principal media available for investment, insofar as the average investor is concerned, namely, bonds and equities, eliminating from consideration, of course, unproductive cash. Consider for a moment the position of stocks. The market today is virtually on a cash basis; speculation is at an irreducible minimum and there is no speculative pyramid to topple; prime stocks, even after allowing for dividend reductions forced by higher war-time taxes, offer nearly double the yield on prime bonds; cash is practically non-productive, except in very small amounts, and its future purchasing power seems destined to deteriorate.

Now consider the position of prime corporate bonds. Prices have worked to levels which are virtually prohibitive to the investor of moderate means. As for the wealthy investor, certainly the handwriting is already on the wall with respect to the privilege of tax exemption. Furthermore, consider all the legislation which has already been enacted during recent years to ease the position of the debtor at the expense of the creditor. Time was when the terms of the bond meant something, but this is not the case today. When a debtor decides he cannot pay he just doesn't pay and that is all there is to it. Most glaring example of such a situation is the case of the Chicago & Alton bonds on which default occurred years ago, yet there has been no receiver, no trustee, no plan, in fact, no nothing.

Any mass flight from stocks into bonds seems fantastic, whereas the alternative, that is, a mass flight from bonds (and cash) into equities, seems to us at least something more than a mere possibility—not immediately, but rather over a period of time as it begins to dawn on the masses that common stocks in a post-war period may enjoy an investment status such as they never had attained before.

Applying Some Yardsticks

Important yardstick with which to measure the attractiveness of a common stock is the tax exemption base.

No one can be sure at this time just what final terms will be written into the Revenue Act of 1942 and therefore all tax calculations must be tentative. However, we would point out that under the rates proposed by the House Ways and Means Committee, namely, 40% and 94%, U. S. Steel (46) can theoretically earn nearly $6 per share before being liable for excess profits taxes, whereas the comparable figure for Bethlehem (52) would be well under $3 per share, yet Bethlehem still commands a substantially higher price than U. S. Steel. Also, take the case of Crucible (25) with an indicated tax exemption base of only around 60c per share, compared with Jones & McLaughlin's (18½) tax base of $2.75 per share, yet the latter sells for substantially less than the former. Likewise, take the case of General Electric (26) with an indicated tax base of around $1 per share, compared with Allis Chalmers (24) base of around $2.25. Also, we might cite the 40c tax exemption indicated for Yellow Truck (12), compared with the $2 tax exemption of White (13). And also consider the $1.95 tax exemption base of General Refractories (15½), compared with Harbinson Walker's (13⅜) base of only 92c.

The foregoing estimates would, of course, have to be revised to reflect any change in the final terms of the bill, but the point is that unless the method of computing taxes is changed, the relative tax position of these stocks would not be altered in any important respect. The question of tax exemption, of course, is not the only factor to be taken into consideration in considering the relative attractiveness of equities but it is important and cannot be overlooked.

We believe that now is the time to effect certain exchanges with a view to anticipating results of the Revenue Act of 1942 on prospective earnings and dividends and we urge that clients examine holdings critically at this time in the light of indicated tax positions of individual stocks.—*G. Y. Billard, J. R. Williston & Co.*

Hull Warns Finns On Added Aid To Axis

Secretary of State Cordell Hull stated on June 6 that the United States is watching the Finnish situation more closely to see whether Reichsfuehrer Hitler's recent visit to Finland results in that country's greater cooperation against the United States.

Secretary Hull, in a statement given out by the State Department, termed Hitler's visit a "desperate attempt" to induce Finland to make further contributions to Axis military campaigns.

The United States continues to carry on full diplomatic relations with Finland, although that country is at war with Russia and Great Britain has declared war on Finland.

The formal statement reads as follows:

> The Secretary of State, in reply to inquiries from the press concerning Hitler's visit to Finland, said:
>
> "It is evident that the visit is a deliberate ruse on the part of the Germans to compromise Finland further in the eyes of the anti-Axis world and a cover for the desperate attempts of Hitler to induce Finland to make further contributions to Axis military campaigns. A reported statement yesterday of a Finnish spokesman in Helsinki may be interpreted to mean that Finland is balking at the German pressure.
>
> "We are watching the situation most closely to see whether this visit of Hitler results in any greater degree of cooperation with Hitler against the United Nations."

J. M. Fisher Made Treas.

John M. Fisher has been appointed Treasurer and William Ward Controller of Standard Bands, Inc., according to an announcement made by the Vice-President of the company. Mr. Fisher has been manager of the corporate buying and underwriting department of Lazard Freres, Wall Street investment house, for the past seven years and prior thereto was with the National City Company. Mr. Ward was with National Dairy Products Corporation as controller of its largest butter and creamery company.

War Economy And The Market

More and more large corporations we believe will be forced to borrow substantial sums in order to meet huge tax bills. Large totals of corporate funds have gone into expanded plant facilities and into built up inventories. As a result it may be found that with increasing frequency companies will have to resort to bank borrowings in order to pay off Uncle Sam. Less generous dividend policies may develop as a concomitant of this type of corporate borrowing. . . . A few political commentators have stressed the point that price ceilings will be avoided through lowered quality and the use of inferior substitute materials. However, we cannot bring ourselves to believe that this is going to be too serious a factor. For American merchants have been brought up on the theory that commercial success is obtained by distributing the best possible product at the lowest possible price and few responsible merchants are going to take the risk of damaging consumer good-will by foisting on the public inferior merchandise merely to by-pass price ceilings. It should be remembered, too, that with high taxes obtaining merchants will not be anxious to sell inferior merchandise merely to obtain a profit that in turn will be substantially taxed away. . . . Now and then we read comments as to how this company or that will fare in a post-war period of lowered taxes. But our own thinking on the subject of investments is not based on that premise. For it seems obvious that we will emerge from this war with a huge national debt and a serious readjustment problem. The price structure conceivably may be allowed to rise, but taxes in our opinion will not come down anywhere near as fast or as far as they did after World War No. 1. In all investment planning we should think it far safer to proceed on the basis of little or no decrease in tax rates rather than to estimate industry's outlook on the assumption that taxes will be less onerous.

Post-War Armament

More and more it appears certain that post-war conditions will require not only thorough-going international collaboration but also the maintenance of substantial armies and navies by the United Nations. Certainly at the moment it appears highly unlikely that there will be any repetition of the disarmament conference of the Harding administration, so ably directed by ex-Chief Justice Hughes. For the world has learned that army and navy economies and steps toward disarmament constitute completely false economy and we are not likely to make the same mistake over again. Too, we must not overlook the fact that the maintenance of substantial armed forces may be an important factor in the transition days from war to peace. We probably will not see too sudden or too sharp a fall-off in arms production and the maintenance of a large navy and a substantial army will serve to dilute the problem of post-war unemployment. For many years the nations of Europe solved part of their unemployment difficulties by maintaining large armies. Perhaps force of circumstances will compel us to take a leaf out of that book.

The Market

Better war news, both east and west, has brought above a more buoyant and cheerful stock market. More and more the conviction is spreading that the war's duration is going to be substantially less than was anticipated a few months ago. . . . It may well be that the market will continue to work its way upward but one must be optimistic indeed to conclude that there will not be plenty of unfortunate and unfavorable war news during the next few months and that when it occurs the market will not substantially react. We do not believe the market is strong enough to disregard bad news, and purchasers of equities, however strong their long-term faith, should be prepared for temporary but perhaps important market declines.—*Ralph E. Samuel & Co.*

Cablegram Rates Cut For Overseas Soldiers

Members of the United States armed forces in foreign lands may now send cablegrams to people at home for only 60 cents a message. The Federal Communications Commission has authorized the Western Union Telegraph Co. to inaugurate the service which has the approval of the War Department. An announcement in the matter June 2 issued by the Western Union Telegraph Co. said:

The Expeditionary Force Message, a contribution by the communications industry to the nation's war morale, is now available only for inbound messages from Great Britain, Northern Ireland, Newfoundland and Hawaii. Additional countries will be added as fast as arrangements can be completed. Relatives and friends will be able to send outbound "EFM" cablegrams to members of the armed forces stationed in the same countries in the near future.

The sender may incorporate in one message as many as three of 103 fixed-text phrases provided for use in the new service. The ready-prepared texts relate to correspondence, greetings, health, promotion, money, congratulations and other subjects. "EFM" messages are subject, of course, to censorship restrictions.

Like President Roosevelt's use of the fictitious land of Shangri La to conceal the base from which American planes bombed Japan, military authorities are providing all Western Union offices with charts identifying foreign countries only as arbitrary code words. Relatives and friends sending these messages wil not know in what countries the cablegrams are to be delivered.

The "EFM" messages will be addressed to the soldiers, sailors or marines by rank, name, identifying serial number and Army Post Office Number. Families of soldiers will have from the War Department cards giving the number of the Army Post Office serving each man. These numbers will be used by the telegraph company in selecting the proper code address, but local telegraph offices will not know what countries the code words indicate. At the country of destination, the Postal Regulation Station will deliver the cablegram to the correct Army Post Office to make delivery.

Rounds Dies

Harry A. Rounds, in the investment business in Portland, Me., for more than forty years, and since 1932 head of Harry A. Rounds Co., died at his home at the age of 72. Previously he had been with Lee Higginson Corporation for 30 years. During the first World War he was Director of the Liberty Loan campaigns in Maine and was on the State Advisory Committee for the United States Fuel Administration.

U. S.-Britain Combine Production, Resources

Establishment of a Combined Production and Resources Board for the United States and the United Kingdom and the creation of a Joint Great Britain-United States Food Board was announced by President Roosevelt on June 9 on behalf of himself and Prime Minister Winston Churchill.

The Combined Production and Resources Board, to consist of Donald M. Nelson, Chairman of the War Production Board, and Oliver Lyttelton, British Minister of Production, who is now in Washington, shall integrate the two production programs into one for the most effective use of the countries' combined resources for the prosecution of the war.

The Combined Food Board will plan the most effective and expeditious use of the food resources of the United Nations in order to coordinate further the war effort. Secretary of Agriculture Claude R. W. Wickard will be the American representative and R. H. Brand, head of the British Food Mission to the United States, will represent and act under instructions of the British Minister of Food, Lord Woolton.

President Roosevelt announced the general functions of the two boards in memoranda addressed to Mr. Nelson and to Secretary Wickard. The memorandum to Mr. Nelson was as follows:

"In order to complete the organization needed for the most effective use of the combined resources of the United States and the United Kingdom for the prosecution of the war, there is hereby established a Combined Production and Resources Board.

"1. The Board shall consist of the Chairman of the WPB, representing the United States, and the Minister of Production, representing the United Kingdom.

"2. The Board shall:

"(a) Combine the production programs of the United States and the United Kingdom into a single integrated program, adjusted to the strategic requirements of the war, as indicated to the Board by the combined chiefs of staff, and to all relevant production factors.

"In this connection, the Board shall take account of the need for maximum utilization of the productive resources available to the United States, the British Commonwealth of Nations and the United Nations, the need to reduce demands on shipping to a minimum and the essential needs of the civilian populations.

"(b) In close collaboration with the combined chiefs of staffs, assure the continuous adjustment of the combined production program to meet changing military requirements.

"3. To this end, the combined chiefs of staff and the Combined Munitions Assignments Board shall keep the Combined Production and Resources Board currently informed concerning military requirements, and the Combined Production and Resources Board shall keep the combined chiefs of staff and the Combined Munitions Assignment Board currently informed concerning the facts and possibilities of production.

"4. To facilitate continuous operation the members of the Board shall each appoint a deputy; and the Board shall form a Combined Staff. The Board shall arrange for such conferences among United States and United Kingdom personnel as it may from time to time deem necessary or appropriate to study particular production needs; and utilize the Joint War Production Staff in London, the Combined Raw Materials Board, the Joint Aircraft Committee and other existing combined or national agencies for war production in such manner and to such extent as it shall deem necessary."

To Permit Changes In Reserve Requirements

Under bills introduced in Congress the Federal Reserve Banks would be empowered to change by regulation reserve requirements of any one group of member banks. The House bill amending the Federal Reserve Act, designed to grant such authority to the Reserve Banks was introduced on June 1 by Representative Steagall (Dem.) of Alabama, while on June 5 Senator Wagner of New York introduced a companion measure in the Senate. In advices from its Washington bureau, the New York "Journal of Commerce" stated that the primary aim of these two bills is to give the central bank adequate power to prepare the New York money market for the tremendous volume of war financing that is coming in the next few months, it was learned. In part, the same advices said:

"These bills will give Federal Reserve Banks the power to reduce or increase reserve requirements in the central reserve cities —New York and Chicago—without having to change reserve requirements for reserve city and country banks. In the past changes in reserve requirements were applicable to all member banks.

"New York has suffered a rather heavy outflow of funds in the past few months due to the Government's heavy borrowing in New York and then spending the funds in the interior. These funds have not returned to New York with the usual speed with the result that New York banks find that their 'excess reserves' are nearly depleted. There are, however, plenty of 'excess reserves' throughout the country, it was learned.

The problem, nevertheless, is to have adequate funds in New York because this city is the money center of the country. New York will handle most of the Treasury's financing. For that reason, it was learned, the Treasury is quite anxious to make sure that the New York market is prepared to handle the huge volume of financing that is in prospect.

"As soon as these bills are passed, Reserve requirements are expected to be lowered in both New York and Chicago—the two central Reserve cities, it was learned here.

"Lowering of Reserve requirements in those two cities will increase 'excess reserves' and provide adequate funds for banks there to support the Government security market."

The bill, which, it is stated, was written by the Federal Reserve Board, also contains other provisions. In advices to the New York "Herald-Tribune" from Washington June 2, it was stated that the bill proposes the following:

"(1) Amend the setup of the Open Market Committee, giving in effect the New York Federal Reserve Bank a separate place on the Committee. Heretofore it was paired with the Boston Reserve Board. The change becomes effective as of June, 1943.

"(2) It removes from the Act the provision that banks cannot pay dividends or make loans, if they do not maintain proper reserves. The penalty powers are given to the Reserve Board.'"

D. Van Alstyne, Sr. Dead

David Van Alstyne, a mechanical engineer with the Louisville-Nashville and Northern Pacific Railroads and formerly a Vice-President of the American Locomotive Company, died at the age of 77. He is survived by his widow and two sons, David Van Alstyne, Jr., senior partner of Van Alstyne, Noel & Co., New York City, investment firm, and Ward Van Alstyne.

President Appoints Railway Labor Panel

President Roosevelt announced on June 9 the appointment of the nine members of the National Railway Panel from which emergency fact-finding boards will be chosen to adjust disputes before railways employees actually go on strike or take a strike vote. The President created this new procedure for railway disputes by Executive Order on May 21; referred to in our issue of June 4, page 2127. The Associated Press Washington advices June 9 said:

"William M. Leiserson, member of the National Labor Relations Board, was made Chairman of the Panel, with authority to pick the three-member emergency boards. Others placed on the panel were:

"William H. Spencer, Dean of the University of Chicago; Judge Walter P. Stacey, Raleigh, N. C.; Judge Wiley Rutledge, Associate Justice of the United States Court of Appeals, District of Columbia; Dr. Edwin E. Witte, University of Wisconsin; Walter T. Fisher, Chicago attorney; John A. Lapp, also of Chicago; John A. Fitch of the New York School of Social Work, and Norman Ware, member of the Connecticut State Board of Mediation and Arbitration.

Clearing House Given M. N. Buckner's Portrait

A portrait of the late Mortimer N. Buckner, Chairman of the Board of the New York Trust Co. and past President of the New York Clearing House Association, painted by Raymond P. R. Neilson, was presented on June 8 by the trust company to the Clearing House Association, where it was hung in the Assembly Room. The portrait of Mr. Buckner takes its place with portraits of 27 past Presidents of the Clearing House, dating back to 1853 when the Association was formed. The announcement in the matter says:

Mr. Buckner, who was Chairman of the Board of the New York Trust Co. from 1921 until his death on Feb. 25 of this year, was elected President of the Clearing House for two terms, 1932 and 1933, and his distinguished services in that capacity during the bank holiday in 1933 were generally recognized. As Chairman of the Clearing House Committee in 1931, he was active in mobilizing the private bank resources of the Nation to stem the tide of the growing crisis. The National Credit Corporation was organized under his leadership and, as its President, he directed the assistance to banks throughout the country.

In addition, he was Committee Chairman for the Second Federal Reserve District of the Deposit Liquidation Board of the Reconstruction Finance Corporation. He had been a member of the Bank Board of the State of New York since 1932 and served in an executive capacity on the boards of a large number of other corporations and charitable institutions.

Mr. Neilson, nationally known portrait painter, is a member of the National Academy of Design and is now serving on its Council. He was graduated from the United States Naval Academy in 1905, leaving the Navy in 1907 because of ill health.

Mr. Buckner's death was reported in these columns March 5, page 968.

April Foreclosures Down

Non-farm real estate foreclosures in April totaled only 3,856, as compared with the 3,925 cases reported for March and 5,445 for April a year ago, Federal Home Loan Bank Administration economists reported on June 6. It is noted that the April figures are only slightly above the 15-year low record of 3,630 cases reported in February. "The 1.8% decline in number of foreclosures during April from the previous month compares favorably with the 0.4% normally expected at this time of the year," said the report. "After adjustment for the usual downward movement, the foreclosure index showed a total reduction for the month of 1.4%." It is also stated that the Bank Administration's seasonally adjusted index for April stood at 29.1% — the equivalent of a 71% decline from the average level of the 1935-1939 base period. During the first four months of 1942, the report said, "there were 15,411 foreclosure cases, as compared with 21,519 for the same period of last year. This decrease of 28% is even more favorable when compared with the 14% decline which occurred in the similar period of 1941, as compared with 1940." The report added:

> "Geographically, 24 States and the District of Columbia reported foreclosure decreases in April, as compared to March, while 21 reported rises and three showed no change. The rate of foreclosures per 1,000 dwellings during April was 2.4%, compared with a 2.8% monthly average rate since April, 1941. Some 52,273 cases were registered from May, 1941 through April this year, as compared with 71,745 foreclosures occuring during the previous twelve months."

The Bank Administration's figures on non-farm real estate foreclosures are based on reports of county and court clerks, recorders, sheriffs and Government officials in about 1,800 communities.

Seize Refugee Currency

The Treasury Department announced on June 3 that heavy amounts of currency were taken up by customs officials on the arrival in New York on June 1 of the S.S. Drottingholm. The Drottingholm carried many American and Latin American diplomats and other citizens returning from Axis areas. The Treasury announcement said that one incoming passenger had declared that he had only $249 in his possession but, upon being searched, was found to have concealed over $9,000 in a sock. The currency discovered was taken into special custody, said the Treasury announcement, which added:

> Treasury officials said that as a whole they considered the results of the search for currency most gratifying. No announcement was made as to the disposition of any of the currency which was taken other than the statement made by customs officials that it would be turned over to the Federal Reserve Bank of New York for further action by the Treasury Department.

J. J. Boylan Dies

James J. Boylan died at his home after a brief illness, at the age of 45. Mr. Boylan was engaged in private banking at 40 Wall Street, New York City, and previously had conducted a securities business. He was President of the EA Laboratories, manufacturers of electrical equipment, in Brooklyn, and was a Past Exalted Ruler of the Brooklyn Elks.

Dutch Ships Put Under Charter To U. S. Govt.

The following was contained in Associated Press London advices of June 6:

> The Dutch government in exile requisitioned all ships under the Dutch flag today for the duration of the war, and the Aneta news agency reported they had been chartered on behalf of the United States government.
>
> The official Dutch news agency said an agreement to that end had been signed by W. Averell Harriman, American Lend-Lease Coordinator, and British and Dutch officials. A decree transferring the ships to the Dutch government was signed by Pieter A. Kerstens, Minister of Commerce and Industry.
>
> Aneta said it was learned that even before the action was taken, approximately 1,250,000 tons of Dutch shipping had been taken over by the British War Transport Ministry on behalf of the United States.
>
> The news service estimated that up to the fall of Java, some 2,750,000 tons of Dutch shipping had been available. It is said Dr. M. P. L. Steenberghe, head of the special Dutch mission to the United States, had been charged with executing the new decree in that country as Kersten's agent.

Lend-Lease Master Pacts Offered Five More Nations

The United States has invited five more of the United Nations—Belgium, Greece, The Netherlands, Norway and Poland to become parties to the master lend-lease agreement, providing for continued and increased American assistance in the present conflict and a basis for improving world-wide economic relations in the post-war reconstruction.

The proposals, it was indicated in press accounts from Washington, June 8, are substantially the same as those previously agreed to by Great Britain and China and offered to Russia, though not yet accepted.

Secretary of State Hull on June 5 handed draft proposals to Ambassador Wilhelm de Morgenstierne of Norway and Ambassador A. Loudon of The Netherlands and on June 8 submitted the draft agreements to Ambassador Jan Ciechanowski of Poland, to the Belgium Ambassador, Count Robert Van Der Straten-Ponthoz and to the Greek Minister, Cimon P. Diamantopoulos.

Signing of the past by China was noted in these columns of June 4, page 2119.

C. K. Cook Suicide

Charles K. Cook, stock broker and a member of the Board of Governors of the New York Stock Exchange, was found dead of a bullet wound in the heart at his home in New York City. His death was listed by the police as an apparent suicide. Two notes left by Mr. Cook were not made public and the police gave no reason for the suicide, but it was learned that the broker had been worried over business conditions.

Mr. Cook maintained offices at 40 Wall Street, New York City, and had been a specialist on the New York Stock Exchange for a number of years, having become a member in 1929 when he was a partner in Scholle Brothers. He was also a member of the New York Curb Exchange, Chicago Stock Exchange, and the New York Commodity Exchange.

Becker Elected Pres. Of Com. & Ind. Ass'n

Neal Dow Becker was elected President of the Commerce and Industry Association of New York, Inc., at the annual meeting of its Board of Directors held on June 8. Mr. Becker succeeds John Lowry, who remains a member of the Board. Mr. Becker has been a Director of the Association for some years and has served as Chairman of its Committee on Foreign Trade, as Chairman of its Industrial Committee, and as a Vice-President. The group's new leader is President of the Intertype Corp., manufacturers of typesetting machines, and a Director of the Bank of the Manhattan Co., Consolidated Edison Co. of New York, Brooklyn Edison Co. and New York Dock Co. He is Chairman of the Executive Committee of the National Industrial Conference Board. Other officers elected for a one year term are:

Stephen F. Voorhees, of Voorhees, Walker, Foley & Smith, First Vice-President.

Thomas S. Holden, President, F. W. Dodge Corp., Second Vice-President.

Jeremiah D. Maguire, President, Federation Bank and Trust Co., Third Vice-President.

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

Thomas Jefferson Miley, Secretary.

The Association, which was established in 1897 as the Merchants' Association of New York, is the largest commercial organization in this city. Calling attention to the Association's program in cooperation with the war effort, Mr. Becker said that he anticipated considerably enlarged activities along these lines.

A report submitted to the Directors by the Association's Treasurer revealed a considerable increase in membership over the past year.

Get Suspended Sentences

J. Con Bolden, Elmhurst, N. Y., and Howard G. Kraus of Cleveland, Ohio, received suspended sentences of a year and a day in the Federal District Court at Cleveland on charges of fraud in connection with the sale of agreements in the Parking Meter Corporation of America. The indictment charged that the corporation was to lease parking meters to various municipalities on a rental basis, on which investors were to receive 20%, but that the defendants never purchased nor installed any meters and that monthly income checks sent to investors as payment of profits were in actuality a portion of moneys received from the sale of the agreements to investors.

Dominican Sugar Crop Up

Sugar production in the Dominican Republic during the current 1941-42 crop season is preliminarily estimated at 480,000 long tons, raw value, as compared with 394,000 tons in the previous season, an increase of 86,000 tons, or approximately 21.8%, according to Lamborn & Co., New York, who further state:

> Production during the first eight months of the current season, September, 1941 ,to April, 1942 inclusive, totaled 326,912 long tons as against 298,612 tons during the similar period of the previous season. Exports for the eight month period amounted to 113,262 tons, as compared with 82,484 tons for the corresponding eight months last year.
>
> Sugar stocks on hand in the Dominican Republic on May 1, 1942 aggregated 293,397 tons, while on the same date in 1941 the stock was 269,508 tons.
>
> Late in November, 1941, the British Minister of Foods arranged for the purchase of practically the entire 1942 Dominican sugar crop.

WPB Lumber Restrictions For War Housing Lifted

The War Production Board reports that more than 100,000 of the most essential war housing units in construction have received relief from the restrictions on lumber deliveries contained in Limitation Order L-121, it was made known on June 6. It is stated that after investigation by the National Housing Administration and the WPB lumber and lumber products branch, these housing projects were selected as most urgently needed in the war effort.

John D. Blandford, Jr., National Housing Administrator, according to the New York "Herald Tribune," said on June 6 that construction activity on these projects would have ceased almost immediately unless relief had been granted. The 100,000 war housing units selected are divided almost equally between those publicly financed and privately financed. In the former category are 76 projects in 25 States, covering 54,039 units, while the privately financed projects include 51,350 units in 32 localities in 20 States.

Sentenced For Fraud

Antoinette Heim was sentenced in General Sessions in New York to up to three years in the penitentiary on her conviction on two counts of first degree grand larceny. She had preyed on serving women of her native country, Germany, defrauding them of their savings by inducing them to buy worthless mining stock from her; it was revealed that she had been under investigation by the State Attorney General for almost nine years because of her stock activities.

She had claimed at various times that she was a cousin of Franz von Papen, Hitler's Ambassador to the Balkans, that she was the sister of a bishop in Strassbourg and of a priest with the German Army, and that she had been graduated from a college in Alsace, all of which was untrue.

Illinois-Wisconsin District Leads In War Bond Sales

The Illinois-Wisconsin Federal Home Loan district leads the twelve in the nationwide system in the number of savings, building and loan institutions which have sold war bonds in volume equal to or exceeding 5% of their own assets, it was reported on May 28 by A. R. Gardner, President of the Federal Home Loan Bank of Chicago, which serves this district. He said that the 46 honor roll associations in this district constitute between a fourth and a fifth of all those in the country which have reached so high a ratio in their financing of the victory program. The honor roll, listing 210 associations which have sold war bonds to this percentage of assets, is published in the current issue of the Federal Home Loan Bank Review, and covers the bond sale period May 1, 1941, through March 31, 1942. Mr. Gardner added the information that two of the 16 savings and loan institutions in the nation which have sold more than $500,000 in bonds are located in Chicago.

With Wayne Hummer

(Special to The Financial Chronicle)

OSHKOSH, Wis. — Chester D. Shepard, for many years a partner in Merigold & Co., has become associated with Wayne Hummer & Co. of Chicago and will make his headquarters in the firm's Appleton, Wis., office, 123 South Appleton Street.

Cleveland Bond Club Schedules Meeting

CLEVELAND, O.—The annual meeting of the Bond Club of Cleveland will be held at the Canterbury Club on Friday, June 19. After the names of the newly elected governors are announced, there will be an open discussion of the part which the Club can play in the war effort.

Four new governors are to be elected, since the terms of H. H. Covington, M. J. M. Cox, and D. P. Handyside are expiring and Frank E. Gibson, Jr., whose term would have run until 1944, has resigned as he has left the investment business.

The nominating committee has presented the following slate for governors, three of whom will serve for three-year terms and one for two-year term: John D. Burge, Ball, Coons & Co.; Walter Carey, Robbins, Gunn & Co.; Emile A. Legros, First Cleveland Corp.; David A. Field, First Boston Corp.; Herman J. Sheedy, McDonald-Coolidge & Co.; and A. J. Stiver, Saunders, Stiver & Co.

Members of the nominating committee are: R. J. Olderman, Chairman, R. K. Wilson, and Claud Turben.

May Failures Lower Than A Year Ago

May business failures while slightly higher than in April were considerable below the May total of last year. Business casualties last month, according to Dun & Bradstreet, Inc., totaled 955 and involved $9,839,000 liabilities, as compared with 938 involving $9,282,000 in April and 1,119 involving $10,065,000 in May, 1941.

The increase over April occurred in all the divisions into which the insolvencies are divided with the exceptions of manufacturing and construction. Compared with a year ago, only the Commercial Service Division recorded an increase and the Construction group was unchanged, while the remaining classifications were lower.

Manufacturing failures last month numbered 134, involving $2,924,000 liabilities, compared with 146 in April with $2,953,000 liabilities. Wholesale insolvencies increased to 69 with $877,000 liabilities from 65, with $1,132,000 in April. In the retail trade section, failures were up to 647 with $4,392,000 liabilities, compared with 624 involving $3,829,000 in April. Construction insolvencies were 63 with $1,175,000 liabilities as compared with 65 with $1,033,000 liabilities in April 1942. Commercial failures numbered 42 with $471,000 liabilities as against 38 with $335,000 liabilities in April, 1942.

When the country is divided into Federal Reserve Districts it appears that six districts had more insolvencies than in April 1942, while five had fewer failures and one remained the same. Those districts having more failures than a month ago are New York, Philadephia, Cleveland, Richmond, Atlanta and Kansas City. The districts having fewer failures last month than in April are Boston, Chicago, St. Louis, Dallas and San Francisco. The Minneapolis District had the same number of insolvencies in May as in April.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2197)

cline from present levels will go very far or last very long.

* * *

So far all that I've said is based on the market interpretation of the war picture. There are still domestic developments, taxes, priorities, etc., to consider. These are by no means clear. That they will have an effect on security prices is a certainty; some of it adverse. But either the market knows something, or it knows nothing, for it doesn't act worried or disturbed.

* * *

Reducing it down to averages, say the Dow Jones, I expect the current setback to carry down to about 102. At this writing they're about 104. At the lower figure I believe the market will once again fall asleep and move sideways, though it is possible that if additional news of the sort we got from Midway comes along, the market will resume its upward trend without any further waste motion. But failing any specific news a dull, trendless series of sessions is indicated.

* * *

Naturally there is another side also, a side highlighted by the war. For while the market may go up on further good news it may by the same token go down on bad news. The careful trader will therefore keep in mind the stops applying to the securities recommended by this column.

* * *

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.]

Our Reporter's Report

(Continued from first page)

generally assumed that ultimately the Reserve will be faced with one of two alternatives, viz., extensive open market operations by Reserve Regional Banks, or a general lowering of the required reserve for all system institutions in order to forestall any hardening of interest rates.

Commission Is the Thing

That the rank and file of firms engaged in the distribution of securities is still vitally interested in the opportunity to make a dollar became evident in connection with the recent financing done for the Virginia Public Service Company.

This $36,500,000 undertaking consisted of $26,000,000 of first mortgage 3¾% bonds and $10,500,000 of 5% debentures. The latter carried a selling commission of 2½ points for dealers, against a rate of ½ point for the bonds.

As it developed dealers displayed only meager interest in the bonds as long as debentures were available. Consequently the latter moved out first with distribution being completed while the bonds remained only 75 to 80% sold.

But once the debentures were cleaned up and all effort concentrated in the bonds the latter began to move out briskly.

New Money Issue Goes

Quality apparently is the element needed to assure success of a new money undertaking at the moment. At any rate, underwriters found no difficulty in disposing of the $15,000,000 of 30-year 3s, brought out for the Public Service Electric & Gas Corporation.

Brought out at 104½, this issue, though getting away to a somewhat sluggish start, moved quickly to buyers, with institutional investors snapping up the first opportunity, in some time, to put fresh funds into a utility issue.

Some of the more recent offerings which proved a bit "sticky" in the initial stages, are now reported to have been worked out quite satisfactorily, these including the R. H. Macy & Co. issue and the financing undertaken by Philip Morris & Co., Ltd., Inc.

Switching In Good Rails

Shuffling of railroad sections of their portfolios by insurance companies is providing a fair run of day to day business, better known in the trade as the "bread and butter" business.

Insurance portfolio managers have been reported busy for some weeks culling their railroad holdings with a view to shaking out less desirable investments, judged on the basis of long-term prospects.

Such segregation is understood to be still going on. But in addition these companies are reported being found frequently on both sides of the market in better grade issues, indicating "switching" is fairly active.

Secondary Deals Still Sought

Investment dealers and underwriting firms are finding plenty of time on their hands in which to take care of the recurrent secondary distributions that have been coming on the market in recent months.

These undertakings are attractive in a general sense considering the rather liberal commission which normally is available on such business.

But of late it is understood that several such deals have been slow in working out, notably in the case of several blocks of rail and utility bonds, with the result that the firms underwriting the business, have temporarily at least, seen their profit by way of commission, substantially offset by paper losses on the deal as a whole.

Conferees Vote $50 Army--Navy Base Pay

The Senate-House Conference Committee on the Readjusted Service Pay bill on June 9 followed out the instructions of the full Senate and House and voted to increase to $50 a month the base pay of buck privates and apprentice seamen in the Army, Navy, Marine Corps and Coast Guard.

The conference group had twice previously compromised on $42 a month and later on raised it to $46. The House rejected on May 27, by a 332 to 31 vote, the first compromise, insisting on the $50 a month approved by it on May 13; and the Senate on June 8, by a vote of 58 to 20, refused to agree to the $46 figure, instructing its conferees to approve the $50 basic pay.

In passing the bill originally on March 30, the Senate voted in favor of a $42 monthly base pay. The House, however, on May 13, raised this figure to $50; referred to in these columns May 21, page 1941.

Under the bill, first-class privates and seamen, second class, will receive $54 a month, while higher grade enlisted men will get corresponding increases and second lieutenants and ensigns are granted a $300 yearly increase.

The pay increases are to become effective as of June 1.

The fight in the Senate for the higher base pay was led by Senator La Follette (Prog., Wis.).

Hearings Postponed

The hearing originally scheduled for June 8 by the Securities and Exchange Commission to determine whether the registrations of William T. Maloney, Dover, Del., and John L. McDaniel, Wilmington, Del., should be suspended or revoked, were postponed till June 15.

Sees Higher Taxes As Threat To War Effort

(Continued from first page)

	Sales Billed $	Income Before Fed. Taxes $	Taxes $	Income After Fed. Taxes $
1st Quarter 1942	112,159,411	22,930,312	18,805,658	4,124,654
1st Quarter 1941	81,141,645	13,866,680	8,239,415	5,627,264
Increase	31,017,766	9,063,632	10,566,243	—1,502,610

"The significance of these figures lies in the fact that notwithstanding the great increase in output which should and did increase the operating profit and the gross income, the final result was substantial reduction in net income on account of the great increase in Federal taxes, which taxes were accrued at a rate less than that now proposed. Further, this reduction in net income for the 1942 period came about after the company had completed new financing to the extent of more than $56,000,000 of which over $36,000,000 was obtained from the sale of additional stock that in good faith essentially involves a 20% increase in the company's dividend liability.

"A preliminary examination of our income for April, 1942, discloses a net income of less than $1,000,000 after provisions for taxes on a business of over $41,000,000. This represents a return of slightly over 2% on such business and less than 50% of the net income for April, 1941. This is not enough profit to pay even modest dividends to stockholders and continue reasonable wages to employees, without considering the well-recognized necessity to make some financial provision to cover present and post-war conditions. We are alarmed over the situation. We are frankly wondering what is to become of the company."

In conclusion, Mr. Robertson said:

"It is hardly necessary to add that this is not a plan for war profits. It is written to emphasize the fact that we must have money left after paying expenses (and taxes in any form are expenses), if we are to keep the factory doors open and do the job that must be done 24 hours a day."

UP-TOWN AFTER 3

THE MOVIES

"I Married An Angel" (MGM), Jeanette MacDonald and Nelson Eddy; with Edward Everett Horton, Binnie Barnes, Reginald Owen, and others. Directed by Maj. W. S. Van Dyke II. Back in the summer of 1938 Dwight Wiman took the Vaszary Janos story, gave it a Rodgers and Hart musical treatment opened it at the Shubert in New York and ran it until February, 1939. As a top flight musical it was rated a hit. But either the story isn't good movie material, the actors don't seem real, or the plot itself, in the light of today's headlines, is so dated, that it becomes just another one of those things. The love life of a playboy Budapest banker may have been very amusing in 1938. But this is 1942 and the people of Budapest, I'm sure, aren't standing around street corners singing "I Married An Angel" or casting admiring glances at the gentry. They're probably hiding in bomb shelters. Anyway, here's the story: A young Budapest banker whose directors feel he should attain respectability by marrying, arrange a full dress masquerade at which all his companions de amour are present. But banker Eddy, bored, runs up to his room to rest, falls asleep and dreams that angel Jeanette MacDonald comes down from heaven to marry him. So they get married. But she being an angel and not familiar with mortal ways gets him into all kinds of jams. Finally Eddy awakens, runs downstairs, meets Miss MacDonald in person and marries her. There's the plot. Yet the songs are really catchy and the girls, eyestoppers. . . . **"In Old California" (Republic), John Wayne, Binnie Barnes, Albert Dekker, Helen Parrish, Edgar Kennedy, Patsy Kelly, and others.** A bing-bang western, complete with fist fights and gun battles set in the days of California's gold rush. A druggist from the effete East tries to open a drug store only to run smack into the town boss and villain. But the boss's girl is on the druggist's side. After all kinds of shenanigans the druggist gets the girl, saves the town from typhoid and the villain dies from lead poisoning. The kids will love it. . . . Two weeks ago I reviewed Paramount's **"Take A Letter, Darling."** I liked it and said so in print. For even if some of the dialogue was hackneyed I found most of it witty and amusing. For this an anonymous correspondent takes me to task. He encloses a clipping of Crowther's (N. Y. "Times") review, and my review and asks, "Did you really see the picture or is it a plug on general principles? Or was it a rewrite of the press release of Paramount?" It might interest my anonymous correspondent to learn that movie companies do not send rave reviews to movie critics. They furnish a synopsis of the plot and the cast. Furthermore, of all the movie companies my relationship with Paramount is the least pleasant. But that's a personal matter and has nothing to do with my reviews. If my correspondent is further interested I suggest he read the reviews of "Take A Letter, Darling" as they appeared in the "Herald-Tribune," "Newsweek" and the "New Yorker," just to name a few.

DOING THE TOWN

The jam at **Fefe's Monte Carlo Beach** (it's a night club, "Beach" is put in to make it sound more interesting), like a Times Square rush hour. **James A. Farley** and **Mrs. Farley** towering over the mob. They're both that tall. Chubby **Ham** (Joe Palooka) **Fisher** and novelist **Louis Bromfield** head to head. Columnists all over the place. **William Randolph Hearst, Jr.**, with **Lady Ashley**, who was Mrs. Douglas Fairbanks. **Anatole Litvak** and **Otto Preminger**. **Gene Caverello** and **Fefe Ferry** with Chesire-like grins at the milling mob. Same bartenders. Same headwaiter, **Bobby**. Same check room girl, **Edith**. The room is a little different but still a show window for cafe society, Hollywood and Broadway. Smooth dance music by **Sonny Kendis** and rhumba beats by **Don Caballero's** outfit. It all adds up as a fine place to have yourself a time in. . . . Songstress **Linda Ware** tells of the time she was hiring a maid and asked her first applicant for her references. "I tore them up," said the maid. "That was a silly thing to do," replied Linda. "No ma'am," answered the maid. "You shoulda seen what they said." . . . The skeptical are always knocked for a loop when the **Cotillion Room's** "mind reader" **Myrus**, starts batting 'em out. Give him you initials and he tells you the full name, address, phone number. Sure, it's a stunt and it can't be done. But Myrus does it. Rest of the show at the elegant Cotillion Room just fair, though **Beverly Whitney**, who doubles from "Let's Face It," is a charming singer. . . . **Meyer Davis** spots **Paulette Goddard** at the **Mayan Restaurant** with a worried look on her face. "I had it on the tip of my tongue a minute ago and now it's gone," she says. "Don't worry, it'll come back to you," replies Meyer. "I'm not so sure," explains Paulette. "It was a postage stamp." . . . The Johnson Bill which calls for payments to parents and dependents of fighting men certain sums of money says two parents rate $25 a month. Then the Bill goes on to explain that the Government will contribute **"an additional $5 for each parent in excess of two. . . .** The **Penthouse Club** must be quite popular with high Army, Marine and Naval officers. Hardly ever saw the room without an Army General, a Marine Colonel or at least a Naval three striper. . . . **Sherman Billingsley**, owner of that 53d St. saloon, walking down Madison Ave., his forefinger buried in his nostril . . . very elegant, and so chic, my deah.

Drastic Taxation May Handicap Govt. Financing, Says Vandenberg, Opposing Additional Burdens

The contention by Senator Vandenberg (Republican) of Michigan that too drastic taxation might seriously handicap Government financing was coupled on June 6 with an indication as to his concern that levies in the pending new revenue bill might be too high on both individuals and business. This is learned from Washington Associated Press advices June 6 which further said:

He is convinced, he told reporters, that there should be no reduction in present individual income-tax exemptions, and said he will fight for retention of existing ones when the tax bill, now before the House Ways and Means Committee, reached the Senate.

Senator Vandenburg, an influential member of the Senate Finance Committee, said he believed Congress should place primary emphasis not on the amount of new taxes that could be raised but on keeping the economic machine functioning in such a way that individuals and business would have sufficient money to invest in government bonds.

"It is far less important," he said, "for us to raise an additional one or two billion dollars in taxes than it is for us to preserve functioning economic resources out of which the government can safely borrow the funds to close the gap in the balance sheet."

The placing of too great a burden of taxation on the American people, he said, would almost certainly be followed by complete cessation of private bond purchases and the government would have to turn to the banks for its financing.

The House Ways and Means Committee has voted tentatively to lower individual income tax exemptions from $1,500 to $1,200 for married persons and from $750 to $500 for single persons.

Commenting on this decision, Mr. Vandenberg declared:

"This is chiefly a device for increasing further the burdens on present income taxpayers. The low income groups would be better off under a sales tax than under lowered exemptions."

He said a comparable reduction in individual exemptions in the 1941 revenue bill had produced only $47,000,000 from 2,275,000 new taxpayers but had extracted an additional $256,000,000 from those who already were paying income levies.

Following Senator Vandenburg's assertions the statement was made on June 7 by Representative A. Willis Robertson (Democrat) of Virginia, that the task of drafting war-time legislation "was not made easier by warnings to the American people by distinguished members of the Senate Finance Committee of the undesirability of high taxation on certain tax-paying groups." According to the Associated Press, Mr. Robertson mentioned no names in dictating this statement, but the reference obviously was to Senator Vandenberg.

From the Associated Press Washington advices June 7, we also quote:

Rep. Robertson, a member of the House Ways and Means Committee, which is drafting tax legislation, declared that "when Secretary Morgenthau said last week that $8,700,000,000 was the least in new revenue that should be raised at this time, he stated a fundamental truth with which all economists agree."

"The members of the Ways and Means Committee," he added, "are under no delusions concerning the unpopularity of high taxes, but we see no escape from high taxation as part of the sacrifices required to win this war.

"Speaking only for myself, I firmly believe that the American people will gladly make any necessary sacrifices in the present effort with respect to taxes. All that they ask is that the burden be distributed as fairly as possible."

'Gas' Rationing In East Revised—Basic Rate Up

Motorists in the East Coast area where gasoline is being rationed will find much tighter regulations when their present temporary rationing cards expire next month, the Office of Price Administration announced on June 3.

There will be no more "X" cards permitting unlimited purchases of gasoline. Further, trucks and buses will have to have coupon books, too, although there is no intention at the present time to curtail the operation of these vehicles except as the Office of Defense Transportation may provide.

Motorists who will seek additional rations to drive to work will have to show that they have made every effort to form a car club of at least four members who ride regularly to work with the applicant.

The flow-back of coupons from the filling station to the supplier will provide an audit control of every gallon of gasoline distributed under rationing.

Joel Dean, OPA Fuel Rationing Administrator, on June 8 stated that East Coast motorists will get an average basic ration of about four gallons per week, instead of three gallons as at present, under the permanent program which will go into effect shortly after July 1. Coupon books will succeed the "meal ticket" cards. The new plan will require coupons for all gasoline purchases. Only "A" and "D" books will be issued at time of registration, the "A" book containing 48 coupons, the basic ration to which every passenger car owner is entitled, and the "D" books providing a basic ration for motorcycles. "B" and "C" books will provide supplementary rations for passenger cars for vocational, Governmental and war purposes, in addition to that provided by the "A" book. "S-1" and "S-2" books are to be issued to trucks, busses and similar vehicles. In addition, there will be "E" and "R" books for non-highway users, including boats.

The "A" books will contain six pages of eight coupons each, every page being good for 60 days. The total of these would provide an estimated year's travel of 2,880 miles, figuring out to less than four gallons per week. The "B" books will have two pages of eight coupons each, with expiration date to be determined. Each "C" book will be tailored to fit the needs of the persons receiving it, and will contain 96 coupons. However, coupons will be removed from the "C" book to provide the exact mileage required. The "S" books will provide sufficient gasoline for the needs of applicants for a four-month period.

Herbert Dewes In Army

Herbert Dewes, for the past 15 years manager of the stock brokerage business of Alexander Eisemann & Co., 90 Broad Street, New York City, and Vice President of Eisemann Industrial Corporation, who is said never to have taken a vacation during his association with the firm, has now gone into the United States Army, the firm announces. The members of the firm and other associates of Mr. Dewes gave a dinner in his honor at the Cafe Havana Madrid on the eve of his departure for camp.

United States Of Mexico

(Continued from page 2195)

"Incidentally, according to cable quotations we received from the same source for the very same securities as per May 11, May 27, and May 29, it would appear as if the rise in the prices for Mexican securities listed on the London Stock Exchange was not at all sudden and due to Mexico's war declaration around the 1st of this month. Quite to the contrary, all of the above tabulated Mexican issues since April, 1941, have been selling in the London market at practically all times approximately 1 to 2½ points higher than in the New York market, which is easily ascertainable when converting for comparative purposes the London quotations into New York terms. Employing the very same calculating methods for comparative purposes for the period from May 1 to June 1, 1942, would show:

a) That on May 1, 1942 Mexican securities were at an average of 1¾ points higher priced in the London—than in the New York market;

b) That beginning May 1, 1942 the quotations for Mexican securities started to rise very steady and consistently in the London market, the New York market not experiencing quite the same proportional price movement;

c) That the steady rise in prices throughout the month of May in the London market had finally reached on June 1, 1942, a price basis which, compared with the New York market on a parity basis, showed an average of 2½-2¾ points higher prices in London than in New York.

In view of these comparisons we are inclined to believe that the steady appreciation of the prices for Mexican securities in the London market was not entirely due to Mexico's war declaration but chiefly due to British investors foreseeing a better future outlook for Mexico for the reasons outlined in your article of June 4, 1942, although Mexico's war declaration may have been ultimately of some influence in this respect."

Post-War Rail Prospects

In spite of the generally accepted idea that the railroads, after the war, will be faced with an intensified competition from highway, waterway and airway routes, with the Government and labor unions playing dominant roles in "putting the railroads out of business," B. W. Pizzini & Co., 52 Broadway, New York City, specialists in guaranteed rail stocks and bonds, states in their "Guaranteed Stock Quotations" of June 1 that "long experience leads us to view with a considerable degree of skepticism any opinion that appears to be 'popular' or of a majority nature. It has been said that the so-called subsidized competition against the railroads had its roots in past eras of 'public be damned' attitude on the part of some of the carriers. Now we find that the railroads have not only given outstanding performance as part of the war effort but also have been called upon to handle a vast amount of freight that formerly was moved by competitive means. On top of that the public, denied the free use of the private car, has had to fall back upon the railroads for even relatively short distances of travel. This we believe is a lesson that neither the public nor the Government will soon forget. The railroads, as the most economical common-carrier service, seem assured of a dominant place in a national transportation policy."

Copies of "Guaranteed Stock Quotations," which contains a further discussion of the post-war outlook for rails and also gives quotations on all guaranteed rail issues, may be had from B. W. Pizzini & Co. upon request.

NSTA Members Now On Active Military Duty

The National Security Traders Association report that the following of its members are now on active duty in the armed forces of the United States:

Baltimore, Maryland: William A. Brown, Mackubin, Legg & Co.; Robert P. Chambers, Mackubin, Legg & Co.; Alan F. Daneker; Bernard E. Eberwein, Alex. Brown & Sons; Malcolm G. Keech, Mercantile Trust Co.; David G. McIntosh, Alex. Brown & Sons; Charles A. O'Connor, Alex. Brown & Sons; Wm. C. Roberts, Jr., Colonial Bond & Share Corp.; Norville E. White, W. W. Lanahan & Co.

Boston, Mass.: William Lundy, Draper, Sears & Co.; Russell Dean, Sears Corp.; Frank E. Voysey, Kidder, Peabody & Co.; S. Amazeen, Coffin & Burr, Inc.; Russell J. Potter, Arthur W. Wood & Co.; Paul Sughrue, W. A. Thorndike & Co.; David A. Haley, Paine, Webber & Co.; William T. Skinner, Jr., Walter J. Connolly & Co.; Edward Herlihy, Edward Herlihy & Co.; Joseph F. Robbins.

Cleveland, Ohio: Russell G. Wardley, Maynard H. Murch & Co.; Joseph Bainer, Maynard H. Murch & Co.; Martin Long, First Cleveland Corp.; Francis Patrick, Paine, Webber & Co.; Dana F. Baxter, Hayden, Miller & Co.

Detroit, Mich.: Kenneth H. Owens, Van Grant & Co.

Kansas City, Mo.: Laurence B. Carroll, Prescott, Wright, Snider & Co.; John O. Bragg, H. O. Peet & Co.; Francis G. Kulleck, Kulleck, Wheeler & Co.

Minneapolis & St. Paul: Arthur H. Rand, Jr., Woodard-Elwood Co.; John Howe, Piper, Jaffray, Hopwood; William T. Howard, J. M. Dain & Co.

Los Angeles: Milton C. Brittain, Bateman, Eichler & Co.; Ted D. Carlson, Crowell, Weedon & Co.; Pierce R. Garrett, Cavanaugh, Morgan & Co.; Max L. Hall, Dean, Witter & Co.; J. Earle Jardine, Jr., Wm. R. Staats Co.; Elmer E. Meyers, Mitchum, Tully & Co.

New York, N. Y.: Joseph F. Donadio, Strauss Bros.; Rakenius J. Possiel, First Boston Corp.; James G. Fraser, Katz Bros.; Richard H. Goodman, Cohu & Torrey.

Philadelphia, Pa.: John W. Wurts, C. S. Wurts & Co.; John F. Fant, Kennedy & Co.; Henry T. Harper, Jr., Reynolds & Co.; Herbert H. Blizzard, Herbert H. Blizzard & Co.; F. Edward Atkins, Jr., Penington, Colket & Wisner; Henry D. Boenning, Jr., Boenning & Co.; A. William Battin, Burr & Co., Inc.; Benjamin H. Lowry, Laird & Co.; William Gerstley, 2nd, Gerstley, Sunstein & Co.; Leonard S. Bailey, Hemphill, Noyes & Co.; Donald W. Darby, C. C. Collings & Co.; Richard H. Oller, Suplee, Yeatman & Co.; John A. Milburn, Hecker & Co.; Carlos M. Cardeza, Penington, Colket & Wisner; Chas. E. Halcomb, First Boston Corp.; Henry H. Patton, Henry H. Patton & Co.; John B. Swann, Jr., Lilley & Co.; Joseph B. Smith, Newburger & Hano.

St. Louis, Mo.: Edward E. Haverstick, Jr., G. H. Walker & Co.; Frank E. Pelton, Jr., C. J. Devine & Co.; Oscar W. Rexford, First Boston Corp.; Earl Essert, Semple, Jacobs & Co., Inc.; C. T. Ayers, Taussig, Day & Co.; A. F. Stark, Edward D. Jones & Co.; Edward Stegman.

The Association will appreciate other members called for service notifying the National Secretary, Bert Ludington, Watling, Lerchen & Co., Detroit, Mich.

Defaulted Rails Interesting

B. S. Lichtenstein & Co., 99 Wall Street, New York City, have prepared for distribution a discussion entitled, "The Case for a Non Reorganization Defaulted Rail Bond." Copies of this interesting discussion may be had upon request from the firm.

Discuss Incorporating N. Y. Exchange Firms

The proposal to permit incorporation of members of the New York Stock Exchange and to admit to Exchange membership outside incorporated firms, which has been under informal discussion by the Governors of the Exchange, will come up for definite action shortly, it is understood, with the presentation to the Governors of a proposed amendment which it is hoped will be approved for submission to the members.

There has been a growing sentiment in favor of incorporation and it is felt that many of the large outside firms now in the underwriting and distributing business, which are incorporated, might wish to join the Exchange if the proposed amendment is adopted.

The proposed amendment would provide for incorporation of member firms, but with rigid restrictions placed on the sale of stock, so that large customers of the firms would not be permitted to buy stock thereby effecting what might be considered a rebate on their security transactions. All applicants to purchase stock in the incorporated firms would be subject to the rigid requirements now in effect for applications for partnerships.

The matter, it is understood, will be taken up with the Securities and Exchange Commission, also, but since a number of out-of-town exchanges permit corporations to hold membership, it is believed that the SEC would not object to this in the case of the New York Stock Exchange if the plan presented offers reasonable safeguards. It is understood that the Stock Exchange would like to have some of the large outside houses as members.

Annual Field Day for Pittsburgh Bond Club

PITTSBURGH, PA.—The Bond Club of Pittsburgh announces that the Club's annual summer outing will be held on Friday, June 26, at the Long Vue Club.

Features of the day will be golf, in charge of Eugene H. Lear, Reed, Lear & Co., with special awards; La Boccie, under the direction of Joseph Buffington, with prizes for the winners; trap shooting, in charge of F. J. McGuinness, Chaplin & Co.—$1.50 for round of 25, skeet-shooting available in case of rain—with prizes to the winners, and swimming.

Dinner will be at 7:15. No charge for members in good standing, guests, $3.00. Those planning to attend should communicate with Ray Taylor, Chairman of the Ticket Committee.

G. C. Bodell, Peoples Savings-Trust Co., is Chairman of the Outing Committee.

Oil Royalties Attractive

Oil royalties offer an interesting and particularly timely investment, according to Tellier & Co., 52 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association, since oil is vital for the successful operation of modern, mechanized warfare and new uses for oil are constantly being developed by modern research methods, including the manufacture of synthetic rubber. In addition, according to Tellier & Company, returns from oil 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 & Co., from whom copies of the list may be had upon request—ask for Schedule "A."

Calendar of New Security Flotations

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

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

Offerings will rarely be made before the day following.

MONDAY, JUNE 15

EASTERN COOPERATIVE WHOLESALE, INC.

Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). No more than $30,000 principal amount of said bonds shall mature in any one year

Address—135 Kent Ave., Brooklyn, N. Y.

Business—Wholesale dealer in groceries allied products, including, among other related activities, warehousing and packaging

Underwriting—No underwriter named

Offering—The securities are being sold by the Cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman, at 100. No commission will be paid to anyone in conjunction with such sale

Proceeds—Will be used to repay certain private loans and also to reduce certain accounts payable now outstanding for current merchandise, the balance to be used for working capital

Registration Statement No. 2-5002. Form S-2. (5-27-42)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed a registration statement with the SEC for 70,000 Series "K-1" full certificates of participation

Address—50 Congress St., Boston, Mass.

Business—Investment trust of fixed or restricted management type

Offering—Aggregate offering price is $893,200 based on 70,000 shares at $12.76 per share as of May 12, 1942

Proceeds—For investment

Registration Statement No. 2-5001. Form C-1. (5-27-42)

WEDNESDAY, JUNE 17

LUKENS STEEL CO.

Lukens Steel Co. filed a registration statement with the SEC for $2,200,000 4¾% sinking fund debentures due 1952

Address—Coatesville, Pa.

Business—Steel manufacturer

Underwriting—E. H. Rollins & Sons, Inc., and Pistell Wright & Co., Ltd., are principal underwriters. Other underwriters are to be named by amendment

Offering—The offering price will be furnished by amendment

Proceeds—Payment of bank loan

Registration Statement No. 2-5003. Form A-2. (5-29-42)

RAND'S, PITTSBURGH

Rand's filed a registration statement with the SEC for $500,000 6% sinking fund debentures, due May 1, 1957

Address—225 Ross St., Pittsburgh, Pa.

Business—Company is at present time engaged in the operation of a chain of 23 retail drug stores (including one operated by the company's wholly owned subsidiary), ten of which are located in Pittsburgh, Pa., and suburbs. The other 13 stores are located in Pennsylvania, West Virginia, Ohio and Maryland

Offering—If approved by stockholders at special meeting to be held July 17, 1942, company proposes to offer to holders of its 8% cumulative preferred stock the privilege to exchange their shares for the 6% debentures on the basis of $50 of debentures for each 10 shares of 8% cumulative preferred stock ($5 par). Such offer will expire at the close of business on August 17, 1942. Stockholders accepting such offer will be entitled to receive interest on the debentures received in exchange from May 1, 1942

Underwriting—Company has entered into an agreement with Floyd D. Cerf Co., Chicago, Ill., principal underwriter, to supervise and handle the exchange offer to the approximate principal amount of $350,000; and to sell for the account of the company, at 100 plus accrued interest from May 1, 1942, an additional $150,000 of the debentures, together with any debentures not taken by the holders of the 8% cumulative preferred stock in exchange for their shares. There is no firm commitment to purchase any of the debentures. Grubbs, Scott & Co., Pittsburgh, Pa., is co-underwriter

Proceeds—The gross proceeds to be received by the company from the sale of the $150,000 debentures will be applied to the payment of an equal amount of current indebtedness

Registration Statement No. 2-5004. Form A-2. (5-29-42)

THURSDAY, JUNE 25

HOTEL BARBIZON, INC.

Lawrence B. Elliman et al voting trustees filed a registration statement with the SEC for 5,305½ shares common stock of Hotel Barbizon, Inc.

Address—c/o Wolf, Block, Schorr & Solis-Cohen, Packard Building, Philadelphia, Pa. Corporation address 140 East 63rd St., New York City

To Extend Voting Trust Agreement—As the present voting trust agreement is to expire, July 24, 1942, the voting trustees feel that an opportunity should be given to the holders of voting trust certificates to extend the voting trust agreement. The proposed extension is for five years from July 24, 1942. Total number of shares of stock of Hotel Barbizon, Inc., outstanding is 5,305½, all common stock, which is the only stock of the company authorized or outstanding. The proposed extension agreement provides that it is to become effective only if the holders of voting trust certificates and of stock representing at least 33⅓% of the total outstanding stock of the corporation enter into the extension agreement, and even if so made effective, the voting trustees may cancel the extension agreement under certain conditions

Registration Statement No 2-5005. Form F-1. (6-6-42)

SATURDAY, JUNE 27

MILLER TOOL & MANUFACTURING CO.

Miller Tool & Manufacturing Co. filed a registration statement with the SEC for 198,013 shares of common stock, par value $1

Address—Detroit, Mich.

Business — Manufacturing and sale of auto service tools

Underwriting—Baker Simonds & Co.

Offering—Of total 52,238 shares will be offered by the company and 145,775 shares by certain stockholders. Offering price to the public will be $2 per share

Proceeds—Company will use proceeds from sale of stock for working capital

Registration Statement No. 2-5007. Form S-2. (6-8-42)

WESTERN INVESTORS FUND, INC.
(Washington)

Western Investors Fund, Inc. (Washington) filed a registration statement with SEC for an aggregate of $1,200,000 "Series E" certificates. Agreements will be issued calling for maximum payments of $1,800, $4,500, $9,000, $13,500, $18,000, and multiples of $18,000. Statement says it is impossible to state the exact number of each that will be issued

Address—Central Building, Seattle, Wash.

Business—Investment company

Underwriting—Western Investors Fund, Inc., sponsor

Offering—Provides for periodic payments to the sponsor at the rate of $10, $25, $50, $100, or larger amounts in multiples of $100, at regular intervals over a period of approximately 15 years, or until the maximum payment called for by the plan has been paid

Proceeds—For investment

Registration Statement No. 2-5006. Form C-1. (6-8-42)

SUNDAY, JUNE 28

G. C. MURPHY CO.

G. C. Murphy Co. filed a registration statement with SEC for 90,000 shares of cumulative preferred stock, par $100 per share. The dividend rate will be supplied by amendment

Address—531 Fifth Avenue, McKeesport, Pa.

Business—The company operates a chain of 207 retail stores in 12 states and the District of Columbia, selling a wide variety of merchandise for cash and at unit prices ranging principally from 5 cents to $5, although a limited number of articles are sold at prices in excess of $5

Underwriting — Merrill Lynch, Pierce, Fenner & Beane is the principal underwriter. Names of other underwriters and the amounts they will purchase will be furnished by amendment

Offering—Company is offering to the holders of its outstanding 5% cumulative preferred stock, on a share for share basis, a total of 40,000 shares of the new preferred stock. The underwriters will purchase 50,000 shares of the proposed new preferred plus the shares not subscribed for by present preferred stockholders. Offering price to the public will be supplied by amendment

Proceeds—Net proceeds will be used to provide for redemption as of Oct. 2, 1942, of all the outstanding 5% cumulative preferred stock of the company at $105 per share plus accrued dividends which will require approximately $4,250,000 and the balance of such net proceeds will be used to increase the working capital of the company which will be applied approximately as follows: $2,000,000 to increase inventories, approximately $400,000 for additions and improvements to property and equipment, and the remainder of such addition to the working capital of the company to increase cash. The redemption of the 5% cumulative preferred will be accomplished substantially concurrently with the issue of the new preferred stock

Registration Statement No. 2-5008. Form A-2. (6-9-42)

DATES OF OFFERING UNDETERMINED

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

AMERICAN BAKERIES CO.

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

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

Business—Manufacturing and distributing bakery products in southern states

Underwriter—None named

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

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

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

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

Amendment filed May 29, 1942, to defer effective date

Withdrawal request filed June 6, 1942

BELLANCA AIRCRAFT CORP.

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

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

Amendment filed May 26, 1942, to defer effective date

CALIFORNIA UNION INSURANCE CO.

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

Address—San Francisco, Calif.

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

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

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

Proceeds will be used for additions to capital and surplus

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

Registration effective 1 p.m., EWT on June 6, 1941

COLUMBIA GAS & ELECTRIC CORP.

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

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

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

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

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

Amendment filed May 23, 1942, to defer effective date

FLORIDA POWER & LIGHT CO.

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

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

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

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

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

Registration Statement No. 2-4845. Form A2. (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)

Registration effective 1 p.m., EWT on June 6, 1941

HAMILTON WATCH CO.

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

Address—Lancaster, Pa.

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

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

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

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

Amendment to defer effective date filed May 29, 1942

HASTINGS MANUFACTURING CO.

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

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

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

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

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

Public offering price is $9.50 per share

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

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

Amendment filed June 4, 1942, to defer effective date

HONOLULU RAPID TRANSIT CO., LTD.

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

Address—1140 Alspai St., Honolulu, Hawaii

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

Underwriting—None

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

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

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

HUNTER MANUFACTURING CO.

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

Address—Croydon, Pa.

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

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

Offering—The 109,560 shares registered will be offered to the public at $4 per share; the underwriting commission is 80 cents per share. 93,000 shares are unissued and are to be offered to the public for the account of the company; the remaining 16,560 shares registered are to be purchased by the underwriters, under purchase option, from certain stockholders, and will be publicly offered

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

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

Amendment filed June 3, 1942, to defer effective date

INTERIM FINANCE CORP.

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

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

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

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

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

Proceeds will be used for working capital

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

Amendment filed May 23, 1942, to defer effective date

LONE STAR STEEL CO.

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

Address—Dallas, Texas

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

Underwriting — No underwriters are named in registration statement

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

Proceeds will be used for working capital purposes

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

Amendment filed May 25, 1942, to defer effective date

MILLER TOOL & MFG. CO.

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

Address—Detroit, Mich.

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

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

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

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

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

Amendment filed May 22, 1942, to defer effective date

Withdrawal request filed June 8, 1942

SOUTHWESTERN PUBLIC SERVICE CO.

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

Address—Dallas, Texas

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

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

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

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

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

Amendment filed May 25, 1942, to defer effective date

STANDARD AIRCRAFT PRODUCTS, INC.

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

Address—Dayton, Ohio

Business—Company manufactures and develops aircraft products, etc.

Offering—The 1943 maturity ($48,105) will be offered to the public at 100. The other maturities will be offered in exchange for 33,586 shares ($7.50 par) 40 cents cumulative preferred stock on a par for par basis as follows: debentures maturing 1944, $62,000; debentures maturing 1945, $62,000; debentures maturing 1946,

$62,000; and debentures maturing 1947, $65,895

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

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

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

Amendment filed May 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 June 1, 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 29, 1942, to defer effective date

UNITED GAS CORPORATION

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

Address—2 Rector Street, New York City

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

Underwriters—None

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

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

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

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

Amendment filed May 22, 1942, to defer effective date

WEST INDIES SUGAR CORP.

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

Address—60 E. 42nd St., New York City

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

Underwriters will be named by amendment

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

Proceeds will be received by the selling stockholders

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

Amendment filed April 21, 1942, to defer effective date

Investment Trusts

(Continued from page 2199)

first grade credit would mean a drop in price of 20 to 25 points for high-grade bonds of moderately long-term and such a drop, in turn, would mean the loss of five or six years' interest. So these bonds are a speculation on the course of interest rates and this is entirely aside from any question of deterioration of quality in individual issues.

Municipal Bonds

"The great bulk of municipals are high-grade and the foregoing discussion of high-grades applies equally to them. They are, however, subject to a special danger. Their tax immunity has been threatened from the highest places in our Government. So far Congress has withstood these attacks but the danger that they will eventually succeed may not be ignored. Furthermore, many municipals whose revenues are derived from special funds, such as bridge, tunnel and highway tolls, face grave reduction of these funds through war time dislocations. Recent erratic price action of many such issues speaks for itself.

Medium-Grade and Semi-Speculative Bonds

"Any bond, not of strict investment grade and consequently responsive in its price movements to earnings rather than to money rates, naturally carries an element of speculation. Under present circumstances many such issues are improving their status since gross earnings are rising under the influence of a war economy and bond interest comes before income taxes.

Preferred Stocks

"High-grade preferreds may be lumped roughly with high-grade bonds. There is a customary differential between the yields of these two media and, if high-grade bonds decline, high-grade preferreds can scarcely fail to do likewise. Thus they are an indirect speculation in interest rates. Lower grade preferreds fall more nearly into the classification of common stocks and are subject to the influences of earnings and taxes. They have always been recognized as containing a considerable element of speculation.

Common Stocks

"It is scarcely necessary to say that common stocks as a class are always speculative although with great variation in degree as between individual issues. To the usual factors which influence these evidences of partnership in business, there must be added today increases in volume of business on the one hand and the effects of scarcities, price ceilings and mounting corporate taxes on the other.

"Therefore, it seems that we are all speculators in some degree today, voluntarily or involuntarily and whether we act or do nothing. This is not meant to be an alarming statement. The line between intelligent speculation and investment has never been sharply drawn nor has it ever been capable of being sharply drawn. The fact that it is more than usually nebulous today does not mean that investable funds cannot be employed to advantage. It does mean, however, that some of the old yardsticks must be viewed with suspicion.

"There are opportunities under today's conditions both in the bond field and the stock field. But 'earnings bonds,' selling at discounts and with rising interest coverage, may be a more truly conservative purchase than high-grade, low-yielding bonds which can only move significantly in one direction. Certain stocks, including favored blue chips, may still be high in relation to the earnings that will be left to them after the impact of the 1942 Revenue Act, whereas others, both in and out of the blue chip category, look cheap under any tax schedule that has been proposed. Many of the rails seem outstanding examples of this latter class because of their freedom from excess profits imposts.

War Bonds

"We have purposely left the discussion of one investment until last. War Bonds are being bought and will be bought by patriotic Americans as their contribution toward victory, without special regard to investment advantages. Nevertheless, the advantages are there. The discount bonds which make up the bulk of public purchases are not only certain to return the invested principal but to return it with an accretion of 33⅓%. And, in the meantime, there is a guaranteed schedule of redemption prices to protect the dollar value of the investment; a vital safeguard not obtainable in other high-grade bonds.

"So our investment suggestion is this. Buy War Bonds to the full extent of your ability to forego current income. And for that portion of your funds on which you must have a liberal return to meet increased taxes and living expenses, today's opportunities are ample. But their realization requires experienced investment management, alert to new and changing conditions."

Investment Company Briefs

Calvin Bullock reports that dividends paid or declared during the first five months of 1942 on the 100 stocks held in the portfolio of Dividend Shares compared with the same period last year are as follows:

	No. of Stocks
Dividends at same rate per share*	65
Dividends smaller than in 1941	16
Dividends larger in 1942 than in 1941	11
Dividends omitted in 1942, paid in 1941	3
Dividends paid in 1942, not paid in 1941	3
Special†	2
Total stocks in portfolio	100

*Including stocks which paid no dividends in first 5 months of either year.
†No basis for comparison.

In commenting on this record, Calvin Bullock points out that: "The foregoing experience, it must be emphasized, covers only the first five months of 1942. It is likely that the balance of the years will see many further revisions in dividend payments as compared with 1941, especially in the final quarter when many corporations in recent years have paid year-end 'extras.' Nevertheless, the figures to date are probably considerably better than most investors would have predicted in January and one wonders whether the dividend reductions for the year as a whole may not be less than anticipated."

During May considerable changes were made in the portfolio of First Mutual Trust Fund. As of May 1, 1942, cash amounted to 26.07%, bonds 19.04%, and common stocks 54.89% of the portfolio. As of June 1, 81.72% was invested in stocks, 13.63% in discount bonds, and 4.65% in cash or receivables. Additions to the portfolio included Air Reduction, Bethlehem Steel, Celanese Corp., Chicago Pneumatic Tool, Douglas, General Motors, Great Western Sugar, International Harvester, International Nickel, Libby-Owens-Ford, Magma Copper, North American, Northern Pacific, Paramount Pictures, Standard Oil (N. J.) and Woolworth.

New War Foods Board

A nine-man Foods Requirements Committee was established on June 5 within the War Production Board to control the production and allocation of civilian and military food supplies. The new committee, appointed by Donald M. Nelson, Chairman of the WPB, is headed by Secretary of Agriculture Claude R. Wickard. It will determine the direct and indirect military, other governmental, civilian and foreign requirements for foods, and the amount by which the domestic production or importation of foods, or the agricultural materials from which foods are derived, shall be increased or decreased to meet such requirements.

In addition to Secretary Wickard, the other committee members and the agencies they represent are as follows: L. S. Stinebower, State Department; Brig. Gen. Carl A. Hardigg, War Department; Rear Admiral W. B. Young, Navy Department; W. B. Parker, Board of Economic Warfare; Dr. John Orchard, Office of Lend-Lease Administration; Roland S. Vaile, Division of Civilian Supply of the WPB; Douglas C. Townson, Division of Industry Operations of the WPB, and T. L. Daniels, Materials Division of the WPB.

A WPB statement explained:

When all of the facts, programs and estimates on food requirements have been assembled and studied the Food Requirements Committee will, broadly speaking, make a final decision on how all foods shall be produced and allocated in the light of their availability and of the material and equipment necessary to produce, process, transport and store them.

To guide the Committee in reaching its decisions each government agency concerned with the production and use of food will act as a channel of information. The Department of Agriculture will report regularly on the progress of domestic food production and, after consulting with the State Department and the Board of Economic Warfare, on programs formulated for the importation of foods and agricultural materials from which foods are derived.

The War and Navy Departments will report on their special war-time requirements for food. The Division of Civilian Supply of the WPB will draw up lists of food supplies considered essential for home civilian consumption.

The Division of Industry Operations of the WPB will report on available stocks of non-food materials, such as cotton and rubber, which are processed from agricultural materials. And the Board of Economic Warfare and the Office of Lend-Lease Administration, together with the State Department, will estimate the food requirements of our allies.

Mr. Nelson emphasized in his order that the Office of Price Administration will continue to administer rationing.

Chairman Wickard said on June 7 that the committee's first big job will be to determine the quantity of various types of food needed to supply military, civilian, lend-lease and other demands and after that will come decisions affecting production and allocation.

Mr. Nelson's intention to set up a Food Committee was noted in our May 28 issue, page 2034.

Piper, Jaffray To Admit Grandin & Macfadden

MINNEAPOLIS, MINN.—Effective June 18, Piper, Jaffray & Hopwood, 115 South Seventh Street, members of the New York, Minneapolis-St. Paul and Chicago Stock Exchanges, will admit Charles L. Grandin, Jr. and William S. Macfadden to partnership in the firm. Both have been associated with Piper, Jaffray & Hopwood for some time.

Public Radio-Telegraph Traffic In U. S. Closed

Chairman James Lawrence Fly of the Defense Communications Board, May 28 announced that the Board directed the closure of all public domestic point-to-point radio circuits within the continental limits of the United States, effective midnight, June 30, 1942. Provision is made, however, that upon proper showing to the Federal Communications Commission and a finding by that Commission that a particular circuit is necessary to meet a vital public need, the DCB will seek ways and means to meet that need.

Transmission of private messages over domestic radio circuits," Mr. Fly explained, "can be heard and easily monitored outside the United States. In many instances the nature of these private messages can give information of value to the enemy. The burden of possible censorship has been deemed insoluble within reasonable limits of available manpower and funds. In any event, the censorship which would be necessary if these circuits remained, would involve a delay in transmission not necessarily found in the case of domestic wire circuits."

Eighty stations operated by eleven companies are affected by the order. The chief carriers concerned are: R. C. A. Communications, Inc., Mackay Radio and Telegraph Co., Tropical Radio Telegraph Co., Globe Wireless, Ltd., Press Wireless, Inc. (press only), Radiomarine Corp of America, Central Radio Telegraph Co., Michigan Wireless Telegraph Co., Wabash Radio Corp., Pere Marquette Radio Corp. and the Western Radio Telegraph Co. Their total traffic is considered quite small in comparison with all domestic message volume. Chairman Fly stated that adequate wire line communications facilities remain available to all users of these domestic radio circuits.

If upon recommendation of the Federal Communications Commission the DCB should permit any particular circuit or circuits to remain in business, it will follow as a matter of course that they will be effectively censored. Routine precautionary measures, including monitoring by the FCC Radio Intelligence Division, will continue in any case.

Not affected by the DCB order of today are the coastal and ship-to-shore radio stations, which are under the control of the Navy Department.

Gen. Ayres To Retire

Brig. Gen. Leonard P. Ayres, Chief of the Service of Statistics of the War Department, will be retired on June 30 because of age, the Department announced on June 8. Gen. Ayres, who has been on leave as Vice President of the Cleveland Trust Co. since Oct. 7, 1940, is to return to his bank duties on July 6.

Gen. Ayres' retirement is a result of a law passed in 1940, going into effect this year, requiring all colonels reaching the age of 60 and all brigadier generals reaching 62 by June 30, 1942, to be retired.

Gen. Ayres' career in the United States Army, active and reserve, has extended over several decades. He is a veteran of World War I, in which he served as chief statistical officer of the U. S. Army and the American Expeditionary Force. He was made a full Colonel in October, 1918, when in France, and was called back to active duty in October 1940 to serve in the dual capacity of Director of the War Department Statistics branch and coordinator of all War Department statistics. Last July, President Roosevelt raised Mr. Ayres to the rank of Brigadier General; noted in these columns of July 19, page 333.

N. Y. Savings & Loan League Will Meet

The New York State League of Savings and Loan Associations opened its 55th Annual Convention at Saranac Inn, Saranac, N. Y., on June 9. the sessions continuing through June 10, 11 and 12. "Savings and Loan in a War Economy," is the convention theme. Delegates from all parts of the State to the number of over four hundred were expected to attend. The program announced by the League's executive officer, Zebulon V. Woodard, stressed the part which savings and loan associations can play in ading the Government through financing of war housing, participation in the sale of War Bonds, and in stressing the importance of thrift to the general public as a vital means of preventing inflation. Among those scheduled to address the Convention were Abner H. Ferguson, Commissioner, Federal Housing Administration, Washington, D. C.; and Nugent Fallon, President, Federal Home Loan Bank of New York.

Childs Again Heads Baltimore Adv. Club

BALTIMORE, MD.—W. T. Childs, of Stein Bros. & Boyce, has been elected for the fourth consecutive year President of The Advertising Club of Baltimore.

Modify New York Stock Exchange Offering Plan

The Securties and Exchange Commission announces that it had declared effective the plan of the New York Stock Exchange for "special offerings" as modified by amendments filed with the Commission on May 11, 1942. The SEC announcement issued May 21 said:

"The Commission's action makes effective certain changes in the special offering plan of the New York Stock Exchange, which was originally declared effective on Feb. 14, 1942. The principal changes made by the amended plan relate to: the price at which special offerings are permitted in relation to the current bid price for the same security in the 'regular way' market; suspension of special offerings for a limited period in the event a 'regular way' offering enters the market below the price of the special offering; allocation of securities specially offered when buying orders for such securities exceed the amount of the offering. Other changes are technical in nature."

Purcell Reappointed to SEC

The Senate on June 4 confirmed the reappointment of Ganson Purcell of New York for a five-year term as a member of the Securities and Exchange Commission. Mr. Purcell's present term expired on June 5. Mr. Purcell, who became Chairman of the SEC in January this year, was appointed a member of the Commission by President Roosevelt on June 11, 1941, for the unexpired portion of the term ending June 5, 1942. The President renominated him for a five-year term on May 25.

Mr. Purcell's election to the SEC Chairmanship was referred to in our Jan. 22 issue, page 326.

The Bond Selector

(Continued from page 2194)

erties formerly owned by these two companies prior to their consolidation with Scranton-Spring Brook Water Service Company.

The company's earnings have been characterized by stability over the past ten years, although the margin of earnings over and above fixed charge coverage has never been very wide. The following shows some salient items from the income account for the twelve months ended March 31, 1942, compared with the same period ended in 1941:

	1942 (000)	1941 (000)
Water revenues	$3,327	$3,271
Gas revenues	906	932
Total operating revenues	$4,233	$4,204
Operating expenses	1,126	1,144
Maintenance	307	263
Depreciation	263	263
Income taxes	206*	117
Other taxes	155	145
Operating income	$2,175	$2,273
Available for fixed charges	2,175	2,264
Total fixed charges	1,823	1,820
Balance	352	444
Times charges earned	1.19	1.24

*Taxes accrued at 46%; no excess profits tax.

At March 31, 1942, gross property account was carried at $55,082,000, and after depreciation reserve of $5,764,000, the net figure was $49,318,000. Total funded debt is $35,400,000, of which $18,500,000 represents the combined prior liens of Scranton Gas & Water ($11,000,000) and Spring Brook Water Supply ($7,500,000), this amount being equivalent to a ratio of debt to property of 52%. Mortgage position of the junior Scranton-Spring Brook Water 5s, 1961 and 1967, is therefore not particularly good; the senior liens, however, appear to be well secured, as stated previously.

The company's property includes 90 storage and distribution reservoirs fed by mountain streams collecting water from over 800 square miles of well-timbered drainage basins and yielding an average of about 277,000,000 gallons a day. Average daily consumption is about 84,000,000 gallons. Service is rendered to over 127,000 water customers and 3,900 public fire hydrants through 1,289 miles of mains. The gas generating plants have an installed daily capacity of 3,850,000 cubic feet, which compares with an average daily production of 2,510,000 cubic feet in 1940. The seven gas holders have an aggregate reserve capacity of 2,300,000 cubic feet; 29,000 metered gas customers are served through 298 miles of distribution mains.

The following gives current markets, the range during 1942, together with present call prices:

Issue	Present Call Price	1942 Range	Approximate Current Price
Scranton-Spr. Br. 5s 1961	104	101 — 96	97½
5s 1967	103	101 — 96	97½
Scranton Gas & Water 4½s, 1958	103	104¾—102¾	103⅞
Spring Brook Water 5s, 1965	107½	110¼—107	114¼

Our Reporter On "Governments"

(Continued from First Page)

doing so, why must we in the United States constantly worry about changes in the interest rate level? . . . Particularly when we have been told time and again that the Federal Reserve System and the Treasury are doing and will do all within their power to keep rates stabilized. . . .

The length of this discussion indicates its importance, for once you have decided on the probable course of interest rates in the coming months, you may go on from there and work out an intelligent war-time portfolio policy. . . .

MATURITY SCHEDULE

Repeatedly in recent columns, the growing significance of maturity and the declining significance of price fluctuation has been stressed. . . . The reasons are these. . . .

(1) In the over-all war financing policy now being developed in Washington, maturity is receiving unprecedented emphasis. . . . Banks are being given and will be given securities of short-term maturity. . . . Individuals will be given war bonds. . . . Insurance companies and institutions of similar calibre will be given long-terms. . . . Corporations with some excess cash on hand will be given certificates and short-terms of slightly different type than the issues designed for banks. . . .

(2) If you can agree with the comments above—which lead to the conclusion that worry about important price fluctuation is useless now—you may concentrate entirely on a maturity schedule for your institution. . . .

(3) If you agree with the banking authorities of the Nation that maturity schedule may be spread out over the one to 15-year range with the average running around eight to 10 years or less, depending on the needs of your community. . . .

As far as maturity goes, there seems considerable interest these days in the so-called "Pfeffer plan," a maturity plan worked out by Delmont K. Pfeffer of the National City Bank. . . . In short, Pfeffer's suggestion is that the Treasury sell a serial issue (the similarity between this idea and the usual thing in municipal finance is obvious) maturing in equal amounts from one to 10 years. . . . Buyers would be required to take one-tenth of their allotments in each maturity, although as soon as the securities were issued, there would be no restrictions on marketability of all or part of the various serial loans. . . .

The Pfeffer plan makes sense and apparently it is being given consideration not only in Wall Street but also in Washington. . . . The good points about it are that it would simplify the Treasury's job of finding exactly the right maturity for all banks for the buyers would have a choice of many maturities and could pick as they wished. . . . It would simplify the banks' portfolio job, too, for the maturity distribution would be tailored to order. . . .

Since the Treasury admits it hasn't yet worked out all details of its over-all financial policy, the Pfeffer plan has a good chance of adoption in at least a modified form. . . .

INSIDE THE MARKET

The June cash borrowing is to come shortly after the 15th of the month. . . . Beginning June 10, the Treasury's weekly cash bill offerings go up from $250,000,000 to $300,000,000, meaning the Treasury gets $150,000,000 new cash every week. . . . The money is coming in—but still it's the banking system that's the main backlog. . . .

Short-terms coming this month, according to all preliminary reports. . . . Maybe as short as nine months, which would be disappointment to dealers and institutional investors looking for income. . . . Market obviously being readied for a long-term soon. . . .

Prices are firm, positions in good shape. . . . Nevertheless, the market has been duller in recent weeks than at almost any previous time. . . . Virtually no trading. . . . Dealers just working on ways they can help distribute future issues of Governments as widely as possible. . . . Market positions reported as exceedingly small. . . .

No getting away from it. . . . The days of booming, active, exciting and widely fluctuating Government prices are gone for a long time to come. . . .

Estimates are bank deposits will rise around $30,000,000,000 this coming fiscal year. . . . That would necessitate a $6,000,000,000 jump in required reserves. . . .

Required reserves now total $10,000,000,000. . . . Aggregate reserves are $12,467,000,000. . . . The excess, therefore, is only $2,500,000,000. . . .

Which seems to indicate that reserve requirements will have to be altered to permit a $5,000,000,000 rise in the surplus. . . . That would mean halving the requirements. . . .

First action on this should come before fall. . . . Maybe in midsummer. . . . Timing is becoming less important now that the inevitability of the action is obvious. . . .

Banks held $25,000,000,000 of Governments in May, according to the Treasury bulletin. . . . They may be holding at least $50,000,000,000 and possibly more by May of 1943. . . .

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on June 8 that the tenders for $300,000,000, or thereabouts, of 91-day Treasury bills to be dated June 10 and to mature Sept 9, which were offered on June 5, were opened on June 8 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for ____ $689,653,000
Total accepted ______ 300,380,000

Range of accepted bids:

High — 99.925, equivalent rate approximately .297%.

Low — 99.906, equivalent rate approximately .372%.

Average price—99.907, equivalent rate approximately .363%.

(27% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on June 10 in amount of $150,194,000.

The increase in the weekly offering of bills to $300,000,000 from $250,000,000 will provide the Treasury with $150,000,000 of "new money" each week since $150,000,000 is used to meet maturities.

Secretary Morgenthau on June 4 announced his intention to raise the bill offering by $50,000,000 and said it would continue for an indefinite period. He also revealed that the next major Treasury financing would take place after June 15.

The previous increase in the bill offering was noted in our May 14 issue, page 1864.

Suspended NYSE Member Adjudicated Bankrupt

An announcement issued by the New York Stock Exchange June 6 says:

"The New York Stock Exchange has been advised that W. E. Hutton Miller, a member of the Exchange, who was suspended on Jan. 8, 1941, by the Board of Governors pursuant to Section 3 of Article XII (now Article X) of the Constitution, (for non-payment of dues) was adjudicated a bankrupt, effective June 5, 1942, in the United States District Court for the Northern District of Florida. Accordingly, the suspension of Mr. Miller is now effective under Articles X and XIII of the Constitution."

The announcement further notes that Mr. Miller has done no Stock Exchange business of any kind since his suspension on Jan. 8, 1941.