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The COMMERCIAL & FINANCIAL CHRONICLE

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N.A.S.D. Seeks To Drive All Small Securities Houses Out Of Business

By Joseph Haynes

Members of the N.A.S.D. are now in the possession of a ballot wherein they are asked to vote on certain amendments to their By-Laws and Rules of Fair Practice.

In the opinion of the "Chronicle" the Proposed Amendment, ARTICLE 1, Section 1, which provides for minimum capital requirements ($5,000 if firm clears its own transactions and $2,500 if through others), as a requisite for continuance of, and maintenance of membership in the Association, IS INIMICAL TO THE WELFARE OF THE ENTIRE SECURITIES BUSINESS AND ALL FIRMS CONNECTED WITH IT REGARDLESS OF THEIR PRESENT SIZE OR FINANCIAL RATING.

We urgently call to the attention of the members of the N.A.S.D. the following reasons why we believe such a step would not only be contrary to fundamental American principles of the freedom of every individual to enter into business without limitations being placed on his capital requirements by any Governmental or Semi-Governmental agency, but also injurious in the long run to the larger firm who can easily meet these proposed capital requirements. Also the N.A.S.D. itself would suffer as a result of this move and last but not least, EVERY SINGLE HONEST AND CAPABLE SMALLER FIRM OR DEALER NOW A MEMBER OF THE N.A.S.D. WOULD BE PRACTICALLY BARRED FROM CONTINUING IN BUSINESS.

First of all, why should the securities business be singled out as the only business where if a man wants to go into business he has to meet certain requirements as to the size of his capital—either $500, $2,500, $5,000, or $25,000. WHO IS TO JUDGE WHAT SHOULD BE THE PROPER AMOUNT? Why not make it $1,000,000 and keep almost everybody out of it. After all, if a man is honest, has ability and judgment, why is some arbitrary net capital requirement an essential to his exercising his fundamental American right of being able to go into business? When we get right down to cases, membership in the N.A.S.D. has been practically forced on the securities industry by the S.E.C. These are bold words but we believe this and we also believe that the majority of the investment firms in this country know this to be the truth. For this reason, such a move on the part of the N.A.S.D. would, it seems to us, place the stamp of approval on the fact that the members of the association endorse the un-American principle that unless an American citizen had $2,500 in net assets (not $2,300 mind

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OUR REPORTER'S REPORT

Corporate securities underwriters and their dealer organizations throughout the country find themselves facing another period of evolution, judging by the trend of discussion in usually farsighted quarters.

If things develop, as these groups expect, underwriters who have kept almost exclusively to the corporate field, over the years, may find themselves venturing more and more frequently into the municipal, or quasi-municipal market.

Those who make it their business to look ahead are convinced that the Securities and Exchange Commission is determined to enforce the provisions of the Public Utility Holding Company Act, aiming to force the divestment of non-integrated power properties.

In this apparent determination they profess to see portents of a major growth in the marketing of "revenue" bonds. Such observation is based on the belief that, by force of circumstance, many properties so involved will pass to municipal ownership in one form or another. This would entail the raising of funds necessary to carry through the transfer of properties so involved.

Considering the potential size of some of the deals which loom as possibilities it is argued that the municipal bond industry, as now constituted, could hardly be expected to handle some of these vast undertakings.

They would, it is contended, call for distributing organizations of nation-wide scope, embracing 600 to 700 dealers having ability to reach the bulk of the country's investors.

Building Their Fences

Accordingly the wide awake and vigorous firms among the un-

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Purcell Recommends Collaboration Between SEC, Dealers In Maintaining Economy

Ganson Purcell, Chairman of the Securities and Exchange Commission, in addressing the meeting of the Governors of the Association of Stock Exchange Firms in Philadelphia, declared that the government and private interests had the joint responsibility of bringing the financial economy of the nation through the present emergency to a sound post-war footing, with the stock exchanges and securities dealers acting as the "necessary balance wheel during these trying times when the country can very readily go to extremes if we do not guard against it."

Ganson Purcell

"Government also has its obligations to assist in this great effort," Mr. Purcell stated, "in the all-important maintenance of the proper balance in our financial economy, the Securities and Exchange Commission has an equivalent interest on the governmental side.

"It has been my feeling that we should institute some form of continuing joint exploration of the problems which confront both of us from time to time, and which should be our mutual concern. I know of no better or more necessary time to institute such a program than in time of war, when these problems are greater and when the lack of solution becomes so much more serious.

"I am, therefore, proposing that these organizations meet with us in the near future to initiate these discussions, if for no other reason, as one effective means of assuring that our joint responsibilities to the war effort are carried out."

"The post-war problems he was considering," Mr. Purcell asserted, "were not in terms of the world that will exist from a broad political or economic viewpoint, but of the foreseeable effects that present pressures will have on the post-war world.

"Some of these problems I have referred to on other occasions," he continued, "such as the stresses and strains on our financial mechanism during and after the war; the task of strengthening and maintaining this machinery for its use after the war; how to control and direct the flow of capital for the efficient prosecution of the war and the effective reconstruction of all the wreckage created by it and, more generally, the protection and preservation of a sound capitalistic economy."

"Such problems might be beyond the power of government to solve alone," Mr. Purcell declared, adding, "I do feel, however, that it is incumbent upon government to discharge its obligations to the welfare of private commerce and industry for studying and thinking about these things," he declared. "Likewise, I feel that a commensurate obligation rests upon private organizations such as yours. We all know that forces are unleashed in time of war which we are powerless to control but it would be foolish to sit idly by and not attempt to think about where those forces are taking us and how to avoid their sweeping us against the rocks of disaster.

"It is imperative that our United energies be devoted to our common cause."

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Giroux Named Head Of Boston Exchange

BOSTON, MASS. — Archie R. Giroux, of H. C. Wainwright & Co., was elected President of the Boston Stock Exchange at a regular meeting of the Board of Governors on June 3. He succeeds John E. Yerxa, who is serving in the Army Air Corps. Mr. Giroux was formerly Vice-President. Harry M. Stonemetz of Schrimer, Atherton & Co., formerly a member of the Governing Committee, was named Vice-President.

"The following were named members of the Governing Committee: John Perrin of Perrin, West & Winslow, Inc., to replace Forrester A. Clark, now serving in the Army, and John A. Paine of Coffin & Burr, Inc., to replace Mr. Stonemetz. The terms of Perrin and Paine will expire in September."

F. V. Loeliger Now With Roggenburg Co.

Fred V. Loeliger has become associated with Roggenburg & Co., 29 Broadway, New York City, in their foreign bond trading department. For 15 years Mr. Loeliger was in charge of internal issues of foreign government bonds and industrial stocks and bonds with A. Iselin & Co. Following the discontinuance of that firm in 1936 he became associated with Dominick & Dominick in the same capacity.

In New Location

Elder & Co. announce the removal of their offices to 61 Broadway, New York City. New telephone number is Whitehall 3-4000. Elder & Co., prominent New York and Chattanooga investment house, are members of the New York Stock Exchange and other leading exchanges.

Canadian Government Pays Its Investment Industry to Sell War Bonds—Result, A Great Success! Why Not Here?

The Canadian Government has just completed its fourth great Bond selling project of this war. Over 1,600,000 individual subscriptions were obtained for the second Victory Loan drive. Over a billion dollars was subscribed by the people of Canada to their Government's appeal for all out financial support of the war effort. When one considers that the population of Canada, men, women and children combined, is only about 11,000,000 persons, the significance of these totals when translated into similar figures for the United States makes our present war bond sales effort look very meagre by comparison.

Maybe the answer is that when the Canadian Government was faced with the biggest Bond selling task in its history, it called in the country's experts in the profession and turned the job over to them. **It not only called them in for advice but it gave them the job and it paid them compensation enough to cover their expenses and leave them a little over for their efforts.** Here's the way we understand that the job is being done in Canada.

The government called in the top men in the Investment Industry to work out a plan for selling its Bonds to the public. These men divided the country into districts. Not a hamlet was overlooked. Firms in the various sections of the country selected members of their organization and sent them into the territory. These field managers selected and trained bond selling crews. This National Committee and the various District Heads devoted all their time and effort to this drive. Their regular securities business is relegated to the background as long as they are at the command of the Government. After the first Victory Loan, when over 970,000 individual subscriptions were received for a total subscription of $836,820,000 the investment bankers turned in their expense accounts to the government. **They were paid their expenses, and a sum in addition, that the government believed to be a fair and just payment for their efforts.**

Before the investment bankers of Canada took over the job, here are the results of the first two bond selling drives of the Canadian Government: 1st loan—over $250,000,000 and 2nd loan—over $320,000,000. As we have previously stated, both Victory loans after the Investment Industry of Canada got on the job, were: 1st Victory Loan—over $836,000,000

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Connecticut Traders To Hold Annual Outing

The Connecticut Traders Association will hold its annual outing on Friday, June 19, at the Avon Country Club, Hartford, Conn., starting at 1:00 p.m. (EWT). Tickets are $5 which include free golf, except the caddy fee, beer, horse shoe pitching, and other outdoor activities. Awards will be made for various events, including one prize of a $25 War Bond. Transportation will be made from Hartford.

Reservations can be made through the Outing Committee: L. Griggs, Chairman, Goodbody & Co., Hartford; R. B. Calvert, Tifft Bros., Hartford (N. Y. phone, Bowling Green 9-2211; Boston phone, Liberty 8852); John E. Braham, Brainard, Judd & Co., Hartford (New York phone, Rector 2-0044); G. A. Dickham, Hincks Bros. & Co., New Haven, Conn. (New York phone, Barclay 7-1637); A. L. Tacksu, Putnam & Co., Hartford (New York phone, Canal 6-1255); D. B. Jacobs, Ballard & Co., Hartford.

All stock and bond traders and guests are cordially invited to attend.

H. L. Schwamm Honored On Entering Army

Harvey L. Schwamm, Republican leader of the Seventh Assembly District of New York City, was guest of honor at a dinner of the New York County Republican Executive Committee on the eve of his entrance into the Army as a Major in the Transportation Service. Mr. Schwamm is senior partner in H. L. Schwamm & Co., 60 Broad Street, New York City, specialists in municipal bonds.

NASD Proposes Changes In By-Laws—Establishes Minimum Capital Requirement

The National Association of Securities Dealers, Inc., on June 15 submitted to members 27 proposed amendments to its by-laws and rules of fair practice. The NASD is composed of 2,700 investment bankers, securities dealers and brokers and is the instrument for self-regulation of these members. In its announcement the Association states:

"Among the amendments upon which the members will vote is a minimum capital requirement for admission to, and maintenance of, membership in the Association. This new rule will require a member who 'clears' his own transactions to have and maintain in his business a minimum net capital of $5,000; a member who 'clears' transactions through another and does not handle customers' funds or securities, will be required to have and maintain in his business a minimum net capital of $2,500.

"Among other changes proposed is one requiring strict supervision of salesmen employed by members of the Association.

"The amendments upon which members are to ballot between now and July 15 were unanimously approved by the Board of Governors of the Association at a recent meeting. To be adopted, the proposed amendments must be voted upon by a majority of the members and a majority of those voting must approve the proposals.

"The NASD in August, 1939, registered as a national securities association with the SEC under the so-called Maloney Act passed by Congress as an amendment to the Securities Exchange Act of 1934.

It is also noted in the NASD announcement that the proposed new rule setting forth minimum capital requirements for membership in the Association reads as follows:

"Any broker or dealer in any of the 48 States of the United States or the District of Columbia who is authorized to transact and whose regular course of business consists in actually transacting any branch of the investment banking or securities business in the United States, under the laws of any State and/or the laws of the United States, except such brokers or dealers as are excluded pursuant to Section 2 of this Article, shall be eligible to membership in the Corporation; provided, however, that no broker or dealer shall be admitted to or continued in membership unless he maintains in his business as a broker or dealer net capital sufficient to meet the requirements hereinafter set forth:

"(a) Any member who settles contracts or transactions with customers for himself or for any other broker or dealer shall maintain at all times net capital exclusive of fixed assets of not less than $5,000; and

"(b) Any member who employs a bank or another member to settle all contracts and transactions effected by him with or for his customers and who does not receive securities or funds from or for the account of any customer, shall maintain at all times net capital exclusive of fixed assets of not less than $2,500.

"For the purpose of carrying out the provisions of this section, the Board of Governors may, from time to time, by rules define the term "net capital" and prescribe the method by which it shall be computed and the time when, and the manner in which, members shall submit statements of financial condition to the Corporation."

Up to now, it is pointed out, the Association's eligibility requirements contained no provision respecting capital.

Wallace H. Fulton, Executive Director of the Association, in his advices to members regarding the amendments, says:

"The amendments now proposed were adopted unanimously by the Board of Governors after several months' careful consideration of the proposals and the advantages which will accrue to the membership from their adoption. Members of the Advisory Council, made up of chairmen of the 14 NASD District Committees, attended the recent Board meeting at which the amendments were approved. The Advisory Council also approved of the amendments. Representatives of the Association consulted with the staff of the SEC on the amendments, and, although the proposals have not had the formal approval of the Commission, we believe that, if approved by the membership, they will not be disapproved by the Commission.

"The majority of these amendments affect only the language of existing articles and sections of the By-laws, Rules of Fair Practice and Code of Procedure, eliminating, in many instances,

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Municipal Bond Club Elects Wood President

In accepting office as President of the Municipal Bond Club of New York for a second term at its annual meeting, Tuesday, at the Bankers Club, David M. Wood, of Thomson, Wood & Hoffman, announced that the Board of Governors at its last meeting voted ex-officio honorary membership to the Presidents of the Boston, Philadelphia and Chicago Municipal Bond Clubs.

Gordon B. Duval, of Halsey, Stuart & Co., Inc., was elected Vice-President; John J. Clapp, Jr., of R. W. Pressprich & Co. was elected Secretary; and Fred W. Buesser, of the Chemical Bank & Trust Co., Treasurer. Leroy H. Apgar of Harriman Ripley & Co., Inc., and Clifton A. Hipkins, of Hipkins & Topping, were elected to the Board of Governors to serve for three years.

Laird, Bissell To Admit G. Hackl, Jr.

George F. Hackl, Jr., will become a partner in Laird, Bissell & Meeds, members of the New York Stock Exchange and other leading Exchanges, in their New York office, 120 Broadway, as of June 25. Mr. Hackl was formerly a member of the New York Stock Exchange and for many years was a partner in Gilbert Eliott & Co. He will again become a member of the Exchange acquiring the membership of Philip W. Wrenn, of H. C. Wainwright & Co., which will continue as a member firm.

Chandler With Merrill

(Special to The Financial Chronicle)

INDIANAPOLIS, IND.—George Dana Chandler, for many years with Indianapolis Bond & Share Corporation, has become associated with Merrill Lynch, Pierce, Fenner & Beane, Fletcher Trust Building.

Milwaukee Bond Club To Hold Field Day

MILWAUKEE, WIS.—The Milwaukee Bond Club will hold its Annual Field Day and Picnic at Ozaukee Country Club on Friday, June 26. Events will include a golf tournament in which one of the events will be a four-man team from Chicago playing a four-man team from Milwaukee for the Inter-City Championship; a baseball game; bridge tournament; tug of war between 10-men teams and a horseshoe pitching contest.

Invitations have been extended to investment and brokerage men throughout Wisconsin and neighboring States.

Committees in charge of special events are:

Golf: Allen Reed, Chas. W. Brew Co., Chairman; Newman L. Dunne, The Wisconsin Co.; William G. Martin, Morris F. Fox & Co.; and W. Lloyd Secord, The Milwaukee Co.

Bridge: Adolph G. Thorsen, Adolph G. Thorsen Co., Chairman.

Baseball: William C. Davis, A. G. Becker & Co., Chairman; Charles F. Jacobson, Jr., Dalton, Riley & Co., Inc., Captain of Dealers; Arthur C. Schaefer, Harris, Upham & Co., Captain of Brokers; William R. Marshall, The Marshall Co., Scorekeeper and Chief Umpire.

Chairmen of other Committees are: General Chairman, Gerald B. Athey, Merrill Lynch, Pierce, Fenner & Beane; Prizes, Allen C. Hackworthy, The Wisconsin Co.; Refreshments, W. Brock Fuller, Paine, Webber & Co.; Attendance, William A. Johnson, Mason, Moran & Co.; Entertainment, Lon L. Grier, Lon L. Grier & Co.; Publicity, Howard W. Clark, Mid-Western banker, assisted by Earl F. Driscoll, Paine, Webber & Co., and Charles W. Gerlach, Charles Gerlach & Co.

Those planning to attend the picnic should notify Iver Skaar, Harris, Upham & Co., 710 North Water St., by June 24. Cost is $6 (greens fees, $1 extra).

More NSTA Members Are In Armed Forces

The National Security Traders Association announces that the following names have been added to their Honor Roll of members in the armed forces:

Major Fred O. Guider, formerly of Keane & Co., Detroit; Lieut. Tarleton Redden, Redden & Co., St. Louis; Commander Ross F. Collins, Collins, McDonald & Co., Kansas City; Second Lieut. Donald D. Belcher, Martin Holloway & Purcell, Kansas City; Ensign John J. Strandburg, Harris Upham & Co., Kansas City.

Harland Hoisington Is Now With Lionel Edie

Lionel D. Edie & Company, Incorporated, 20 Exchange Place, New York City, announce that Harland W. Hoisington has become associated with them. Mr. Hoisington was for many years associated with Lazard Freres & Co. as manager of the sales department. In the past he was with Dick & Merle-Smith and the Guaranty Company of New York.

Charles Jann Joins Estabrook In N. Y.

Estabrook & Co., members of the New York and Boston Stock Exchanges, announce that Charles H. Jann has become associated with them in their New York office, 40 Wall Street. Mr. Jann was formerly in charge of trading at Lazard Freres & Co. for a number of years.

Our Reporter On "Governments"

By S. A. WILLIAMS

What we're witnessing today is one of the most impressive "build-ups" ever engineered for a major long-term financing in the open market. . . . What we're seeing is the manipulation of the market by truly sophisticated fiscal authorities in order to lay the basis for a gigantic borrowing—in the form of long-term bonds. . . . And what we're watching is highly encouraging not only for the short but also for the long-term, for whatever the Treasury and Federal Reserve System have done recently has been done with delicacy and (odd word for finance) artistry. . . .

The U. S. Government is acting beautifully. . . . Prices are steady, market movements are held to a minimum. . . . There has been virtually no selling of outstanding issues in the last few weeks. . . . Dealers' positions are light and in good shape. . . . Most attention is being directed at the coming war borrowing program with the result that little in the way of "smart trading" is in evidence. . . .

All this adds up to a healthy market—despite the terrific size of borrowing operations in the last few months and the Herculean financing program facing us during the next fiscal year. . . . And again, chalk one up for the Government authorities. . . . For make no mistake about it—whatever happens in this market these days happens because it was "planned that way." . . .

So here are the points to consider as the new fiscal year approaches:

(1) As far as control goes, this market never has been under such rigid and effective domination by determined Government agencies. . . .

(2) To date, the cooperation between the issuing agency and the buyers has been heartening and there is no sign today that any other situation is developing. . . .

(3) After this June financing is out of the way, look for a long-term bond with unique features to attract all types of major buyers. . . . This market is not being wasted. . . .

(4) Sentiment among informed sources today is leaning heavily on the side of continued stability of prices. There's less doubt than ever concerning the Government's ability to peg prices at current levels and keep them there indefinitely. . . .

JUST "BUYING," THANKS

There's no reason to fool ourselves. . . . Every institutional investor in Government bonds these days must consider its portfolio on a permanent basis, look only at the buying side of the market. . . . Sales for any reason that cannot be justified on the basis of absolute necessity simply won't do. . . . If funds get low, action will be taken by the authorities to pad them. . . . If sentiment turns pessimistic, moves will be made to switch the psychology before any damage is done. . . .

Commercial banks and insurance companies are going to buy the major portion of the billions of new bonds coming out over the next 12 months. . . . Insurance companies have bought more than $1,000,000,000 Government bonds so far this year, representing nearly 54% of their 1942 investments. . . . They'll buy in heavier percentage amounts as the year rolls on. . . . Commercial banks may buy 20 times as much. . . .

The figures no longer seem to matter much. . . . What does matter, though, are these angles:

(1) Trading in Government bonds has sunk to infinitesimal proportions in recent weeks and this may be expected to go on indefinitely. . . . Banks and insurance companies are the big traders in the open market; they're now in the category of permanent investors and they know it; in short, they're "only buying, thanks." . . .

(2) Whatever trading profits are to be made probably will lie in new issues, for only around new issue dates does volume pick up and quick in-and-out deals just aren't possible at other times. . . .

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McDaniel Lewis Co. Succeeds Lewis-Hall

GREENSBORO, N. C.—McDaniel Lewis announces the formation of a new firm, McDaniel Lewis & Co., to conduct an investment securities business as successor to the partnership of Lewis and Hall, which is being dissolved after ten years of operation. Mr. Lewis started in the municipal bond business in 1922 as a wholesale buyer, and during his twenty years' experience has been very active in all phases of municipal financing in North Carolina. As a partner in Lewis and Hall he was active in the wholesale and retail distribution of municipal and other securities in North Carolina and other States. His firm has for a long time been a member of the Investment Bankers Association of America, the National Association of Securities Dealers, the National Security Traders Association, the North Carolina Bankers Association and the North Carolina Municipal Council.

McDaniel Lewis

As successor to Lewis and Hall, McDaniel Lewis & Co. retains the office personnel, quarters, etc. The partnership had controlling interest in a machine shop which is now engaged in war production, and the other partners, including Russell F. Hall, are now engaged in that work. Mr. Lewis states that his new organization will carry on along the same lines as before.

Louisville Bond Club Elects Burge Pres.

LOUISVILLE, KY.—The Bond Club of Louisville, at its recent election meeting chose John M. Burge of J. J. B. Hilliard & Son, President, to succeed Russell Ebinger, Smart & Wagner, Inc. Clem Thiesen, O'Neal-Alden & Co., Inc., was elected Vice-President, and Mrs. Ora Ferguson, Merrill Lynch, Pierce, Fenner & Beane, was named Secretary. Hugh Miller, J. J. B. Hilliard & Son, was elected Treasurer.

Mexican Engineering Group Visits N. Y. Stock Exchange

A group of 14 Mexican engineers returning from a course in practical automotive engineering provided in Detroit by the Chrysler Corporation visited the New York Stock Exchange on June 15. They were welcomed by Robert L. Stott, Chairman of the Board of Governors, and Clinton O. Mayer, Jr., Chairman of the Exchange's Inter-American Hospitality Committee. The engineers' automotive training had been conducted under the auspices of the Training Administration of the Office of the Coordinator of Inter-American Affairs.

Francoeur To Direct New Brailsford Dept.

CHICAGO, ILL. — Brailsford, Rodger & Co., 208 South La Salle Street, announce the opening of a new traction securities department under the direction of J. A. Francoeur, who has become associated with the firm. Mr. Francoeur was formerly with Paul H. Davis & Co. in charge of traction issues and recently was Vice-President of Traction Securities, Inc.

THE BOND SELECTOR

REPUBLIC OF COLOMBIA

Readjustment of External Debt and Financial Assistance From the United States Is Of Substantial Interest To Bondholders

Adjoining Panama, Colombia ranks second in world coffee production, contributing about 10% of the world total and accounting for over one-third of all "mild" coffee produced. Exports of coffee in 1941 were valued at 83 million pesos, an increase of 12% over 1940 with 93% going to the United States. Although the country is primarily agricultural, with coffee the main crop, progress is being made in industrial development which is being implemented through economic and financial aid from the United States.

There is considerable mineral wealth in Colombia, including gold, platinum, silver, copper, coal and petroleum, but transportation difficulties have been a deterrent to their development. Potential oil fields are said to cover an area of between 30,000 and 70,000 square miles, and while the lack of adequate transportation facilities prevented the export of petroleum prior to 1926, shipments have shown a steady expansion since that time and now exceed 22 million barrels annually. The transportation problem is one of the important problems of Colombian economy, and although the country has many navigable inland waterways, it is not well equipped with highways.

In order to meet the many problems arising from the European war, the Colombian government, in June, 1940, enacted a series of important financial measures which include:

(1) Conversion and consolidation of the internal debt with a view toward restoring internal public credit;

(2) Establishment of new forms of agricultural and industrial credit designed to stimulate national production;

(3) Stimulation of the economic development of the country through Government assistance;

(4) Creation of an Industrial Development Institute to foster the promotion of new industries;

(5) Inauguration of a new public works program with special emphasis on improvement of transportation facilities.

These measures are known collectively as the Santos Plan, the financial requirements of which were to be covered from the proceeds of a new loan of 20,000,000 pesos from the Central Bank. This was made possible by a $10,000,000 credit from the U. S. Export-Import Bank.

The latest available information reveals that a total of at least $22,000,000 has been made available to Colombia through Export-Import Bank loans. In addition to the $10,000,000 extended to the Central Bank, $12,000,000 was advanced to the Colombian government for the purchase of "equipment, materials and services." On March 17, 1942, the United States and Colombia signed a lend-lease agreement. Details of this contract were not available immediately, but it is understood that the agreement involved between $20,000,000 and $30,000,000 in war materials and equipment.

(Continued on page 2304)

Chgo. Stock Exchange Cuts Operating Loss

The Chicago Stock Exchange had an operating loss of $86,702 for the fiscal year ended April 30, 1942, compared with a loss of $97,846 in the previous fiscal year, it was announced on June 8 by Kenneth L. Smith, President of the Exchange.

Expenses for the fiscal year just ended amounted to $181,471, a reduction of $16,000 from last year, but the Exchange's income from operation also declined—to $94,769 from $99,626.

The net worth of the Exchange's general fund decreased $86,734 during the fiscal year to $1,408,198.

In submitting the audit report to the Exchange's members, President Smith said:

Income is at a low point in our modern history. Listing fees which formerly, for many years, constituted the largest single source of Exchange income, again were at a low level. Smaller income from due has resulted from the reduction of the authorized membership to 300. Dues assessed were not increased because of the small business volume being experienced by the members and the strength of the general fund. The Exchange is a non-profit association.

Until recently the investment policy of the finance committee has been to maintain a cash position which temporarily eliminated interest income, usually an important source of Exchange revenue. With its present policy of subscribing to United States Government bond issues as offered from time to time, however, income from investments should show a gradual increase.

Deep Rock Oil Interesting

The capital stock of Deep Rock Oil Corporation offers an interesting situation at the present time, according to a circular issued by Hixon, Stewart & King, 120 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange. With the strong current position of the company, which is outlined in the memorandum, Hixon, Stewart & King finds that the capital stock appears to be well situated and modestly priced at current market levels, and with the recent interest in so-called "peace stocks" this particular issue should show marked appreciation marketwise over a period of time.

Machine Tool Attractive

A brief analysis of the current situation in common stock of Sundstrand Machine Tool Co., including 1942 earnings, has been prepared by Doyle, O'Connor & Co., 135 S. La Salle Street, Chicago, Ill. Copies of this interesting analysis may be had from the firm upon request.

New Wire To Chicago

Fitzgerald & Co., 40 Wall Street, New York City, have just installed a new private wire to Bond & Goodwin, Inc. in 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.

(Special to The Financial Chronicle)

CINCINNATI, O. — **Albert B. Chatfield**, previously with Edward Brockhaus & Co., has been added to the staff of **Westheimer & Co.**, 326 Walnut St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **Henry Francis Link** is with **H. R. Baker & Co.**, Bank of America Building.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Howard J. Davidson** has rejoined the staff of **Crowell, Weedon & Co.**, 650 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Percy A. Errington** is now connected with **Fairman & Co.**, 650 South Spring St.

(Special to The Financial Chronicle)

OAKLAND, CALIF. — **Walter Melvin Wells** has become associated with **Geo. H. Grant & Co.**, Central Bank Building. Mr. Wells was previously with Stephenson, Leydecker & Co.

(Special to The Financial Chronicle)

ORLANDO, FLA.—**John Henry Harrison** and **Emory L. Kendrick** have become associated with **Allen & Co.**, whose main office is at 211 East Lemon St., Lakeland, Fla. Mr. Harrison was formerly with Florida Bond & Share, Inc. Mr. Kendrick was with Corrigan, Miller & Co.

(Special to The Financial Chronicle)

PASADENA, CALIF. — **J. Clement Storey** has become associated with **Bateman, Eichler & Co.**, 42 North Garfield St. Mr. Storey was formerly for a number of years local manager for E. H. Rollins & Sons, Inc.

(Special to The Financial Chronicle)

PASADENA, CALIF.—**Frank J. Hughes** has joined the staff of **Blyth & Co., Inc.**, 234 East Colorado St. Mr. Hughes was previously with William R. Staats Co.

(Special to The Financial Chronicle)

PORTLAND, ME. — **Frank J. Leen** has become connected with **H. M. Payson & Co.**, 93 Exchange St.

Rubert Chrest With Central Republic Co.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN. — Rubert Walter Chrest has become associated with Central Republic Company, Incorporated, Rand Tower. Mr. Chrest was formerly for many years President of his own firm, Chrest & Co., Inc.

Visits N. Y. Exchange

Dr. C. Parra Perez, Minister of Foreign Affairs of Venezuela, visited the New York Stock Exchange and was welcomed by Robert L. Stott, Chairman of the Board; John A. Coleman, Vice-Chairman, and Clinton O. Mayer, Jr., Chairman of the Exchange's Inter-American Hospitality Committee.

Accompanying Dr. C. Parra Perez was Rodolfo Rojas, Minister of Agriculture and Live Stock; Jose Joaquin Gonzalez Gorrodona, President of the Imports Control Commission of Venezuela; Henrique Gil Fortoul, Director General, and Julio Alfredo De La Rosa, of the Department of Foreign Affairs; Antonio Davila, of the Imports Commission, and Dr. Manuel Perez Guerrero, representing the Venezuelan Commission of Control of Imports.

In Armed Forces

Herman Bensdorf, of Herman Bensdorf & Company, Commerce Title Building, Memphis, Tenn., is on leave of absence from his firm and is serving as a First Lieutenant in the Army Air Corps. Herman Bensdorf & Co. is continuing business as usual.

Robert L. Schlesinger, associated with Edwin J. Schlesinger, investment counsel, 41 East 42nd Street, New York City, has been called to active service as a lieutenant in the United States Army.

Ore Loaded On Freight Cars At Record

A new high record for all time in the number of freight cars loaded with iron ore and all other ores was established by the railroads in the week ended on June 6, the Association of American Railroads announced on June 13. The total for that week was 92,453 cars. The previous record was established in the week of July 14, 1923, when the number of cars loaded with ore totaled 89,087.

Ore loading for the week of June 6 was an increase of 13,931 cars, or 17.7% above the same week in 1941, and an increase of 9,567 cars above the week ended on May 30, 1942. The greatest number of cars loaded with ore in any week in 1941 was 81,239 cars.

Archer Expelled

The Securities and Exchange Commission has ordered the revocation of the broker-dealer registration of W. K. Archer & Co., Kansas City, Mo., and its expulsion from membership in the Chicago Stock Exchange and National Association of Securities Dealers, Inc., on charges of violations of certain sections of the Securities Exchange Act prior to 1939.

Rice Opens Miami Office

MIAMI, FLA.—Daniel F. Rice and Company have opened a branch office in Miami in the Ingraham Building. The new office will be under the management of Mrs. L. B. Bowen, who has been connected with the firm in Chicago, and will be serviced from the Chicago office by Western Union private wire telemeter. Daniel F. Rice & Co. are members of the New York Stock Exchange and other leading exchanges.

Ulman With Elwell

(Special to The Financial Chronicle)

BOSTON, MASS.—Brooke C. Ulman, for many years active in Boston as an individual dealer in securities, has become associated with Elwell & Co., Inc., 24 Federal Street.

Tomorrow's Markets Walter Whyte Says——

Market dullness continues. Don't look for new rally until further dullness or market reaction. Basic trend still up. Hold stocks.

By WALTER WHYTE

The market has now gone up for almost six weeks without any real reaction. It made its low about the middle of April and advanced some eight points (Times Averages) from just under 65 to across 72. Since it made its high it has reacted about a point and that's where it is as this goes to press.

* * *

But in having gone up without too many hitches the market has lost some of its intestinal fortitude. It may go up from present levels without further ado but precedent calls for either a reaction — say about 2 or 3 points—or a period of rest for recuperating sufficiently to get up enough momentum for the next phase of the advance.

* * *

It must be recognized that a market that has gone up for as long as this one has is vulnerable to bad news. Though by the same token it is equally susceptible to good news. I don't believe, however, that any good news, unless it is of a momentous nature, will have much effect on the market as it acts today. It is even possible that a further rally from present levels will impair the technical position that any subsequent reaction will go further than present action indicates. No, the best thing this market can do from here is either continue its dilly-dallying for say another week, or take it on the chin for a couple of points. So even if a decline causes temporary losses the reassertion of the underlying trend will bring the market up again.

* * *

The shorts which are almost always the bellwethers of a coming rally have now mostly been driven to cover. True, here and there some new selling is making its appearance, but this is mostly of a day to day, or even a tick to tick, nature. It's the kind of short selling that can be covered at a second's notice, assuming of course the market doesn't get too thin. It most certainly is not the kind of short selling on which incipient rallies feed themselves.

* * *

So far as real buying is concerned, the long pull type that is the backbone of real market strength, there is some to be seen. Yet it is not as large as some market commentators claim. The reasons are too obvious to ponder upon. A war economy doesn't lend itself to the buying of securities with any profligacy, assuming of course that everything else that went into the making of active markets were present.

* * *

Anybody who is in the business knows that current markets are anything but active. Buying a stock on one active day and holding on to it in the face of thin markets and dull days is hardly tended to awake any enthusiasm in any past or potential buyer. Even statistics, no matter how impressive, are a poor substitute for action. By action I mean volume. For if the truth be told the majority of Wall Street people don't give a fig for good markets or bad markets, so long as these are accompanied by v o l u m e. When, as, and if, volume will again attain profitable levels is something I can't answer. News, as we have already seen, doesn't do it. The loosening of SEC restrictions? Perhaps. Some favorable legislation from a slow poke Congress may help. All these provide a partial answer to the question of volume. I don't think they are the complete answer.

* * *

Wall Street as an institution has been on the pan for so long, first as a political football and then as a whipping boy, that the average investor who has read reams of the "nefarious deeds" committed by Wall Street has learned to look at it with distrust. Instead of fighting back and trying to prove its case—and there was and is plenty of proof — organized W a l l Street sat back in phlegmatic

(Continued on page 2300)

Randle, Pierce, Stein With Cohu & Torrey

Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange, announce that Nathaniel Edward Stein, Gerald Leon Pierce and Thomas Pattison Randle have become associated with them. Mr. Randle was formerly a partner in Bayles, Softye & Co. Mr. Pierce was associated with R. E. Swart & Co., Inc., and prior thereto was in the securities business for himself in Elmira, N. Y. Mr. Stein was with D. H. Silberberg & Co.

RAILROAD SECURITIES

Great Northern preferred (the company's only equity security) continues as one of the major disappointments to railroad analysts, selling around 20 to afford a current income return of approximately 10% at the indicated annual dividend rate of $2. It is a typical example of the influence of mass psychology on the ability of investors to recognize fundamental values in securities. In no year of the past century has the stock failed to sell 25%, or more, above recent levels, even in the long years of dividend drought. Moreover, the road is singularly free from the one unfavorable general railroad potentiality that has received so much publicity recently. Even the most ardent aviation enthusiast would find it difficult to visualize the transportation by air of the equivalent of solid train loads of iron ore, grains, lumber, etc. The stock is merely a victim of the times, affording discriminating investors an opportunity to engage in leisurely accumulation.

The status of Great Northern has been vastly improved since the days of the severe economic depression of the early 30s. The management was one of the first to recognize the importance of putting the carriers' financial houses in order during periods of high earnings, in anticipation of recurring recessions. To the extent feasible the management has utilized treasury cash to pay off maturing debt and this program has been augmented by low coupon refunding made possible by favorable money market conditions. As a result, fixed charges in 1941 had been reduced to $13,-915,920 from $19,572,165 as recently as 1934, a saving of 29%. The saving amounts to roundly $2.35 a share of stock, but in 1934, with the heavier prior burden, the shares reached a high more than 50% above current prices. It might also be noted in passing, as a measure of additional strength, that net working capital is now more than four times what it was at the beginning, and more than twice what it was at the close, of 1934.

Last year, with its debt position finally consolidated and no impending maturities coming up, the management broadened its long-term debt reduction program by starting to make open market purchases of its own bonds at discounts. This policy, it is indicated, is being furthered in the current year and should gain momentum as the period of normally high seasonal earnings nears. Through these operations it should be feasible to reduce fixed charges to $13,000,000 per annum, or perhaps slightly lower, during the next 12 months. This should make the capital structure virtually depression proof. Even with its old charges the company's depression record was not entirely unsatisfactory. Deficits were sustained in three years, 1932-1934 inclusive, but in only one year, 1932, did the loss reach sizable proportions. On the average over the 10 years 1932-1941 actual reports showed charges earned 1.28 times and a balance of $1.92 a share available for the stock. With fixed charges of $13,000,000 the company would have operated profitably in every year of the past decade with the exception of 1932. On the average, charges would have been earned 1.66 times and earnings on the stock would have been close to $3.50 a share. The strong earnings position of the company is obvious when one considers that this period included not only some years of severe economic depression, but, also, periods of drought and destruction in the wheat areas served.

Great Northern is unique among the western carriers in that it has an unusually well balanced traffic composition. Naturally, agricultural tonnage is heavy (about one-quarter of total freight revenues last year), with wheat from North Dakota the most important factor followed by apples from the coastal region. At the same time, the road has a large stake in the heavy industries through the transportation of iron ore. This commodity furnished 18% of total freight revenue last year and at times has gone even higher in relation to the whole. Finally, the road is influenced by general prosperity throughout the country, as measured by building activity, in its lumber tonnage which last year accounted for almost 17% of all freight receipts. These factors tend to give the company a measure of stability not found in many other roads, and make it less vulnerable to cyclical industrial swings or recurring drought. This traffic balance should be further improved in the post-war era by virtue of hydro-electric development and erection of defense industry plants in the Pacific Northwest.

The road got off to a particularly good start in 1942, with a net profit realized in the normally dull first third of the year. Gross revenues were up almost 40% above a year ago and despite higher wages and a substantial (83.7%) increase in taxes, net results for the four months showed a year-to-year gain of $0.76 in share earnings. Reports from the Great Lakes indicate establishment of new monthly records of ore shipments during the summer, and with transcontinental freight movement continuing at high levels under the stimulus of armament needs and war dislocations of normal traffic flow, it is believed likely that additional gains will be established in coming months. On this basis, it is possible that earnings for the full year 1942 may reach $8 or more. With $2 diverted to maintenance of the recent dividend rate, such earnings would release some $15,000,000, in addition to depreciation charges, for debt retirement.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—40⅜; low—14¾; last 33.

DIVIDEND NOTICES

New York, N. Y.
June 11, 1942.

Philip Morris & Co. Ltd. Inc.

A regular quarterly dividend of $1.06¼ per share on the Cumulative Preferred Stock, 4¼% Series, and an initial dividend of 74¢ per share on the Cumulative Preferred Stock, 4½% Series, have been declared payable August 1, 1942 to holders of Preferred Stock of the respective series of record at the close of business on July 15, 1942.

There also has been declared a regular quarterly dividend of 75¢ per share on the Common Stock, payable July 15, 1942 to holders of Common Stock of record at the close of business on June 22, 1942.

L. G. HANSON, Treasurer.

Dividend Notice of
THE ARUNDEL CORPORATION,
Baltimore, Md.

June 16, 1942.

The Board of Directors of the Arundel Corporation has this day declared 25 cents per share as the regular quarterly dividend on the no par value stock of the corporation issued and outstanding, payable on and after July 1, 1942, to the stockholders of record on the corporation's books at the close of business June 22, 1942.

JOSEPH N. SEIFERT, Secretary.

THE GARLOCK PACKING COMPANY
June 15, 1942
COMMON DIVIDEND No. 264

At a special meeting of the Board of Directors, held this day, a dividend of 75¢ per share was declared on the common stock of the Company, payable June 30, 1942, to stockholders of record at the close of business June 20, 1942.

R. M. WAPLES, *Secretary*

THE WESTERN UNION TELEGRAPH CO.

New York, June 9, 1942
DIVIDEND NO. 261

A dividend of 50 cents a share on the capital stock of this company has been declared, payable July 15, 1942, to stockholders of record at the close of business on June 19, 1942.

G. K. HUNTINGTON, Treasurer.

Dealers Asked To Aid Victory Fund Campaign

Investment dealers in the Second Federal Reserve District, including New York State, Northern New Jersey and Fairfield County, Connecticut, have been asked by the Victory Fund Committee of this district to inform the committee of the names, addresses and territory covered by their sales staff. This information is necessary in the campaign to sell government securities other than the Series E war savings bonds, according to Allen Sproul, President of the Federal Reserve Bank of New York, and head of the Victory Fund Committee, in order to carry out the work efficiently and with the least duplication of effort in obtaining effective results in selling government issues.

Replies should be sent to Perry E. Hall, executive manager of the Committee at the Federal Reserve Bank, 33 Liberty Street, New York City.

The Victory Fund Committee was formed a month ago and its members include representatives of the Investment Bankers Association, National Association of Securities Dealers, New York Stock Exchange, and the Association of Stock Exchange Firms, in addition to commercial banks. Regional committees are being formed to direct the work in local areas, Mr. Sproul stated, and will soon be made public.

Current Situation In Utility Stock Interesting

An interesting folder containing information on Puget Sound Power & Light Co., with particular reference to the $5 prior preference stock has been compiled by Drumheller, Ehrlichman Company, Terminal Box 3168, Seattle, Wash. Included in the data are a discussion of the possible liquidation of the company, the Bond Bill and its effect on the company, recapitalization plan, P. U. D. activity, Bonneville and Grand Coulee progress, and color chart showing disposition of sale proceeds, etc. Copies of this folder may be had upon request from Drumheller, Ehrlichman Company.

President Roosevelt Gets 'Churchman' Award

President Roosevelt received on June 8 the 1942 award of "The Churchman," journal of the Protestant Episcopal Church, "for the promotion of good will and better understanding among all peoples."

In a letter of acceptance read at the ceremony held in New York City, the President expressed his appreciation and said it "symbolizes a cause that has long been close to my heart and mind." He added that although "the road ahead is dark and perilous," the United States and its associates in the United Nations "are determined to establish a new age of freedom on this earth."

The Rev. Frank R. Wilson, Rector of St. James Episcopal Church, Hyde Park, N. Y., accepted the specially designed plaque in behalf of the President and read his letter.

Dr. Guy Emery Shipler, editor of "The Churchman," made the presentation of the award.

Vice-President Henry A. Wallace, the principal speaker at the dinner, describing America as the "heir of the religious concepts of Palestine and the culture of Rome and England," said that it "is building in the full sun of a new day for a peace which is not based on imperialistic intervention." Instead, he said, "the American peace, the peace of the common man, must be translated into freedom everywhere."

President Roosevelt's message of acceptance, as read by Dr. Wilson, follows:

My dear Mr. Shipler:

You and your distinguished associates have given me "The Churchman" Award for the promotion of good-will and understanding among all peoples. I wish I could be with you tonight to accept the award in person and to tell you how deeply I appreciate the honor. It symbolizes a cause that has long been close to my heart and mind: never more so that in this fateful year of destiny for all peoples.

The spiritual liberties of mankind are in jeodardy. Their religious freedom is at stake. The road ahead is dark and perilous. Yet we and our associates in the great alliance of the United Nations are determined to establish a new age of freedom on this earth. We are dedicating all that we have and are to that end. We are fighting in that cause at the side of valiant forces, representing every race and every creed. And with the united help of all free men and of all the great institutions of freedom, of which the churches of the free stand first, we shall create a new world in which there is freedom of worship and utterance, freedom from want and from fear, for all peoples everywhere in the world.

FRANKLIN D. ROOSEVELT.

Wabash RR. Interesting

The current situation in the new first mortgage 4s of 1971 of the Wabash Railroad offer interesting possibilities according to a circular just issued by Pflugfelder, Bampton & Rust, members of the New York Stock Exchange, 61 Broadway, New York City. Copies of the circular may be obtained from Pflugfelder, Bampton & Rust upon request.

Bank and Insurance Stocks

This Week — Bank Stocks

The method by which the Government will provide reserves for the banks to absorb War financing has been clarified with introduction of a bill in Congress which would permit the Board of Governors of the Federal Reserve System to change legal reserve requirements for any of the three reserve classes of member banks.

For stockholders of New York City banks, this matter has a direct bearing on the ability of New York banks to take their share of War financing on a net basis to cover increased taxes and other operating costs. Banks need "excess" reserves (reserves above legal requirements against deposits) in order to expand loans and investments. If they do not have them, the banks have to raise the reserves either through borrowing at the Federal Reserve Bank, from other member banks having excess reserves, through liquidation of loans and investments, or from inflow of funds from other districts.

Liquidation of loans and investments is out of the question, since the Government expects commercial banks to subscribe for and retain a heavy portion of War financing, perhaps as much as $29,600,000,000 of the $47,400,000,000 total borrowing now expected for the 1943 fiscal year, and business is entitled to all available bank credit for its War effort. This factor also means that inflow of funds from other districts cannot be depended upon to provide reserves, because those banks will similarly need their reserves for expansion in earning assets. In fact, since the inflow of funds from abroad ceased as an offset to net outflow of New York funds to the interior, New York banks have been steadily losing reserves to the rest of the country. This outflow results from the fact that the Treasury sells a large portion of its issues in New York and spends the funds in various parts of the country, whence they have not returned to New York as traditionally had been the case.

Even if New York banks subscribe to Government securities by the "book credit method," whereby payment is made by crediting the Treasury with deposit in its war loan account for the amount of the subscription, instead of payment by direct draft on reserve account at the Federal, the outflow of funds must result in reduction in New York excess reserves, because the Treasury must eventually draw on these war loan account balances in spending the money throughout the country.

Borrowing "Federal funds" from other member banks having excess reserves, although usually cheaper than the rediscount rate, is also not a solution because of the low general level of reserves in New York and the pending need of all institutions for all available reserves in order to carry larger volume of Governments.

Excess reserves at New York are now down to close to the $500,000,000 level, the lowest volume since the spring of 1938, and comparing with $990,000,000 at the close of 1941 and $3,465,000,000 at the close of 1940 (before the increase in legal reserve requirements in November, 1941). Based on present legal reserve requirements of 26% against demand deposits, which are to the bulk of deposits, New York banks could expand their holdings of Governments by little more than their present volume of excess reserves. Although for the system as a whole, member banks could expand their Governments by a multiple of about five times their present excess reserves of $2,800,000,000, individual banks in a given locality cannot expand as much as the system average, and are limited in expansion power much closer to actual volume of excess reserves.

Consequently, New York currently possesses a picayune expansion power, compared to at least 25% ($6,600,000,000) of total Government 1943 financing which New York banks may be expected to take (in fact, New York member banks took 45% of the 1952-55 issue of 2¼s last February).

Now, if the banks have to raise their reserves by borrowing at the Federal, where the rate is 1% on advances on Government securities, the spread would be small between such cost of reserves and the low net yields on issues (maximum of 2½% gross on long terms, or 1½% net after 40% combined normal tax and surtax).

Hence the fairness to the banks, at a time of mounting taxes and increasing operating costs, of providing reserves at no cost in return for their heavy buying support of Government issues. Reserves could be provided by (1) open market operations, whereby the Open Market Committee of the Federal Reserve System buys Government securities from dealers or banks and thus injects funds into the money market and raises excess reserves; or (2) by lowering legal reserve requirements.

Open market operations will continue to play an important part in assuring orderly markets in Government securities and in tiding over the reserve position of banks over tight periods, such as tax dates. But since it is the member banks which are expected to absorb the Governments, lowering of reserve requirements would be the most direct method of furnishing the banks with needed reserves for expansion of War financing.

Not all classes of banks, however, are in as much immediate need of reserves as the money center banks in New York and Chicago. These central reserve city banks have combined excess reserves of little more than $800,000,000, compared to $2,000,000,000 for reserve city and country banks—yet they are the heaviest buyers of Government securities and the Treasury will naturally want all the buying support it can muster.

Consequently, the bill introduced in Congress will give the Board of Governors power to lower the legal reserve requirements of New York and Chicago banks, which need excess reserves the most, and leave unchanged the reserve requirements for reserve city and country banks, which for the present appear to be adequately supplied with reserves. If enacted and the reserve requirements are lowered, it should pave the way for resumed large scale expansion in earning assets of New York banks, with resultant increase in gross earnings with which to offset rising costs and strengthen continuity of present dividends.

SEC Applications For Broker-Dealer Registry

The following applications for registration as brokers and dealers have been made with the SEC on the dates indicated:

May 18, 1942—Nickle, Crone & Co., Ltd., 30 Broad Street, New York, N. Y., Douglas Crone, William Cooper, William J. Tetmeyer and M. MacSchwebel, officers.

May 19, 1942—Bennett & Wieber, 124 North 27th Street, Billings, Mont., Horace L. Bennett and Richard J. Wieber, partners.

May 23, 1942—Evan Lewis Davis, 212 Kennedy Building, Tulsa, Okla., a sole proprietorship.

May 25, 1942—S. R. Gaynes & Company, 225 Broadway, New York, N. Y., Saul R. Gaynes and Louis E. Goldstein, partners; Ruby Sanders Hewitt, Franciscan Hotel, Albuquerque, N. Mex., a sole proprietorship.

May 28, 1942—George Washington Butler, 30 Broad Street, New York City, a sole proprietorship; Charles Delk, 10 South 3d Street, Yakima, Wash., a sole proprietorship (Mr. Delk was previously an officer of Charles Delk, Inc.); Leo Kaufman, 1808 Wheeler Ave., Houston, Tex., a sole proprietorship; Gordon Meeks & Co., First National Bank Building, Memphis, Tenn., George Gordon Meeks, general partner, and Dr. Martin Hermsmeier Wittenborg, special partner.

Gamwell Admits H. Smith

Herbert D. Smith will become a partner in Gamwell & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, as of June 25. Mr. Smith became associated with the firm recently. Prior thereto he was with the New York office of A. G. Edwards & Co.

The Securities Salesman's Corner

Canadian Government Pays Its Investment Industry to Sell War Bonds—Result, A Great Success! Why Not Here?

(Continued from page 2290)

and 2nd Victory Loan over $1,000,000,000.

Financing this war is just as important as making the guns and ammunition with which to fight it. Without hard money, without sound financial backing for the peace to come, even the most overwhelming military victory, will leave the people of these United States stripped of all they are supposed to be fighting for. Why then should our government officials in charge of financing this war effort turn the job over to every sort of harem-scarem organization in the country from the "old ladies aid society" to the "association for homeless cats," and expect these people, all running around at cross purposes, most of them never having sold a security in their lives, to do a successful job of selling the public this nation's war debt?

Since the Canadian Government has turned to the job of selling its bonds to the people, the amount of governments owned by the Canadian banking system has been increasing far less rapidly than in the United States. According to the latest available figures, on a percentage basis, Canadian bank holdings of governments have only increased about one-third as much as will be the case in this country during the present fiscal year. But for next year the American Bankers Association report that they expect over $30,000,000,000 worth of the coming deficit to be financed by our commercial banking system. Faced with such an inflationary situation it is imperative that our Treasury sells more bonds to the public than has ever been sold in the history of this Nation. Sales of a billion a month have not yet been reached — even this great amount falls far short of the expected $50,000,000,000 deficit for the next fiscal year.

But the job must be done—else everything fails. Then why not get practical about this matter of the Nation's security industry and its relationship to the national war effort? When the government needs ships, does it ask a company like General Foods to build them or does it go to Bethlehem, who know how? What does it do when it wants planes, tanks, guns? It goes to those who know how to make them. Today the government has even called in insurance industry to sell war risk insurance—**and it pays them a small commission of 5% to cover their expenses.** Why shouldn't the securities industry be called in to sell bonds in a really big way? **And why shouldn't a small commission be paid to dealers, brokers and investment bankers, so that when they and their salesmen give their time, knowledge and experience to this job, that they, at least, receive their expense money for their efforts.**

Is the Canadian Government better disposed toward its loyal citizens of the investment industry than is our own? Is our own government willing to see every other business and industry in the Nation go along and do its share in the war effort, make a reasonable profit on every government contract, yet take the stand that in one of the most vital jobs in respect to winning this war, it will completely disregard the all out efforts, of what is still the greatest bond selling organization in the world—the firms and dealers from coast to coast who together make up America's financial machinery?

How about it Mr. Morgenthau? We're all together now—one for all and all for one. It's time you Washington Generals called in your loyal, financial soldiers on the investment front.

Our Reporter's Report

(Continued from page 2289)

derwriters are moving to place themselves in a position to go after this business, when, as and if it develops.

Doubtless new affiliations will grow out of this anticipated change, but chances are that those firms which have lined up together, more or less regularly, on corporate financing in the past, will be found pretty well grouped.

Meanwhile, however, it is likely that the names of some of the firms which have specialized in municipals will be found more frequently in the ranks. A combination of the knowledge and experience of the latter, with the distributing facilities of the former should provide strong combinations.

Really Big Business

Back of current observations and preparations, naturally, is the theory that it is in this direction that major business may be expected to develop in the months ahead.

And that the securities distributors are aware of its possibilities becomes evident from their observations with regard to some of the business that they regard as potential.

For example they cite the possibility of the City of Cleveland acquiring the properties of the Cleveland Electric Illuminating Company, now controlled by the North American Company.

Here they visualize the possibility of a piece of business which could develop into $100,000,000 or more of revenue bonds, based on a property which has earned its keep quite well in fair weather and foul.

Other Big Prospects

Looking a bit farther afield, they are able to direct attention to the possibilities of the Sante Cooper development, which could entail the transfer of privately owned distributing facilities with a valuation running well up above $60,000,000.

If, as they perceive, we are entering upon an era of transfer of privately owned utility properties to public hands, numerous other prospects come to mind.

Pressure already is on for the acquisition of many privately operated utilities in the Columbia River and Bonneville Dam areas. The Colorado River Basin development looms as another prospect. Already the movement is well-along in Nebraska.

Virginia Public Service Syndicate

Winding up of the syndicate agreement on the Virginia Public Service Company's 3¾% first mortgage bonds on Tuesday, brought the usual easing off in that issue.

Brought out at 106¾ a fortnight ago, it settled following the pulling of the syndicate bid to rule around 104 bid and 104¼ asked.

Meanwhile the company's 5% debentures on which the syndicate bid is still in force, maintained comparative firmness.

On The Fire Again

Current indications are that the financing projected by the Central Maine Power Company some months ago, but deferred for various reasons, will probably find its way to market early next month.

Several banking groups are known to have been organized for the purpose of bidding for the securities involved, and invariably that is a reliable sign that the business is on the way.

The project involves a total of $19,500,000 and will, it is expected, follow the acquisition by the company of the Cumberland County Power & Light Co.

Bankers will be requested to enter bids for $14,500,000 of first and general mortgage bonds, and $5,000,000 of notes to mature in one to ten years.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on June 15 that the tenders for $300,000,000, or thereabouts, of 91-day Treasury bills to be dated June 17 and to mature Sept. 16, which were offered on June 12, were opened on June 15 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for, $801,271,000.
Total accepted, $300,993,000.
Range of accepted bids (excepting one tender of $10,000):
High, 99.930, equivalent rate approximately 0.277%.
Low, 99.907, equivalent rate approximately 0.368%.
Average price, 99.908, equivalent rate approximately 0.365%.
(61% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on June 17 in amount of $150,273,000.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange announces the following weekly firm changes:

Transfer of the Exchange membership of Arthur D. Weekes, partner in Chauncey & Co., New York City, which will continue as an Exchange member firm, to Raymond H. Sigesmund, will be considered on June 25.

Transfer of the Exchange membership of Oliver K. Church, partner in Tifft Brothers, Springfield, Mass., to Lewis E. Tifft, partner in the same firm, will be considered on June 25.

Transfer of the Exchange membership of Miles E. Browne, deceased, to George A. Winsor, will be considered by the Exchange on June 25.

Transfer of the Exchange membership of Richard B. W. Hall, partner in M. D. Doyle & Co., New York City, to Milton Dorland Doyle, senior partner in the same firm, will be considered on June 25.

Marc W. Haas and Donald M. Smith retired from partnership in Jacques Coe & Co., New York City, as of June 11.

Anderson Bros., New York City, was dissolved as of June 3.

Hetherington & Doublier, New York City, was dissolved as of June 11.

W. Eldridge Tobias, member of the Exchange, died on May 31.

Interest of the late Howard Crosby Foster in Foster & Adams, New York City, terminated June 1.

D. H. Silberberg Major

Daniel H. Silberberg, senior partner of D. H. Silberberg & Co., New York City, members of the New York Stock Exchange, has been commissioned a major in the United States Army. Alan H. Rosenthal, a partner in the firm, is now a lieutenant in the Army.

D. H. Silberberg & Co. will discontinue business on June 30th; the bond department will join Cowen & Co., 54 Pine Street, New York City, members of the New York Stock and Curb Exchanges, it is understood.

Investment Trusts

"AN INVESTOR INTERVIEWS THE TRUSTEES"

For another "sane, dispassionate discussion" of current investment problems such as was mentioned here last week, we recommend the current bulletin of the George Putnam Fund of Boston. Therein, under the title quoted at the head of this column, the Trustees give their answers to some of the outstandingly vital questions of the day. Here are some excerpts from the bulletin:

"From time to time we talk with people about the problems of investing money. Some of the questions that are of general interest to investors at this time are set forth below together with our answers.

Will We Have Inflation In This Country?

"We have already had a certain amount of price inflation of the type that accompanies most wars. As everyone realizes — especially the housewife—prices have advanced sharply and the Government has recently placed a ceiling on most retail prices in an endeavor to prevent a further substantial rise. This is a move in the right direction but we doubt that these ceilings will prove effective unless steps are taken to control costs and absorb the large increase in purchasing power, either through taxation or borrowing.

"Most investors who are worried about the effect of inflation on their savings are thinking in terms of the disastrous shrinkage in the value of money such as occurred in most European countries after the World War. These experiences were the result of almost complete national economic and financial exhaustion due to the war. We see no present danger of such an extreme type of inflation developing in this country.

"Inflation is only one of a number of factors that should be considered in shaping an investment program. It should not be, in our opinion, the dominant or controlling factor.

Will There Be A Postwar Depression Similar to 1920-1921?

"At the end of the World War there was a short business boom accompanied by very rapidly rising commodity prices. This boom broke in 1920, prices fell drastically, many businesses were caught with excessive inventories and a wave of bankruptcies took place as the country passed through a short but painful depression.

"We see, however, no conclusive proof that a similar depression will follow the end of the present conflict. In fact the pattern of the World War has thus far proved to be an unreliable guide to the solution of present investment problems.

"The knowledge of the aftermath 20 years ago at least has this advantage, it points out a danger that must be avoided. There is a very real awareness of this danger on the part of both Government and business and partly for this reason we are inclined to be hopeful rather than pessimistic over the postwar outlook.

"Tremendous shortages of goods will exist all over the world and the rebuilding job will be vastly greater than it was 20 years ago. In our own country a large demand is being built up for such products as automobiles, refrigerators, radios and an increasing line of similar goods. From the laboratories, too, will come an imposing array of new products.

"Government regulation will continue and it is desirable that a considerable measure of central control and direction should exist during the postwar transition period. Such control, however, should encourage private business expansion rather than rely upon a vast new Government spending program.

"Business will be highly competitive as companies seek to recapture old markets and develop new ones. Conditions will place a high premium on management and in his choice of securities the investor should place particular emphasis upon the ability, especially the merchandising ability, and the alertness of management.

Will Private Business Survive In This Country?

"There is very little doubt in our minds that (1) the Allies will win the war and (2) private enterprise will survive and prosper in this country.

"All over the world in recent years governments have exercised increasing control and regulation of the nation's economic life. This tendency is likely to continue into the postwar world with all of its new problems of adjustment.

"At the same time, however, we feel confident that the great bulk of business in this country will be carried on by private enterprise. By and large private operation has shown itself more efficient and more progressive than government operation, and the American people are not unaware of this fact.

"Despite the increased taxes of recent years business profits have been very satisfactory during the past two years. This is a fact that many people tend to overlook. The New Deal has presented business with many new and vexing problems but on the average the well managed company has shown satisfactory earnings. Taxes will

(Continued on page 2298)

Municipal News & Notes

For the fifth consecutive year the net debt of American cities has dropped, in contrast to an ever-mounting Federal debt. Rosina Mohaupt of the Detroit Bureau of Governmental Research reports in the current issue of the "National Municipal Review" that the reduction this year amounted to 4.6% and that the decrease during the five-year period totaled approximately 12.5%.

"If this trend continues," she said, "it is reasonable to believe that the total municipal debt will be extinguished within the next 30 or 40 years for the majority of American cities. Desirable as this may be from the standpoint of the municipality, it has serious consequences."

These decreases, she said, have been caused by the decline in the rate of growth of cities, the precarious financial situation of many larger cities, and the willingness of the Federal Government to absorb all or a major portion of the local construction program.

The report estimated, on the basis of returns from 286 cities in the study, that the total gross bonded debt of American cities over 30,000 population was $8,747,700,000, or $171 per capita as of Jan. 1, 1942, a decrease of $3.80 per capita from the previous year.

"This per capita," the report said, "is somewhat higher than one-third of the per capita Federal debt as of the same date.

"It is doubtful if the present decline in debt reflects the curtailment of construction by cities because of the war economy program since the figures antedate any such effort," the report continued. "It is possible that the present trends may be entirely reversed by a concerted drive for postwar construction programs to absorb man power released from war industries."

The report added that at present any plans for sharing the financing of such projects among Federal, State and local governments are nebulous.

"The present downward trend of municipal debt may possibly be an indication of the decline of the municipality and the ascent of the Federal Government as a major factor in financing many of the larger costs of urban governments," the report said.

Gasoline Tax Losses To Be Discussed

Declining State revenues because of gasoline rationing and Congressional plans to exempt gasoline purchases for war purposes from State and local taxation will be the principal subject of discussion when gasoline tax administrators in the Northeastern States meet with petroleum representatives for a conference in New York City tomorrow.

With Deputy Commissioner Louis H. Feuss presiding, the discussion of gasoline rationing will be based on a report by Joseph L. McLaughlin, Petroleum Coordinator for the State of New Jersey, who is to be followed by a representative from the Washington office of the Petroleum Coordinator.

Henry Long, Commissioner of Taxation for Massachusetts and a recognized authority on tax administration, will discuss the State problems of finance arising out of the curtailment of revenue through rationing and the ever-increasing volume of tax exempt sales.

John G. Walsh, tax counsel for Tide Water Associated Oil Co., will speak on the probable effects on State revenues of House Resolution 6750 which is designed to exempt from State and local taxation all purchases for use in war contracts.

Canada and U. S. In Reciprocal Tax Pact

In a move of particular interest to United States holders of Canadian bonds, the Canadian Senate has approved a reciprocal agreement with the United States equalizing income and corporation taxes for non-residents. The withholding tax on Canadian investments held in the United States will be reduced from 27½% to 15%.

Eight States Require Publication of Administrative Codes

Rapid growth in number and kind of State administrative agencies during recent years has caused eight States since 1939 to require publication of State administrative codes and registers putting in order all rules and regulations adopted for administering their State governments.

The States, the Council of State Governments said last Friday, are Oregon, Kansas, Massachusetts and Wisconsin, which provided for their codes by legislative action in 1939; California, Ohio and Tennessee, in 1941; and Kentucky, taking action this year.

Despite the publishing of statutes in this country for 300 years to inform people of their rights and duties, the publishing of administrative rules, which have the force of law, was not systematized in any State until Oregon took the step three years ago, the Council said.

N. Y. City Board Votes Large Postwar Program

A $628,000,000 postwar construction program for New York City was approved unanimously last week by the Board of Estimate after Controller McGoldrick had warned that the city could accomplish this program only if the Federal Government contributed $272,700,000 toward it. The construction is designed as a step toward taking up the slack in employment after the war.

Members of the Board of Estimate said each project must be approved as to plans, construction and financing when it comes before the Board later as a single enterprise.

Controller McGoldrick reported to the Board that $470,000,000 of the program would be chargeable against the city's debt-incurring margin whereas only $384,000,000 would be available in debt-incurring power.

The Controller said that taking on the postwar program would mean that the city would have to issue bonds amounting to $100,000,000 a year, adding that the city could handle that amount. If the Federal Government contributed toward the program he assured the Board of Estimate that the city could finance it.

N. Y. City Valuation Cut 100 Millions

Assessed valuation of Manhattan Island was placed at $7,664,078,941 last week by the Tax Commission of the City of New York.

Inclusive figures for all five boroughs — the Bronx, Queens, Brooklyn, Staten Island and Manhattan—were set at $16,122,975,455, a reduction of $100,161,771 from last year's valuation.

New Jersey Developments of Interest

Sale by the City of Montclair on May 26 of $1,095,000 refunding bonds directed attention to legislation enacted recently at Trenton of interest to the municipal fraternity. Measures were passed permitting local units to raise funds now in order to finance ahead of time future redemptions and maturities. Meanwhile, the cash realized from such sales may be used to buy the outstanding bonds in open market or to invest in appropriate Treasury issues. Dealers express hope that other New Jersey communities will shortly emulate Montclair's example.

Governor Edison received a complaint recently from Buckley Brothers, Philadelphia investment house, regarding the possible deleterious effect on their bonds of unfavorable stories about several of New Jersey's widely known shore communities.

The Chief Executive's response characterized stories of oil-covered beaches, closing of waterfront areas for military use, inconvenience and hazards from dimouts, and landings from submarines as baseless rumors and calls attention to action taken by the Legislature directing the New Jersey Advertising Council to conduct a campaign to offset them.

Iron mining is said to have been New Jersey's first major industry. From the "Garden State" there was obtained a large part of the metal that went into the making of cannon and cannon balls and other weapons for the revolting colonists of 1772. Unquestionably the ore then mined and smelted in New Jersey for military uses was no small factor in the winning of the Revolution. It was also a factor in the Civil War. This was not the case in World War I, but in the present struggle the State's deposits again are being heavily drawn upon.

Revival of iron mining got under way in 1938. Two years later output reached the highest level ever attained, although in 1932 the tonnage had fallen to 30,844, the lowest in 100 years, with only one mine in operation.

New Jersey has always been a pioneer State in good road-building. From 1650 on, the time the first highway was built in the United States by the Dutch, in New Jersey, it has set the pace, so that today it has the finest highway systems in the country. Perhaps the greatest influence on road-building in New Jersey is its geographical situation. For it lies between the two great cities of New York and Philadelphia, and traffic between these two centers is extremely heavy. The second important factor is the fact that New Jersey is and always has been a great industrial center and agricultural district. The new highways had to keep pace with the development of industry and agriculture and the increased traffic across the State from New York to Pennsylvania. The State Highway Department planned a comprehensive highway system to cover the entire State many years ago. However, with the increase in ratio of cars to persons and the building of tunnels and bridges connecting New Jersey with New York and Pennsylvania, a revision of the plans was made necessary. With keen foresight, the Highway Department foresaw a rapid increase on New Jersey roads and planned accordingly.

N. J. Municipals Show Improvement

With certain exceptions, obligations of various municipalities located in the State of New Jersey during the past 10 days or so have shown relatively greater improvement from a market standpoint than the general average of municipal bond prices. Traders ascribe this performance to the fact that New Jersey municipal bonds as a class apparently had fallen too far behind the market as a whole. It is emphasized that when the threat to tax-exemption on State and city bonds was considered as acute, earlier this year, the market for municipals was narrowed down to investors interested primarily in the highest quality issues. This situation resulted in sharper than average setbacks for issues not so highly regarded. With easing of the taxation threat that has followed rejection by the House Ways and Means Committee of Treasury proposals for reaching income from municipal bonds, the less highly regarded issues, including Jersey municipals, have returned more nearly to their normal market status. Among more favored New Jersey municipals which have been strong recently are Morristowns, Ridgewoods, Elizabeth and Passaic waters. Jersey City bonds on the other hand have experienced a poor market since the dispute between Governor Edison and Mayor Hague has been under way.

(Ed. note—Above is taken from the "Wall Street Journal" of June 13.)

N. J. Rail Tax Law Called Valid

Federal Judge Guy L. Fake asserted last Friday that he considers the railroad tax compromise law passed by the Legislature in May and approved by Governor Edison to be currently valid. Attorney General Wilentz contends the law is invalid and is attacking it in the State courts.

Judge Fake signed an order directing reorganization trustees of the Central Railroad of New Jersey to take advantage of the new statute immediately. The trustees had obtained an order previously calling upon Wilentz, Controller Zink and State Treasurer Hendrickson to show cause why the compromise payments should not be accepted. Jersey City also was made a party to the proceedings.

Rail Tax Payment Declined

State Treasurer Hendrickson on Monday said he still was powerless to accept tendered payments of delinquent railroad taxes despite Judge Fake's order, directing him to do so.

The Treasurer states a temporary injunction issued by State Court of Chancery in Attorney General Wilentz's challenge of constitutionality of new railroad tax laws prevented him from accepting checks from Central Railroad of New Jersey and three other roads, "until Chancery Court injunction is voided or modified, and I believe it will be modified," Hendrickson said, "I am subject to its restraint."

New Orleans Funding Plan Attracts Attention

Southern municipal men have shown interest in the adoption of resolutions recently by financial officers of New Orleans, authorizing the adoption of a plan which would reduce the interest rate on $12,000,000 of outstanding public improvement bonds from 4 to 2%. For the plan to become finally effective, holders of 90% of the liens must deposit them with authorized banks along with a written assent authorizing the banks to substitute 2% coupons for the present 4% ones. These bonds must be deposited before Aug. 1 of this year; however, the Board of Liquidation has the right to make 30-day extensions of the period providing the final date is not later than Dec. 1, 1942.

The bonds are originally due July 1, 1950, and are callable at any time after July 1 of this year. If the coupon substitution plan fails to be adopted all bonds will be callable and a new refunding issue offered the public at a lower rate of interest, it was announced. The plan saves the city about $240,000 a year in interest costs.

Alberta Debt Refunding Parleys Resumed

The joint committee appointed to discuss possibilities of refunding Alberta's public debt resumed negotiations early last week. Composed of representatives of the Provincial Government and the bondholders, the committee will study refunding of $121,000,000 worth of Alberta bonds. The committee held its first meeting last September but only preliminary discussions were possible before the sessions were adjourned.

Courtland Elliott, of Toronto, Chairman of the bondholders' section, said efforts had been made to have a representative of English bondholders attend the sessions but it had been found impossible to arrange transportation.

Soon after last September's short negotiations, the Social Credit caucus passed a resolution declaring any agreement for refunding should set an interest rate no higher than the present rate—an average of 2.5%, in effect since June, 1936, when the rate was cut from an average of 4.89%.

But since the last legislative session, the caucus passed another resolution giving the government a free hand in its negotiations with the bondholders.

Old High Rate Issues Reappearing

Municipal traders say that there is a definite pickup in the number of higher coupon State and city bonds finding their way into the market. These "vintage" bonds tell their own story; usually their high coupon relates that they were originally issued quite a few years ago and since that time have reposed in strong boxes. Almost all State and municipal issues of the last few years have carried progressively lower coupon rates.

Housing Bonds Discussed

The award last Thursday by the City of Yonkers, N. Y., Municipal Housing Authority of $2,396,000 Series A refunding bonds attracted a considerable amount of attention and favorable reception upon reoffering. The sale was marked by exceedingly close bidding, the winning tender being 2.0606%, while the second best offer was a 2.066% interest cost basis.

As Hemphill, Noyes & Co. of New York, remarked in a recent municipal bulletin:

Housing Authority bonds, of course, are not municipal issues but are handled by municipal departments, because they are tax free and because it was municipal men who first wrestled with their intricacies, bid for them, and tried to make them intelligible to buyers.

There is no reason to expect a dearth of housing bonds, for they are fostered by the liberal hand of the Federal Government. The USHA is empowered to lend up to $800,000,000 at any one time and to pay out annual contributions up to $28,000,000 a year to local housing authorities. The potential supply of housing bonds is indicated by the $950,000,000 (including some duplication due to extensions) of temporary housing loans which have been sold. Every such note issue is eventually to be replaced by Series A and Series B bonds. Thus far, according to such records as we have, been able to compile, only $50,079,000 of original issue Series A bonds and $33,019,000 of refundings have been offered to the public.

Municipal dealers think of the large unfunded remainder as a reservoir of good business. Successive offerings of the serial housing issues have been spaced and timed intelligently, to enliven, rather than to bog down, the municipal market. Series A bonds have become better liked with each new issue, partly at least because as a group they have sold well, have worked up in price, and in a few instances have even been refunded at lower rates of interest.

Housing Bonds Offered

Officials of three local housing authorities announced last week that they will receive bids next Tuesday for new issues of Series A bonds, aggregating $5,091,000. The largest item consists of an issue of $4,408,000 of New Haven, Conn., Housing Authority bonds, maturing from Jan. 1, 1943 to 1970. Officials of Seattle, Wash., Housing Authority will consider bids on an issue of $498,000 of bonds, due from Jan. 1, 1943 to 1964, while Alexander County (Ill.) Authority will offer $185,000, maturing from Jan. 1, 1943 to 1958. All of the bonds will be dated July 1, 1942.

Public Purchases Stimulated

Under the terms of the original assistance contract entered into between local housing authorities and the Federal Public Housing Authority, formerly known as the United States Housing Authority, the FPHA agreed to lend the authorities up to 90% of the development cost of the project at 2½% annually. Only the remaining 10% was to be obtained locally through the sale of bonds.

Now the bond-buying groups are offered the opportunity to purchase as much as 85% of the total authorized issue, for the two-fold purpose of reducing interest costs and to free Federal housing funds for war purposes. Bonds taken by the public are known as Series A, those issued to the FPHA at 2½% interest will be Series B.

Inasmuch as the bonds will be tax exempt by both State and Federal laws, the authority has announced that in the event that prior to the delivery of the Series A bonds the income received by private holders from bonds issued by public housing agencies in connection with low-rent housing or slum clearance projects shall be taxable by the terms of any new income tax law enacted, the successful bidder may, at his election, be relieved of his obligations under the contract to purchase the bonds.

Municipal Bankruptcy Act Extension Voted

The Senate on Monday passed and sent to the White House a bill extending the life of the Municipal Bankruptcy Act to June 30, 1946.

N. Y. Local Units To Buy Through State

Two statutes, enacted at Albany in the recently adjourned legislative session, designed to permit large savings to taxpayers, under which cities, counties, towns, incorporated villages and school districts will be able to buy hundreds of items at State contract prices will go into effect July 1.

Already numerous local units of government have indicated they will initiate or expand their local purchases through State facilities. To meet this situation imposing new duties and responsibilities on the State Division of Standards and Purchase, the head of that unit, Commissioner John T. Higgins, is setting up machinery to aid the localities, but using present personnel rather than new help.

Seattle Sale Postponed

The already meager calendar of scheduled municipal offerings was greatly depleted by action of Seattle, Wash., officials Tuesday, when they decided to postpone the sale of the $7,900,000 municipal light and power bonds, which had been set for next Monday. The indefinite deferment is understood to have been brought about by difficulties on priorities.

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 19

$1,040,000 Greenburgh, N. Y.
This town awarded bonds in July, 1940, to A. C. Allyn & Co., and E. H. Rollins & Sons, both of New York, jointly. Second best bid was a joint offer by the Marine Trust Co. of Buffalo, and R. D. White & Co., Inc., New York City.

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 23

$5,246,000 Local Housing Authority bonds
The three most important of the six local unit offerings comprising the above total are described in a separate item under "Housing Bonds Offered." Yonkers sold housing bonds on June 11 to Lehman Bros., and Phelps, Fenn & Co., both of New York, and associates. Buffalo awarded housing bonds on June 2 to a syndicate headed by Blyth & Co., Inc. of New York.

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.

June 29

$600,000 Clinton Co., N. Y.
In March, 1940, the county awarded bonds to the First National Bank of Chicago. Second best was a joint bid entered by B. J. Van Ingen & Co., and E. H. Rollins & Sons, both of New York.

July 7

$1,279,500 Toledo, Ohio
On May 19 a syndicate headed by Stranahan, Harris & Co., Inc. of Toledo, was successful bidder. Runner-up for the issue was Halsey, Stuart & Co., Inc. of Chicago.

Investment Trusts

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unquestionably remain high after the war but this fact alone need not prevent a reasonable level of earnings.

How Will The Government Debt Be Paid Off?

"This is a question that is troubling many people today and we don't pretend to know the answer to it.

"We should recognize, however, that the tremendous increase in Government debt in recent years has been offset to some extent by a decrease in the private debts of individuals and corporations. Reliable estimates show that from 1929 to 1941 the public debt of the country (Federal, State and local) increased approximately 50 billion dollars, whereas during the same period the private debt of individuals and corporations declined approximately 26 billions. In addition it is important to remember that the burden of carrying every dollar of debt has been eased very materially in recent years by the sharp reduction in the rate of interest paid on that debt.

"If we are fortunate enough to have a period of real prosperity and active business after the war the high tax rates that are likely to prevail will permit some reduction in size of the Government debt. It seems more likely, however, that we must become accustomed to a new level of Government debt in this country. We believe that the country can support this high debt without too much difficulty providing business conditions are not too unfavorable and the country has the political courage to face the issue squarely."

Investment Company Briefs

The estate tax muddle continues to be given definitive treatment in the current publications of investment company sponsors. Lord, Abbett & Co. have prepared a two-page bulletin on the subject in which the States are separated into three groups according to their inheritance tax laws. Detailed explanation of the effect of the laws in each of the three groups, as applied to the estate of an individual, is given.

Massachusetts Distributors, Inc. in the June 6, 1942, issue of "Brevits" cites examples of the seriousness of the multiple tax problem. One case was of "an estate probated in Boston prior to the 1932 Supreme Court decision. In addition to various Massachusetts securities, this estate held stocks of 41 corporations and bonds of 22 corporations organized in 19 outside States. All these States did not impose taxes but those that did collected over $44,500 in estate taxes." It is pointed out that had such "outside" securities as these been held through the medium of a Massachusetts investment company this entire amount would have been saved.

* * *

In a folder entitled "The Railroads Go To War" and replete with pictorial evidence of the railroads' role in the production of armaments, Hugh W. Long & Co., Inc. make a case for the Railroad Series of New York Stocks, Inc. Strongest point in the case is the actual market performance of this Series during the past two years, which is tabulated as follows:

	Dow-Jones Railroad Average	*Railroad Series New York Stocks
May 21, 1940	22.14	$2.11
Nov. 14, 1940	30.29	3.25
Advance	8.15	1.12
Percentage advance	36.8%	53.08%
May 21, 1940	22.14	2.11
May 4, 1942	24.66	3.28
Advance	2.52	1.17
Percentage advance	11.4%	55.4%

*Offering Prices.

* * *

"Investment Timing," the weekly market service of National Securities & Research Corporation, devotes the greater part of its June 11, 1942, issue to an analysis of the position of second-grade railroad bonds. The conclusion is reached that following the recent drastic decline in the second-grade rail bonds the prospect for them is again favorable and that present prices do not adequately reflect their potentialities.

* * *

The summer edition of the "Selected Investor," published by the sponsor of Selected American Shares, Inc., is a refreshingly different type of investment company publication. Styled along the lines of the employee publications issued by large corporations, the little booklet contains a number of investment articles, notes on the fund, and personnel data, all done in an interesting way.

* * *

Calvin Bullock, in a small copyrighted brochure entitled "You . . . Capitalist," explores the question as to the future of capitalism. Far from arriving at the conclusion that it is doomed, the brochure makes the point that capitalism is simply becoming more democratic! An interesting presentation and one which authorized dealers can make available to their clients through the medium of Calvin Bullock's now famous return postcards.

* * *

"An Illogical Market" is the caption to the Hare's, Ltd. latest bulletin on bank stocks. The following comparisons are cited: "At the September, 1939, high each $100 invested in the stocks of these 15 (New York City) banks would have purchased approximately $562 of earning assets, and the average rate of dividend yield would have been 4.0%. . . . Currently, each $100 invested will buy approximately $1,226 of earning assets, and the average yield of the 15 stocks is 5.8%."

Dividend Notices

Affiliated Fund, Inc.: A dividend of 4¢ has been declared on the common shares payable July 15, 1942, to stock of record June 30. Shares purchased through the record date will carry the dividend.

* * *

Scudder, Stevens & Clark Fund, Inc.: A dividend of 75¢ a share for the second quarter was declared payable June 20 to stock of record June 9.

* * *

Selected American Shares, Inc.: A dividend of 15¢ per share payable June 30 to stockholders of record June 19, 1942, has been declared payable by the Board of Directors. This dividend, derived from dividends and interest on securities owned, is the 21st dividend to be paid by the company and is the same amount per share as was paid in June of last year.

Minimum Capital Law Proposed By NASD

(Continued from page 2290)

remaining evidences of our transition from the Investment Bankers Conference, Inc., to the National Association of Securities Dealers, Inc.

"Other amendments represent additions of substance; namely, new Section 1 of Article I of the By-laws establishing a minimum capital requirement for membership in the Association; new Section 14 of Article I of the By-laws, which is a parallel section to Section 1 of Article I, to provide a procedure whereby a firm's membership in the Association may be discontinued if the member should lose any of the requirements for membership; new Section 2 of Article III of the By-laws which sets forth the duty of each member to furnish information properly requested by the Board of Governors; new Section 21 of Article III of the Rules of Fair Practice which, in effect, provides that each member must keep and preserve such books and records as are required by the various Federal and State statutes.

"There is also a new rule regarding salesmen, providing for a greater supervision of members' sales personnel than has heretofore been required by the Association. The change in Section 1 of Article V of the Rules of Fair Practice also proposed, must be read in connection with Section 14 of the Code of Procedure, inasmuch as both sections refer to the period for appeal or review of disciplinary actions; Section 1 of Article V is also amended to clarify the power of a District Committee or the Board of Governors to censure, fine, suspend, or expel for each or any violation of the Rules of Fair Practice. Lastly, Section 3 of Article V of the Rules of Fair Practice—a new section—provides that a member who has been disciplined shall bear such reasonable part of the costs as the District Business Conduct Committee or the Board of Governors deems fair."

In commenting upon the proposed new minimum capital requirements, H. H. Dewar, Chairman of the NASD, said that they will afford public investors a measure of protection to a degree heretofore unavailable to them and will further elevate standards within the business itself with which the Association is constantly concerned.

Pointing out that the proposals represent the first sweeping revision of By-laws and Rules proposed since the Association registered in August, 1939, with the SEC, the New York "Times" of June 15 said in part:

"The proposals are based on the experience gained in self-regulation during the last two years or so.

"Most of the proposed amendments affect only the language of the By-laws, Rules and Code of Procedure, although several, including that for capital requirements, reflect aggressive action on the part of the Association's Board of Governors in carrying out the fundamental objectives of the Association, which are protection of investors and promotion of the welfare of the investment banking and securities business.

"Another proposed change which is considered significant in increasing 'investor protection' requires strict supervision of salesmen employed by members of the association. All orders taken by salesmen for the purchase of or subscription to any security must be subject to confirmation by the employer member. This proposal, it is explained, grew out of laxity in supervising the activities of salesmen. The amendment providing for minimum capital requirements, if approved, will become effective on Oct. 15.

"For the purpose of carrying out the provisions of the capital requirement amendment, the Board may, from time to time, by rules define the term 'net capital' and prescribe the method by which it shall be computed and the time when, and the manner in which, members shall submit statements of financial condition to the Corporation."

Ins. Stock Looks Good

Mackubin, Legg & Co., 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges have just issued a detailed analysis of Standard Accident Insurance Company of Detroit, Mich. Included in this comprehensive analysis are a discussion of the history and business of the company, capitalization, diversification of assets, company's investments, liquidity, financial position, recent earnings and dividends. Copies of the analysis of Standard Accident Insurance, which offers an attractive situation at the present time, according to Mackubin, Legg & Co., may be had upon request from their bank and insurance stocks department.

'Gas' Rationing Plan Extended By OPA—Present Unit Doubled To Tide Over Motorists

The Emergency Plan for gasoline rationing has been extended on the East Coast from July 1 to July 15 to permit adequate time to set up machinery for issuing the permanent coupon system that is to go into effect July 15, the Office of Price Administration announced on July 11. This change was made to permit training of registrars and ration boards on the new coupon system to go into effect on that date. Originally, the Emergency Plan was to end June 30.

At the same time OPA raised the unit value of the "A" and "B" cards now in use from three gallons to six gallons, effective at 12:01 a.m. June 15. The purpose of doubling the unit value was to provide card holders with enough gasoline to tide them over the two-week extension period.

Card holders who exhausted all units on their cards by June 15 may apply to a local rationing board for an extra ration. Leon Henderson, OPA Administrator, pointed out, however, that such a ration should be for gasoline needed between July 1 and July 15 only, since the rations allowed by the present cards were expected to cover all driving needs through June 30. Applicants for additional supplies of gasoline in all cases will be required to pass the usual tests for supplemental rations.

The OPA also raised the value of the unit for motorcycles, and three-wheeled vehicles, from 1.2 gallons to 2.4 gallons.

"The new plan, which replaces the present temporary plan, will apply more rigid and more complete control over the flow of gasoline throughout the Eastern shortage area," Mr. Henderson explained. "This necessarily entails more detailed regulations than were needed for the Emergency Plan. For this reason some time is needed to train registrars, and supply local rationing boards with instructions and material for carrying out the plan.

"We are making every effort to eliminate all confusion in issuing the new coupon books, and make it as convenient as possible for car owners to obtain their ration."

On June 13, the OPA announced that motorists on the Eastern Seaboard will register July 1, 2 and 3 at public schools for the new gasoline "A" ration coupon books. Owners of trucks and other commercial vehicles will apply at local rationing boards.

The new "A" coupon books contains six sheets of eight coupons each. Each sheet will be good for a two-month period. The six coupons on the first sheet are marked "A-1," which means that they may be used at any time during the first two months after the plan goes into effect. Coupons on the following sheets are numbered "A-2," "A-3," etc., and will be good during the respective two-month periods. The coupons may be accumulated within the several periods, but unused coupons are void after the period for which they were issued is over.

At time of registration a car owner may ask the registrar for an application form for a supplemental ration. This he will present to a local rationing board after he has filled it out. The board will determine if the applicant is entitled to any supplementary ration, and if so, whether it should be in the form of a "B" or a "C" book. No applicant may receive both.

[For further details see last week's issue of the "Chronicle," page 2205.]

"E" And "R" Coupon Books

All gasoline for occupational non-highway purposes, including commercial boats, will be rationed through "E" and "R" coupon books tailored to needs under the permanent rationing plan, the OPA announced on June 13. These coupon books, containing enough coupons for a six-month supply, may be obtained at local rationing boards. Applicants may be issued one or more "E" or "R" books depending upon the amount of gasoline for which need can be established during this period, the announcement said.

An "E" book will contain 48 coupons with an exchange value of one gallon each, and an "R" book will have 96 coupons with an exchange value of five gallons each. In addition, bulk purchase coupons in 100-gallon and one-gallon denominations may be issued when the ration totals 250 gallons or more a month. Bulk purchase coupons are to be issued for the convenience of large users, who store gasoline in tanks. However, "E" and "R" books may also be used for deliveries of gasoline into storage tanks as well as into vehicles.

The exchange values for the "E" and "R" coupons do not necessarily coincide with the value to be placed on coupons for other types of books, OPA pointed out.

"E" books will be issued for small engines, including power lawn mowers and outboard motors. "R" books and bulk purchase coupons will be issued for larger motor equipment, including tractors and heavy farm equipment, and other machinery, such as ditch diggers, using large engines. Rationing boards may issue, however, whatever book or bulk purchase coupon, or combination of them, that will meet the applicant's requirements. Further tailoring may be accomplished by tearing out coupons from the books.

The use of gasoline obtained with "E" and "R" books for highway purposes is forbidden.

Pleasure boats of both the outboard and inboard types will be allowed a basic ration which will permit owners an approximately equal number of hours of pleasure boating regardless of the size of the boat, except the largest sizes.

To Have New Wire System

CINCINNATI, OHIO. — Westheimer & Co., 322 Walnut Street, members of the New York Stock Exchange, announce that on or about June 22 they will terminate their correspondent relationship with L. F. Rothschild & Company of New York, transferring it to Carl M. Loeb, Rhoades & Co.; after which time their wire system will be that of Carl M. Loeb, Rhoades & Co.

Barbour-Smith Incorporates

LOS ANGELES, CALIF.—Barbour, Smith & Company, 210 West 7th Street, member of the Los Angeles Stock Exchange, has been incorporated. Jack M. Barbour, formerly partner in the firm, is now President; Carl M. Purcell, Vice-President; Brian F. Neary, Treasurer, and Louise McCall, Secretary. All officers were formerly connected with the partnership. James L. Adams is a director of the new corporation.

Form Clifton C. Cross Affiliate In Montreal

MONTREAL, QUE., CANADA —Clifton C. Cross & Co. (Quebec) Limited has been formed with offices in the Aldred Building to act as sponsors and underwriters of the "Major" and "Atlas" oil wells and to deal in Canadian oil royalties. Fred C. Rubbra will be sales manager in Montreal. The firm is affiliated with Clifton C. Cross & Co., Ltd., of Calgary, Alta.

Distinct Advantage Offered Defaulted Rails Which Have Not Reached Reorganization Stage

By JOHN POST

Reasons for the attractiveness of the railroad industry generally, as compared with other industries, have already been widely publicized and discussed. Likewise, the peculiar and admittedly valid advantages of second grade rail liens have been given frequent emphasis (tax shelter, etc.). Indeed, the market itself has endorsed such conclusions when rail securities have out-performed all other security classifications. Rail bonds have shown a better performance than rail stocks and defaulteds have done best of all.

But both the discussions and market interest in defaulted bonds has been confined almost exclusively to those roads about to emerge from receivership, because of the sounder capitalization of the new company, the large earnings equities of the new security "packages," the more generous maintenance during receivership years, etc. In the excitement, little attention has been devoted to the possible advantages inherent in defaulted rail bonds that have not yet reached the reorganization stage.

It is with this section of the list that this article is concerned, and it hopes to establish the fact that this neglected type of rail security offers the greatest advantage of all rail investments.

Obviously, non-reorganization defaulteds participate in all the particular benefits of the railroad industry. To the investing public, they have but one feature that is popularly considered a drawback, i.e. the fact that such bonds do not afford a current income.

First as to the feature commonly considered a drawback, namely, the absence of current income therefrom: Receivership railroads reemploy their earnings to the betterment of the property and consequently add these earnings to the equity of the defaulted liens, laying the foundation for better earnings in subsequent periods. This increment to lien equity in periods of profitable operation at least ultimately must be reflected in appreciation of the market valuation of these liens. In this way, it may be said that the earnings are reflected in *capital* appreciation rather than current income distributions.

Now, the particular advantage of receiving capital profit in place of current income lies in the present day taxing methods whereby current income is taxed 100% whereas capital appreciation over a reasonable period is only partially taxable. Under the 1941 Revenue Act, long term profits from securities held two years or more were only 50% taxable. Although the 1942 tax bill has not yet been enacted the House Committee has recommended that the "long-term" profit period be reduced to 15 months. If the taxability of such profits remains at 50%, it means that investors who take their income in the form of capital appreciation rather than current income will save themselves fully half of the now extra heavy taxes on such income. Non-reorganization rail liens provide a medium for such tax savings for those who can wait 15 months or more for their income from investments.

In these times of inordinate taxes such a situation is an advantage rather than a drawback.

So much for the tax benefits to holders of defaulted rails. Taxes, however, are also the principal reason why railroads in receivership enjoy benefits over solvent carriers. Until such receivership railroads earn full interest requirements on all original debt, they are not subject to even normal income tax levies. And here, let it be said, that in their zeal of pointing out the freedom from *excess profits* taxes peculiar to the railroad industry, analysts have largely neglected mention of the stringent normal Income Tax rates to which solvent railroads are just as vulnerable as other industries.

For example, here are some comparisons between Income Taxes and Interest Charges of several leading solvent carriers for the first quarter of the current year:

	First Quarter Federal Income Taxes	First Quarter Fixed and Contingent Interest
Pennsylvania	$10,371,768	$6,996,662
Atchison	8,123,000	2,986,147
Southern	3,225,000	3,230,533
Union Pacific	4,074,158	3,464,946
Nickel Plate	1,430,100	1,472,471

It will be seen from the above that Income Taxes this year are taking as much or more from these solvent carriers as do their entire interest on funded debt. These tremendous tax drains are benefiting neither the road nor its security holders, but are a permanent subtraction from the roads' operating revenues.

The popular receivership roads are little or no better off in this respect. Here are figures for two of the most recently reorganized carriers that have had a "wise investor" following, comparing first quarter Income Taxes of these reorganized rails with the same period last year, before reorganization:

	First Quarter Income Tax 1942	1941	% Increase
Erie	$1,887,377	$315,390	495%
Wabash.	1,327,615	150,155	784%

Now, as an example of the absence of this factor in certain non-reorganization rail liens, we select the Georgia & Florida Railroad as an outstanding case. Although one of the smaller receivership roads, this carrier is a Class I road operating some 400 miles of trackage in Florida, Georgia and South Carolina. Its first mortgage bonds, of which there are $6,254,000 par amount outstanding, have been noticeably neglected by the recent interest in rail obligations. The road has been in receivership since 1929 and no prospective plan of reorganization has as yet been advanced.

For the first quarter of 1942, the Georgia & Florida showed gross revenues of $446,560 as against $319,561 in the same period of 1941, an increase of 40%. This increase was recorded in spite of the fact that 1941 earnings were at a 14 year high.

Even in the face of this increase, however, no provision was necessary for Federal Income Tax, nor would such a provision be necessary unless net available for interest charges was over 400% higher.

Relieved of the necessity of setting aside a major portion of this increase for Federal Income Taxes to which solvent and reorganized railroads are subject, where does the increase go? The figures show that the greater portion goes directly to increase the equity of the Georgia & Florida's outstanding debt; i.e. 53% is accounted for by the items of maintenance of way and surplus for interest. In contrast to the above, solvent and reorganized carriers alike must either let maintenance of way or the balance for interest charges suffer by the amount of Federal Income Taxes to which they are subject. The extent by which Federal Income Taxes exceeded expenditures for maintenance of way out of first quarter increases in gross for both solvent and reorganized carriers is illustrated by the following table

First Quarter 1942 over 1941	Increase in Income Tax	% of Increase in Gross	Increase in Maintenance of Ways and Structures	% of Increase in Gross
Solvent Carriers—				
Atchison	$7,423,000	31%	$1,616,504	7%
Southern	2,495,000	28%	1,373,790	15%
Reorganized Carriers—				
Erie	1,571,987	28%	855,626	15%
Wabash	1,177,460	53%	207,657	9%
Georgia & Florida	Nil	0%	39,337	25%

which also shows contrast of this condition with the Geoergia & Florida.

In this respect, then, receivership roads such as the Georgia & Florida have this highly fortunate opportunity to place themselves on a sound footing preparatory to being reorganized when the uncertainties of the future have been resolved, meanwhile improving the dollar equities of their defaulted obligations. The same opportunity is denied in its full extent to solvent roads or roads presently or shortly to be reorganized.

To a large extent because of this tax immunity operations of the Georgia & Florida in 1942 may well result in the largest surplus for interest in the road's history, including the year 1927 when its present first mortgage bonds were first issued at a price of 98 (compared with their current level, under 5). Even for the year 1941, these bonds showed cash earnings of about 3%. Nevertheless, first quarter 1942 net for interest showed an improvement over the similar 1941 period equivalent to more than 2% on the bonds. They currently sell below 5.

Investors Fairplay League Is Organized

B. C. Forbes, well-known financial writer, columnist, and editor of "Forbes Magazine," announces the formation of a national organization of investors, insurance policyholders, and other property owners. The organization is being incorporated under the name of The Investors Fairplay League.

Mr. Forbes is acting in response to nationwide demand in undertaking this project. He has advovated such an organization for years. Frequently in the past he has been urged to carry out his own proposals. The demand following his latest argument for the idea, however, has been so widespread and insistent that he felt he could no longer refuse.

He announces that after today he is discontinuing the daily column which he has written for 30 years to devote himself to the work of the new league. Hereafter his newspaper work will be limited to a weekly article.

In his last daily column he quotes letters received from all parts of the country endorsing the proposal of an investors' "union," offering support, and urging Mr. Forbes himself to take on the job.

In making the announcement Mr. Forbes said:

"When the writer originally advocated that investors, small business men, life insurance policyholders, other property-owners, organize for self-protection, he hadn't the remotest idea of assuming leadership. He earnestly sought to have various national figures undertake the task. But without avail.

"So very many readers have importuned the writer to shoulder the responsibility that, deeply conscious of the vital importance of the task, he has, not without misgivings, consented."

The Investors Fairplay League is being incorporated as a nonpartisan organization not operating for profit.

In a recent column which brought forth this pressing demand, Mr. Forbes said in part:

"More and more small investors, more and more of those who formerly constituted our middle class property owners, feel very painfully that they are not being treated fairly. They see the value of their possessions dwindling and dwindling. They are being hurt by dividend reductions and omissions. They face unprecedentedly burdensome taxation.

"They behold organized pressure upon politicians for preferred treatment by labor leaders and farm leaders, backed by strong unions, whereas the small investor and property owner is utterly without representation, influence, at Washington. . . .

"Very significant was what happened at the recent annual meeting of one company. A lawyer, prominently identified with business and economics, urged . . . that the company should cooperate in forming a union of its stockholders and that this union should become a member of 'a larger national stockholders' union, or possibly that it should be a branch of a "middle class" union, representing the middle class of the country.' "

Presents The Case For Speculative Rail Bonds

Speculative railroad bonds are ideal "war babies," according to an interesting brochure entitled "Speculative Railroad Bonds, A Reappraisal," prepared by Nicholas Molodovsky of White, Weld & Co., 40 Wall Street, New York City, members of the New York Stock Exchange. "Few other security groups," the study declares, "derive so many direct benefits from a war environment of top speed industrial activity and of maximum taxation. Their privileged tax position, in which both fixed and contingent interest charges rank ahead of Federal income taxes, has made them, for the past two years, desirable substitutes for switches out of many industrial equities.

"The heavy railroad traffic began with the outbreak of the war in Europe. Before the war ends, it will have given to the railroads a longer period of peak business than any conceivable cyclical peace-time 'new-era' prosperity could have bestowed upon them. It is not surprising, therefore, that rail bonds were among the chief sufferers when hopes of an earlier peace than was previously anticipated suddenly swept the country.

"It may be thus assumed that rail bonds will again return to speculative favor once a more realistic perspective of coming events is restored. Their sheltered tax position and the exceptionally brilliant earnings which the carriers will continue to enjoy should exercise again their magnetic appeal."

Other favorable factors affecting these rail bonds are taken up in the study, which devotes considerable space to the outlook for these issues, and their market position. The study stresses, however, that the favorable factors in the situation cannot, completely outweigh the more permanent and fundamental trends which dominate the railroad industry. The railroads will continue to feel increasingly the relentless pressure of economic progress which makes it difficult for an old industry to rejuvenate itself sufficiently to meet with success the impact of more modern economic tools. Consequently, the study states, railroad bonds, from a speculative point of view, have probably exhausted their possibilities, with a movement back to common stocks already under way, and the full effects of war economy on equity values may now be visualized and, in many cases, fairly confidently computed; companies, whose equities manage to survive under present conditions, and offer good promise of post-war growth and development, will assert themselves as new speculative leaders.

"It would be a mark of ignorance and prejudice completely henceforth to relinquish all interest in railroad securities," the author continues. "Values stand at all times in direct relationship to prices. Within a basic downward trend a temporary or local oversold condition may easily arise. Actual price ideas should have more significance, therefore, than opinions expressed in too general terms. This is why estimated price ranges are submitted in the study." These ranges are given for several defaulted rail bond issues, which the author considers representative, and the method of arriving at the estimated range is set forth in detail in a note. An appendix provides keys to the computations of estimated ranges and net prices, and also contains tables of allocations of new securities under the respective Reorganization Plans, of amounts of authorized payments of back interest, presentation dates, etc.

Copies of the study may be obtained from White, Weld & Co. at a cost of $2 each.

St. Louis Men Receive Air Corps Commissions

ST. LOUIS, MO.—The following members of the Security Traders Club of St. Louis have been commissioned in the Army Air Corps:

Clyde Clark, formerly the manager of the St. Louis office of Blair & Co., has been commissioned as a Major and is now stationed at the Reception Center, Fort Logan, Colorado.

Tarleton Redden, President of Redden & Company, has been commissioned as a First Lieutenant and will be stationed at Miami Beach, Florida.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2293)

stupor and let the storm break about its head.

* * *

Today the average broker or dealer is paying for this unwillingness to fight unjust charges. His business has dwindled to the vanishing point. What the end will be I can't foresee. But I don't agree with pessimists that it will be bad. On the contrary I feel that Wall Street as an institution is now going through the worst days of its history but will come out of it stronger and better than it ever was before.

* * *

Meanwhile readers of this column remain committed to a group of stocks recommended here some weeks ago. So far none of these are acting worse than the market. The worst than can be said for them is that they are acting as well as the market. As long as they continue doing this my advice is to hold on.

* * *

The stocks you have are Air Reduction, stop 27¾; Allis-Chalmers, stop 21; International Harvester, stop 41½; Union Carbide, stop 62 and Western Union stop at 24.

* * *

The reasons for stops should be obvious. We are at war and news changes rapidly from day to day. I have no way of telling when a sudden bolt in the shape of bad news may or can hit the market. Therefore the stops.

* * *

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.]

Home Purchase Loans In April At High Level

The largest amount loaned for home purchase in six months, and the largest percentage of total loans granted for this purpose in 12 years, constitute the report of savings, building and loan association lending operations for the month of April, made public on June 14 by the United States Savings and Loan League, Chicago. It is stated that out of a total April loan volume of $99,047,000, 52.7%, or $52,196,000, was advanced to help families buy existing properties. There has been a steady increase month by month in 1942 in the percentage of savings and loan advances directed to such purpose. The League's advices also state:

While dropping to a new low for the year to date, construction loans still amounted to $20,488,000 in this month. This was 20.69% of the Associations' loan volume for the month and compares with 32.06% of dollar volume going into construction loans the previous April. Morton Bodfish, Executive Vice-President of the League, said that the lending of $1 out of every $5 for new home construction even in the month which saw the start of restrictions shows how large a part of the Associations' new construction lending the past year and a half must have been in the war industry areas.

Total loans for all purposes in April showed a 13.3% increase over March, largely through the $11,000,000 increase in home purchase loans, Mr. Bodfish pointed out. In comparison with April, 1941, however, loan volume fell off 18%.

Industry Ass'n Opposes Curfew For N. Y. Stores

Opposition to proposed legislation to effect an 8 o'clock curfew for New York City stores was voiced in a report adopted on June 9 by the Board of Directors of the Commerce and Industry Association of New York, Inc. The report, which was signed by F. A. Burdett, Chairman of the Association's Committee on City Conditions and Local Laws stated:

Your committee believes that, due to the fact that any such legislation would necessarily involve exceptions, such as drug stores, delicatessens and news stands, and further that, with human nature being the way it is, these stores would promptly adopt lines conflicting with the other neighborhood stores, such legislation would create confusion and dissension in the neighborhood retail stores.

This Association has constantly gone on record against various kinds of restrictive legislation. In the present instance, it is likely that blackout or dimout restrictions will so affect the situation as to cause voluntary adjustments in many instances. This Committee believes that further legislation restricting retail stores should not be enacted unless a concerted demand comes from the stores affected themselves.

Our Reporter On "Governments"

(Continued from page 2291)

(3) The probability of a definite financing program worked out in cooperation with the major investors is increasing all the time. . . . Chances are we'll see several fundamental changes in the financing setup in the next few weeks. . . . We may get a serial issue of Governments plus a new form of tap offering plus a variety of short-term flotations. . . .

RESERVE CHANGES

As predicted here for weeks, the Reserve Board is about to change the setup of the central reserve cities in order to distribute more evenly the available excess reserves in the country. . . . Bills have been introduced into Congress to permit the Board to modify the requirements of New York City and Chicago—while leaving the requirements of reserve city and country banks unaltered. . . .

Passage of the legislation may be taken for granted. . . . So may action by the Board shortly after its powers have been expanded. . . . And by changing the designation of the banks in the central reserve cities, the Board will in one stroke add more than $1,100,000,000 to the total of surplus funds of all member banks. . . . At the moment, total excess reserves are around $2,700,000,000, while New York City's reserves amount to about $565,000,000. . . . New York has only 20% of the total of the Nation's surplus reserves today. . . . A year ago, it held 42%. . . . Two years ago, it held more than 55%.

But redesignation of the central reserve cities as reserve cities would be only a stop-gap. . . . That's only the first move, according to authoritative sources. . . . By fall, we should see the initial step aimed at cutting requirements for the country as a whole in order to expand the national base. . . . It's possible that the first reduction will be large enough to maintain the structure for several months. . . .

And regardless of whether the reduction is managed piecemeal or in one great move, excess reserves will be expanded sufficiently during the 1943 fiscal year to support the open market borrowing program. . . . In figures, that may mean a $5,000,000,000 increase in the money base. . . .

INSIDE THE MARKET

Trading in Governments on the New York Stock Exchange has dwindled to a ridiculous amount. . . . Several sessions saw trades in only two or three loans. . . . During one recent session, no bonds changed hands. . . . Here is your barometer of trading in the over-the-counter mart. . . .

Discussions now going on in Washington and New York for the design of a "line" of Government bonds to be offered to wealthy individual buyers and institutions other than banks. . . . General idea is that Treasury must develop a real, well-integrated financing program soon if it is to raise $53,000,000,000 in the 1943 fiscal year. . . .

Removal of all limitations on purchases of Series F and G war bonds being recommended. . . . May go through toward end of year. . . .

Most criticism aimed against Treasury's policy of keeping silent on terms of monthly borrowings until just before actual sale. . . . This long accepted system of financing just doesn't seem sensible any longer. . . .

Another "tap" issue due in fall, dealers believe. . . .

UP-TOWN AFTER 3

NEW MOVIES

"Eagle Squadron" (Universal), with Robert Stack, Diana Barrymore, John Loder, Jon Hall, Nigel Bruce, Lief Erickson, Evelyn Ankers, Eddie Albert, and others. A Walter Wanger production, directed by Arthur Lubin. This is the story of the young American lads who joined up to fight with the RAF before October, 1940, and became known as the Eagle Squadron. In a touching tribute the opening shot show Quentin Reynolds introducing and describing the actual American boys who had joined up and who have since been killed in action, lost at sea, or are prisoners in Nazi Germany. After these shots the picture settles down to straight adventure as it describes the experiences of a group of Americans who join the Eagle Squadron for varying reasons. When the movie sticks to flying, fighting and Commando raids, it is an exciting picture. But when it starts to wander off into fields of romance it becomes just another Hollywood product where boy meets girl. Boy likes girl, etc., etc. The love interest in this case is furnished by Diana Barrymore (this is her first picture), a member of the WAAF, and young Chuck Brewer, one of the American fliers. In the first scene—an exciting one—the squadron raids Occupied France. Chuck's pal disobeys orders to keep formation and is shot down. Chuck is inconsolable and is angrily bitter because the British take their losses so calmly. Even the attempts of Miss Barrymore to sympathize are brushed aside by the angry Chuck. It isn't until later that he understands the philosophy that makes the British act as they do. Naturally any experienced movie-goer knows that the pair will come together before the end. But meanwhile the hot-headed Chuck runs afoul his Squadron Leader who doesn't like the budding romance between Miss Barrymore and the American. What all this has to do with the story is never explained satisfactorily. One of the most thrilling sequences has to do with a Commando raid in which the pilots join to bring back a new German plane that has been shooting RAF planes out of the sky. There is some symbolic stuff about a kitten that is supposed to be a good luck charm but never is. There is also one amusing scene. During an air raid over London a warden shouts down into a shelter asking if there are any expectant mothers there. One of the women pokes her head out and shouts back: "We hain't been 'ere long henough."

MOVIE IRONIES

In the old days when a movie studio and its stars couldn't see eye to eye the studio suspended the offending actor or actress until a pocketbook pinch brought the recalcitrant thespian to reason. But today there is radio to take up the slack. Take **Madeleine Carroll** for instance. She wanted to choose her leading man. Paramount said no and finally suspended her without publicizing the matter. So what does she do? She turns to radio and is now in New York getting $2,500 a broadcast appearing on **Charles Martin's CBS Playhouse** five times since arrving here from the Coast. Then **John Garfield** and Warner Brothers couldn't see eye to eye on roles. So Garfield also came to New York to "visit his mother." He, too, got radio offers and has since appeared for **Philip Morris, Eddie Cantor** and **Kate Smith** at fancy prices. **Paul Muni** also had differences. He came East, did a play, several radio shows at $5,000 each and now another studio has given him a contract. Then there are **Paul Stewart**, the Julio of "Johnny Eager," and **Everett Sloane**, the Bernstein of "Citizen Kane." They've tried Hollywood only to cool their heels. So now they're on the radio getting fat checks and although Hollywood has tried to get them back they're not listening.

AROUND THE TOWN

There are now two vegetable gardens in New York City. The Rockefeller's eye-filling display around the **Prometheus Outdoor Cafe** with the golden statue of Prometheus acting as a scarecrow. The other is the empty lot at **52nd St. and 6th Ave.** Among the empty bottles and rusty tin cans somebody has started tomato, corn and beans. . . . At the **Olney Inn** where you are encouraged to eat your Southern fried chicken with your fingers. **Maxene Andrews, of the Andrews Sisters**, tells a chorine who wouldn't take her advice about a certain boy friend: "Okay, sister, it's your life. Ruin it any way you see fit." . . . **Melvyn Douglas** eating lobster cacciatore at **Leone's** with a napkin tucked into his chin. . . . **Larue (45 E. 58th)** announces it will remain open for the summer. . . . **Don Loper** and **Maxine Barrat** write from New Orleans, where they are appearing at the **Hotel Roosevelt**. Seems they were supposed to get the keys to the city but metal priorities stepped in. So the dancers got a certificate instead—good for one key after the war. . . . And back here in New York **Jimmy Dwyer**, of the **Sawdust Trail**, is providing paper war maps to table side military strategists to use instead of marking up his tablecloths. . . . **Renee De Marco** at the **Barberry Room** having lunch with two deb friends who are enrolled in a technical school course to qualify them for a war job. "You know, Renee," said one, "we have to inspect things and check them down to a thousandth of an inch." "Yes," said the other deb, "isn't it wonderful? By the way, darling," she continued, turning to her companion, "how many thousandths in an inch?" "I don't know," was the answer, "there must be hundreds."

Cradock Knott & Co. Formed In Toronto

TORONTO, ONT., CANADA—Eric Cradock and John Knott have formed Cradock Knott & Co., with offices in the Canadian Pacific Railway Building, to act as dealers and brokers in oil royalty and mining issues. Mr. Cradock was formerly with F. W. MacDonald & Co. and H. B. Housser & Co. Mr. Knott was also with F. W. MacDonald & Co. and prior thereto with C. C. Cross & Co.

Declares United Nations Must Use Force To Insure Post War Peace Or Again Lose It

Five "self-evident truths" must be recognized and utilized in reorganizing the world when the war is over, it was asserted at New Orleans on June 9 by Dr. Fred C. Wiegman, President of Midland College, Fremont, Neb., in an address before the National Educational Conference of the American Institute of Banking. Dr. Wiegman declared that the peace which will follow a United Nations victory will be lost, as was that following the last war, unless the will of the United Nations for a permanent peace is enforced by the use of armed strength against aggressors. "Because this war, and the peace that will follow it, will fail as the other war and peace did, to achieve permanent stability unless certain truths are recognized and practiced, it is worth our effort to get them clearly into our minds," Dr. Wiegman asserted. In part, he added:

The first truth is that men have the right to life, the right not to be tortured, enslaved or killed. It applies to nations and individuals alike, to minorities as well as majorities.

The second truth is that men have a right to possess property and to be undisturbed in their possession, enjoyment and use. The Atlantic Charter, drawn up by Winston Churchill and President Roosevelt, recognizes this right by declaring for a free flow of goods and money among all the countries after the war.

The third truth is that the exchange of raw materials, foodstuffs, manufactured articles, and services is a world-wide right and not merely a national one. It cannot be confined within the boundaries of any one nation or group of nations. One nation cannot guarantee that right for itself at the expense of the others. No nation can belong to the "haves" and force the others to remain in the "have-nots." Wars are produced when nations attempt to practice the policy of imperial conquest and national monopoly.

The fourth truth is that the right of life and of possession must be defended by collective effort of all the nations. In other words, security is a collective ideal, not a national or an individual one.

The fifth truth is that the very threat of collective force will make its use unnecessary. The prospective aggressor will know that he cannot hope to attack successfully the combined forces of a peace-making world.

If Britain and America had said 23 years ago that they would do what they are now doing — namely, bring their armies to bear on the aggressor nations—they would never have had to do it; the world would not now be at war.

Or look at it from this angle. Twenty-three years ago we refused to promise to send our money to secure peace; now we are spending it by the billions for that very purpose. It would have cost us much less then. Twenty-three years ago we refused to imperil the lives of our boys by contracting to organize a world police force; now we are raising an army of 10,000,000 to do the very thing under compulsion which we might have done voluntarily with probably no loss of life at all. Twenty-three years ago we withdrew in isolated horror from the suggestion that we ally with Britain and other nations to enforce peace, now we are desperately allying with some of those very nations to do on a huge scale what we refused to do in a smaller degree then.

This time we are going to win again, as we did 23 years ago. The wretched tragedy of it is that we might have had this same victory then at a small, insignificant fraction of what it is costing us now. Twenty-three years ago we refused to give up our isolation; now it has been taken away from us. Then we might have had peace by the promise of force; now we must fight for it by the use of force.

Auto Tax Stamp On Sale

Commissioner of Internal Revenue Guy T. Helvering announced on June 7 that auto use tax stamps in the denomination of $5 would be placed on sale in all postoffices and offices of Collectors of Internal Revenue on June 10. The stamps will evidence payment of the tax for the fiscal year beginning July 1, 1942, and must be purchased on or before that date. The stamps will be serially numbered, will be gummed on the face, and will have provision on the back for entry of the make, model, serial number and State license number of the vehicle. The Treasury Department further said:

"The Commissioner said he had been advised by the Office of Price Administration that, in the issuance and use of gasoline rationing books an important identification will be the serial number printed on the use tax stamp. In those areas where gasoline is being rationed and in those areas where gasoline will be rationed, possession of the stamp evidencing payment of the use tax on motor vehicles will provide one of the necessary means of identifying the coupon books with the vehicle in the securing of gasoline.

"Mr. Helvering said that, to guard against loss or theft, it has been suggested that when affixing the stamps the vehicle owner should damped the windshield rather than the adhesive side of the stamp. This method has been recommended to keep the stamp intact upon the windshield. As an additional precaution, it has also been suggested that each motor vehicle owner should make a record of the serial number which appears on the use tax stamp in order that there may be some means of identification in connection with gasoline rationing in the event the stamp should become lost."

Reserve Bank Discounts

The Board of Governors of the Federal Reserve System, in its June "Bulletin," issued June 12, calls attention to the recent lowering of discount rates of the Federal Reserve Banks, as to which it has the following to say:

During March and April discount rates or loans to member banks secured by Government securities or by eligible paper were lowered at a number of Federal Reserve Banks to 1%, a level that is now uniform for all Reserve Banks. Rates on advances to non-member banks secured by Government direct obligations were similarly lowered to a uniform 1%. From September 1939 to Feb. 28, 1942, five of the Reserve Banks had in effect a rate of 1% on advances secured by Government obligations and a rate of 1½% on other eligible paper (under Sections 13 and 13a of the Federal Reserve Act). At five other Reserve Banks rates of 1½% had been in effect on both types of paper. The rate on advances to member banks secured by other types of acceptable assets (made under Section 10b of the Act) was lowered in March to 1½% by the Federal Reserve Bank of St. Louis. At other Reserve Banks this rate remains at 2%.

The most recent lowering of rediscount rates was reported in our April 23 issue, page 1627.

Four Months Security Offerings Ahead of 1941

The Securities and Exchange Commission announced on June 5 that new issues of securities offered for cash in April amounted to $708,000,000, approximately the same amount as was marketed in the preceding month, but that during the first four months of 1942 new offerings have aggregated $5,097,000,000, compared with $3,550,000,000 in the similar period of 1941. The survey, which was prepared by the Research and Statistics Subdivision of the Trading and Exchange Division, covers all new corporate and non-corporate issues offered for cash that are reported in the financial press, with the exception of issues $100,000 and under in amount and, in the case of debt issues, of a maturity of less than one year.

The SEC announcement further explained:

"Although the Treasury sold $1,507,000,000 Certificates of Indebtedness during April, this flotation (as well as Treasury Bills and Tax Notes) is excluded from the statistics because of its short-term maturity. Sales of War Savings Bonds amounted to $531,000,000, being slightly below the March level. Corporate flotations rose moderately to $121,000,000, but were still well below the 1941 monthly average of $210,000,000. State and municipal security flotations increased nominally to $56,000,000.

"Security offerings of industrial companies rose to the highest point since January, 1941, amounting to $110,000,000. This increase was due to the offering of $110,000,000 American Tobacco Co. 20-year 3% debentures, due 1962, the largest piece of financing by an industrial company since the flotation in February, 1940, of three issues, totalling $105,000,000, by the Bethlehem Steel Corp. Isssues of public utility companies, on the other hand, declined to $11,000,000, the lowest amount since May, 1940.

"Estimated net proceeds raised from corporate flotations totaled $118,000,000, of which about three-fifths was for new money purposes. This included $55,000,000 for working capital (principally accounted for by the repayment of American Tobacco Co. bank loans incurred in the preceding year for inventory requirements), and $15,000,000 for additions to plant and equipment. Of the remaining $48,000,000 net proceeds, $36,000,000 was allocated to payment of other debt (chiefly the repayment of longer-term bank loans of the American Tobacco Co.) and $12,000,000 for repayment of funded debt."

Coffee, Tea Rationing Likely But Not Clothing

Rationing of coffee, tea and cocoa to consumers is likely this year, Joseph L. Weiner, Deputy Director of the War Production Board's division of civilian supply, stated on June 8, explaining that there is doubt whether the shipping situation would improve enough to increase imports.

Mr. Weiner also indicated that, while some of our eating habits may have to be revised, there is no danger that Americans will lack a sufficient supply of staple foods or vital elements in the diet. Among the food items not as freely available as they used to be are fish, pork and bananas.

Regarding the rationing of clothing, Mr. Weiner said this was not in prospect for this year, unless "panic buying" develops. The supply of shoes was said to be the most critical item in this respect.

As to transportation, Mr. Weiner asserted that only essential travel will be provided for and all other will be sharply curtailed.

Mr. Weiner indicated that the housing situation will have to be reexamined to make certain that all available space in so-called defense areas is being utilized.

"Tax Systems" Published

The ninth edition of "Tax Systems," a year book of legislative and statistical information including all the States of the United States and certain Canadian and foreign data, has been published by Commerce Clearing House, Inc., Chicago and New York. This weighty volume, in massive atlas form with 390 pages, 12x15 inches, was prepared under the sponsorship of the New York State Tax Commission for the Tax Research Foundation, and presents a comprehensive and informative collection of tax facts and data. The price of this book is $8.75.

Its chart and table summaries of taxation for local, State and national governments not only provide a panoramic view of taxation generally, but in addition gives unique "close-ups" of the tax system of each particular State. Over 200 detailed, large scale charts show at a glance the legal citation, title, basis, measure, rate, administration, return and due dates for all Federal and State taxes, together with a wealth of other pertinent factual information.

Especially valuable are the Federal and State tax collection data for six consecutive years, collected from tax officials in different governmental units. The basic figures are broken down to show the amounts collected by various units of government, the yields by taxes in actual amounts and percentages, and per capita collections.

Helpful comparative tax tables show just what is being done with respect to particular tax problems by all the States, as of Jan. 1, 1942. Every form of tax and its methods of administration are carefully listed for ready reference.

Arrangement of information (1) by States, and (2) by types of taxes makes this helpful volume particularly convenient for easy finding. Whatever information is needed, whether on the different types of taxes levied by a specific State, or on the number of States imposing a particular form of tax, the answer is immediately available in concise and understandable form. There is enlightening coverage too, of the Dominion of Canada and the nine Canadian Provinces.

Another timely feature is the inclusion of tax figures for "the other Americas." The latest available data on the tax revenues of 20 Latin American countries are carefully compiled to give an accurate general picture of the tax situation of our neighbors to the South.

This work offers a rich mine of tax information—serving double duty, as a source book and as a reference book.

Rationing Of Power In Plant Centers Probable

Rationing of power, at certain hours, in localities where war industrial leads are particularly heavy, was seen by C. W. Kellogg, President of the Edison Electric Institute, as a result of the necessary diversion of critical materials from work on generating capacity in process of manufacture to other more pressing war needs.

His forecast, made before the annual business meeting of the Institute held on June 10, coincided somewhat with an earlier statement by J. A. Krug, Chief of the War Production Board's power branch, that a sweeping Government order calling for rationing of electricity throughout the country is now being drafted.

"Accuracy in predicting this year's peak load," Mr. Kellogg declared, "is difficult because of uncertainty regarding the magnitude of the offsetting effect of discontinuance of civilian industrial activity and also on account of the amount of industrial plant construction that has to be abandoned due to the lack of materials. But, in general, experience to date would lead to the belief that the war effort will be buttressed by an adequate power supply.

"Comparisons between peak loads and generating capacity," he added, "often overlook the fact that the peak is the highest single hour in the 8760 hours in the year. During other hours the loads are substantially less. Curtailment of civilian service, when required, should, therefore, be of relatively short duration, and no war industry need be curtailed for lack of power."

Justice Murphy In Army

Associate Justice Frank Murphy on June 10 took a leave of absence from the U. S. Supreme Court and was sworn in as a Lieutenant-Colonel in the United States Army. Justice Murphy said he had obtained a four-month leave from the Court, which is now in Summer recess, and that his present plans are to return at the end of that period. The Justice, who took the oath in the office of Gen. George C. Marshall, expects to train at Fort Benning, Ga. Mr. Murphy has been a member of the Supreme Court since January, 1940. For a year prior to that time he was Attorney General and had also held the posts of Governor of Michigan and High Commissioner to the Philippines.

Urban Living Costs Rise

Living costs for wage earners and lower-salaried clerical workers rose from April to May in 41 of the 67 industrial cities surveyed each month by the Conference Board. In eight cities, the cost of living remained unchanged, while in eighteen, it declined from 0.1% to 0.6%. The cost of living in the United States as a whole rose only 0.2%.

The Board further reported:

The cost of living was higher this May than in May, 1941, in all the cities for which comparable figures are available. The largest increase was 16.4% in Syracuse, the smallest, 8.2% in Newark. In the United States as a whole the cost of living rose 11.3% from May, 1941, to May, 1942.

President Signs War Bill To Aid Small Business

The signing by President Roosevelt of the legislation setting up a Smaller War Plants Corporation in the War Production Board with $150,000,000 capital was made known on June 11.

The bill also gives WPB Chairman Donald M. Nelson, after consulting with the Attorney General, authority to approve war production programs without regard to the anti-trust and Federal Trade Commission laws. Mr. Nelson would have to certify that the companies acting collectively are aiding the war program.

The new $150,000,000 corporation would lend funds to convert small plants to war production.

Final Congressional action on this measure was noted in our June 11 issue, page 2216.

Put Off 18-19 Draft

President Roosevelt disclosed on June 9 that no immediate steps will be taken to draft 18 and 19 year old youths for military service. The President discussed the subject with Maj.-Gen. Lewis B. Hershey, Director of Selective Service on June 8, but no decision was reached as to asking Congress to lower the age for compulsory military service. These 3,000,000 youths, who will register on June 30, cannot be drafted into the armed services under the present law, which limits military service to those between 20 and 44 although requiring the registration of all men between 18 and 64 inclusive.

Reference to the order requiring the youths to register was made in these columns of May 28, page 2047.

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.

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)

MONDAY, JUNE 29

WESTERN INVESTORS FUND (OREGON)

Western Investors Fund (Oregon) filed a registration statement with SEC for investment certificates "Series E" of an aggregate offering price of $900,000

Address—Pacific Building, Portland, Ore.

Business—Sale of investment contracts on periodic payment plan

Underwriting—Western Investors Fund is the sponsor

Offering—Agreements will be issued calling for maximum payments of $1,800, $4,500, $9,000, $13,500 and $18,000, and multiples thereof. Statement says it is impossible to state the exact number of each that will be issued

Proceeds—For investment

Registration Statement No. 2-5009. Form C-1. (6-10-42)

CHAS. PFIZER & CO., INC.

Chas. Pfizer & Co., Inc. filed a registration statement with the SEC for 240,000 shares of common stock, $1 par value

Address—81 Maiden Lane, New York, N. Y.

Business—The company is a leading producer of fine organic chemicals. Its research in fermentation chemistry has resulted in the development of exclusive processes for the manufacture of organic acids of increasing importance to industry

Underwriting—F. Eberstadt & Co., New York, is the principal underwriter. The names of other underwriters will be supplied by amendment. The underwriters have entered into an agreement with the company to purchase, for public offering, an aggregate of 240,000 shares of unissued common stock at $22.25 per share

Offering—The public offering price will be supplied by amendment

Proceeds—The net proceeds (estimated at $5,295,500) from the sale of the stock, after deducting expenses estimated at $44,500, will be added to general funds for use approximately as follows: retirement of all bank debt $1,600,000; retirement of all preferred stock $776,160; purchase, at approximate book value, and retirement of 131,040 shares of common stock, $1 par value, of the company held by the estate of Emil Pfizer $1,916,930, and for additional working capital $1,002,930

Registration Statement No. 2-5010. Form A-2. (6-10-42)

WEDNESDAY, JULY 1

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed a registration statement with SEC for Investment Trust-Full Certificates of Participation to be known as Keystone Custodian Fund, Series "S-1," of an aggregate offering price of $199,100

Address — 50 Congress Street, Boston, Mass.

Business—Investment Trust

Underwriting—Keystone Custodian Funds, Inc., sponsor

Offering—Statement says aggregate offering price is based on 10,000 shares at $19.91 per share as of May 29, 1942.

Proceeds—For investment

Registration Statement No. 2-5011. Form C-1. (6-12-42)

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc. filed a registration statement with SEC for Investment Trust-Full certificates of participation to be known as Keystone Custodian Fund, Series "S-3," of an aggregate offering price of $443,400

Address — 50 Congress Street, Boston, Mass.

Business—Investment trust

Underwriting—Keystone Custodian Funds, Inc., sponsor

Offering—Statement says the $443,400 aggregate offering price is based on 60,000 shares at $7.39 per share as of May 29, 1942

Proceeds—For investment

Registration Statement No. 2-5012. Form C-1. (6-12-42)

SATURDAY, JULY 4

CAMILLA CANADIAN MINING CORP., LTD.

Camilla Canadian Mining Corp., Ltd. filed a registration statement with the SEC covering 500,000 shares of capital stock, par value $1 per share

Address—Toronto, Ont.

Business—Mining and milling

Underwriting—Enyart Van Camp & Co., Chicago, underwriter

Offering—Offering price is 25 cents per share, U. S. funds

Purpose—For development, exploration, equipment, milling plant and working capital

Registration Statement No. 2-5013. Form S-3. (6-15-42)

103RD ST. & WEST END AVE., INC.

Edward J. Crawford et al, voting trustees filed a registration statement with the SEC for voting trust certificates for 10,748 shares of capital stock par $1 per share of 103rd St. & West End Ave., Inc.

Address—Address of voting trustees care Walter McMeekan, 18 East 48th Street, New York City

Business—Apartment building

Offering — Voting trustees recommend that the voting trust agreement dated June 20, 1932, and expiring June 19, 1942, be extended for five years to June 19, 1947.

Registration Statement No. 2-5014. Form F-1. (6-15-42)

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 June 13, 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. ESWT on June 6, 1942.

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 June 11, 1942, to defer effective date

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)

Amendment filed June 11, 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., ESWT on June 6, 1942

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 principally 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

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)

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

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)

Amendment filed June 13, 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 June 10, 1942, to defer effective date

Withdrawal request filed June 8, 1942

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)

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 June 12, 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 June 9, 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 pest possible price."

Amendment filed June 10, 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 everal 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

N. A. S. D. Seeks To Drive All Small Securities Houses Out Of Business

(Continued from first page)

you, or $2,000, or $1,000), that he would be barred from being a member of this association, which is almost tantamount to his being denied the right either to establish a business or continue to make his livelihood in the securities field.

Now as to the larger firm, let us point out that many smaller firms and individual dealers act as feeders for their trading departments. They bring in business indirectly by creating interest in securities as they travel into the highways and call on their retail clientele. Many of them clear through larger firms and when underwritings and new issues come along they sell them for the larger firms. Many a larger firm knows of INDIVIDUAL DEALERS THAT ARE NOT ONLY OF UNQUESTIONED INTEGRITY, BUT WHO ARE ALSO A CREDIT TO THE BUSINESS, WHO WOULD BE PRACTICALLY FORCED OUT OF BUSINESS BY THE ADOPTION OF THIS AMENDMENT (ARTICLE 1, SECTION 1). REMEMBER THE SIZE OF A MAN'S BANK ACCOUNT HAS NOTHING TO DO WITH HIS HONESTY AND INTEGRITY. SOMETIMES THE MOST UNSCRUPULOUS ACTS HAVE BEEN COMMITTED BY THOSE WHOSE CAPITAL HAS BEEN THE LARGEST, WHEREAS MANY A SMALL FIRM GOES ON FOR YEARS AND ONLY STAYS SMALL BECAUSE OF ITS FINE CHARACTER AND INNATE INTEGRITY. CALL THIS WHAT YOU WILL, BUT REMEMBER THAT ONCE WE PUT A LIMIT ON THE AMOUNT OF A MAN'S CAPITAL IN THE INVESTMENT BUSINESS, WE ENDORSE THE SAME PROCEDURE FOR ALL OTHER BUSINESSES. THIS WE HAVE NEVER YET DONE IN THESE UNITED STATES OF AMERICA.

Many of these firms have obligations that must be satisfied despite the fact that their income will be cut off. Leases on office space have been made, contracts have been entered into with Statistical Services, insurance has been provided, etc., etc. And don't forget this, when you vote your ballot, IF EVEN ONE SINGLE, HONEST, DECENT, AMERICAN CITIZEN IS BARRED FROM MEMBERSHIP IN THE N.A.S.D. AND THEREBY HAS TO GIVE UP AND QUIT BUSINESS AS A RESULT OF THIS VOTE—AN IRREPARABLE INJUSTICE WILL HAVE BEEN DONE. THERE ARE NOT A FEW BUT MANY SUCH DEALERS. CHARACTER, JUDGMENT AND INTEGRITY CANNOT BE LEGISLATED—YOU EITHER HAVE IT OR YOU DO NOT! AND WHETHER OR NOT YOU HAVE $2,500 OR $25,000 OR $25,000,000 IS NO PROOF OF YOUR RIGHT OR ABILITY TO CONDUCT AN HONEST, FAIR AND, ABOVE ALL, ETHICAL BUSINESS WITH THE INVESTING PUBLIC.

So in conclusion, we urge all members of the N.A.S.D. to vote against Article 1, Section 1, which would require mandatory minimum capital requirements as a requisite for membership in the Association.

Unemployment Halved In April Board Finds

Broad expansion in employment in agriculture and industry during April cut unemployment almost in half as compared with the previous month, according to The Conference Board. The Board estimates that 1,750,000 were without jobs in April as compared with about 3,500,000 in March. The April figure, says the Board, is the lowest for the past six months. Unemployment in April was 3,000,000 lower than a year ago, and more than 7,000,000 lower than in the corresponding month in 1940. It adds that the total number of persons employed, including the armed services, rose from 51,639,000 in March to 53,376,000 in April, as compared with 49,881,000 in April of last year and 45,148,000 in the same month of 1940. WPA, CCC and NYA, according to the Board, reported 1,150,000 on their payrolls in April.

The Board expects further sharp expansion in the months to come. In its analysis of the existing situation and of the outlook, it says:

> Further expansion of war industries and food production, together with a more rapid rate of induction into the armed forces, will rapidly raise the number of persons employed to a total larger than the number of persons ordinarily composing the nation's labor force. In agriculture alone about two million more men, women and children should be added to the 10,100,000 employed in April as maximum operations are approached. At peak operations in 1940 over 12,000,000 were at work on farms, while farm employment last year reached a peak of 11,800,000 in June. Although the potential labor force is admittedly larger than the number in the labor market in peacetime, the demands of the armed forces, agriculture, and war industries have already created serious shortages regionally which will become more acute in the months immediately ahead.

The Board's announcement further states:

> April advances in industrial employment were especially marked in construction and in manufacturing. Government financed construction projects reported a 15% increase in the number on payrolls over March and helped to swell the industry's total to 2,600,000, its highest level of employment since last November. Continued accessions by the heavy war industries were more than sufficient to offset conversion lay-offs in plants normally producing consumers' durable goods. The net gain in manufacturing employment during April was about 70,000. In all, almost 14,000,000 were engaged in manufacturing as against 12,700,000 in April, 1941, and 10,900,000 in April, 1940.
>
> Employment in wholesale and retail trade suffered severely from the restricted distribution of rationed or curtailed commodities. In contrast to its normal upturn in April, the number employed in trade, distribution and finance fell off by 56,000 during the month.
>
> Farm employment moved slightly above its 1941 level in April, for the first time this year. Most of the spring pickup in agricultural employment, however, represented greater use of available family labor rather than the addition of hired workers.
>
> The number engaged on WPA and other forms of emergency employment continues to decline. It totaled 1,151,000, or about half the number reported a year ago.
>
> The recession of priorities unemployment and the rising tide of agricultural and industrial personnel requirements are evident in the lower level of unemployment insurance benefits in April and in increased placement activities by the United States Employment Service. Benefits paid in April were fully 15% less than in March, while industrial and farm placements were almost 20% greater. Benefits dropped in all but six States. The decrease in benefit payments in Michigan was the first since last November. The exceptions, other than New York, are said by Administrator McNutt to be the result of large numbers of new-benefit-year claims filed in March and April.

Fletcher Joint Stock Land Bank Bonds Called

Directors of the Fletcher Joint Stock Land Bank of Indianapolis have called for redemption, as of July 1, $500,000 in 1¼% bonds dated July 1, 1940, due July 1, 1944 and callable July 1, 1942, according to announcement made July 10 by William B. Schiltges, President of the joint stock bank. The $500,000, it is announced, represents the entire issue of bonds of the bank in that series. The bonds are payable at par upon presentation at the Guaranty Trust Co. of New York, the City National Bank and Trust Co. of Chicago, and Fletcher Trust Co., Indianapolis. The latter states that this latest call for payment of obligations of the Joint Stock Bank represents another step in the closing of the business of that institution. The Fletcher Trust Co. announcement also says:

> Federal law of some years ago provided for the gradual liquidation of all joint stock land banks in the country.
>
> Following retirement of the $500,000 in bonds July 1, the Fletcher Joint Stock Land Bank will have outstanding a total of $3,212,000 in remaining bonds.
>
> At the peak of the bank's business it had a total of loans on farm lands in central Indiana amounting to $16,235,599 and during this same period it had total bonds outstanding of $14,730,000.

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.

Burr-Gannett Merging With Tucker-Anthony

Consolidation of two of Boston's oldest investment banking and brokerage firms is expected to take place on July 1, when it is planned to merge the office of Burr, Gannett & Co. with the Boston office of Tucker, Anthony & Co. The new partnership will take the name of Tucker, Anthony & Co., and it is understood that the contact personnel of both present firms will become associated with the new firm.

Burr, Gannett & Co. was established in Boston in 1866 by Francis A. Peters and John Parkinson. Later the name was changed from Peters & Parkinson to Parkinson & Burr, and subsequently to the present name. Association with the Boston Stock Exchange dates back to March 21, 1866, when Mr. Parkinson became a member. Later the firm joined the New York Stock Exchange. In addition to serving as brokers for the purchase and sale of listed securities, it entered the investment banking field and became prominent in the underwriting and distribution of securities.

Tucker, Anthony & Co. was founded by William A. Tucker and S. Reed Anthony in May, 1892, when the firm opened its first office on State Street, Boston, to engage in a general brokerage business as members of the Boston Stock Exchange. Nine years later the firm became a member of the New York Stock Exchange and opened its New York office.

The firm early became identified with public utility and industrial financing and entered the investment banking field. For many years, Tucker, Anthony & Co. has been prominent in the underwriting and distribution of public utility, industrial and municipal bonds while maintaining and enlarging its original business as commission brokers.

In addition to Boston and New York, Tucker, Anthony & Co. has offices in New Bedford, Mass., and Rochester, New York. Burr, Gannett & Co. has no branch offices.

Canadian Oilfields

An interesting leaflet, "Canada's Rich Oilfelds in Turner Valley, Alberta," describing some recent developments in this area and explaining fully the investment characteristics of oil royalties, has been prepared for distribution by Clifton C. Cross & Co. (Quebec) Limited, Aldred Building, Montreal, Que., Canada. Copies of this leaflet will be sent by the firm upon request.

Schram Anticipates Capital Markets Revival Earlier Than Many Expect

Speaking at the dinner given by the Philadelphia Stock Exchange in Philadelphia in honor of the Governors of the Association of Stock Exchange Firms, Emil Schram, President of the New York Stock Exchange declared his confidence in the revival of our private capital markets sooner than many people expect.

"Our industry," said Mr. Schram, "is passing through a very difficult period. But I am proud to say that our people are meeting the very trying present-day conditions with admirable fortitude and with a spirit of hopefulness. This is the result, I think, of our recognition of the fact that ours is an essentially useful business, that it is indispensible to our economy. In this respect we were encouraged tremendously on the occasion of the 150th Anniversary of the New York Stock Exchange by an inspiring message from the President of the United States. In extending his good wishes to us, he said, I quote: 'The continuation of an orderly market will be of vital importance both during the war and during the period of readjustment that will follow. You have an opportunity for great service, and I am confident that in this you will not fail.' This was emphatic, unequivocal recognition by President Roosevelt of the necessary character of our business, in a war-time economy as well as in times of peace. The tribute applies, as it was intended, to all of our organized Exchanges, including, of course, our host, the Philadelphia Stock Exchange, whose life extends even farther back than that of the New York Stock Exchange. The members of the Securities and Exchange Commission, I am sure, will endorse the statement that all of our organized exchanges are their most faithful allies in the enforcement of the securities laws.

"Let us not forget that our industry is a vital unit in the American system of free enterprise. Our security markets, as much so as any of our institutions, contribute vitally to the successful functioning of this system. Thus, we have a patriotic obligation in seeing to it that these markets are kept efficient, alert, ready for any demands that may be made upon them. Let me say here that I have every confidence that in performing this duty we will have the constructive cooperation and the sympathetic help of the Securities and Exchange Commission. I say, without hesitation, that during my first year as President of the New York Stock Exchange I have had that kind of cooperation from the Commission. I would like, in this conection to bespeak a continuation, on the part of my community, of the spirit of fair-mindedness and of understanding so notably manifested here in Philadelphia in respect to the Commission's complicated and difficult tasks.

"That we can, with the friendly help of the Commission and its very able staff, weather the storm through which our industry is passing, I have not the slightest doubt. It is necessary that we weather the storm, keeping constantly in mind the fact that we are engaged in a useful public service. The test of our public spirit, and indeed of our courage, will be our performance and our attitude in these stressful times. Moreover, the extent to which we believe in the social and economic values which we represent will be measured by the intelligence, the hardihood and the determination which we apply to our problems as we prepare for the inevitable revival of our private capital markets.

"My confidence that we will witness such a revival, and probably earlier than many of us expect, is shared, I find, by a great many thoughtful people all over the country. I notice, in Washington perhaps more so than in Wall Street, a growing conviction that our industrial system, of which our free markets form an integral part, will emerge from this war not only with enlarged capacity and greater proficiency, but commanding the nation's respect and gratitude, prepared to release new forces of progress. Our enterprise system will requirs our capital markets, more so than ever before, in the great work of reconstruction and transformation. We in this business have every reason to look forward with hope and confidence."

James F. Burns, Jr., President of the Association of Stock Exchange Firms, and Edward Hopkinson, Jr., Chairman of the Eastern Pennsylvania Group of the Investment Bankers Association were also speakers.

The governors discussed and approved methods suggested for aiding the Government in its victory drive to sell war bonds, and also urged government insurance to cover loss of securities through bombings and a uniform stock transfer law.

Archie M. Reid, Carlisle, Jacquelin & Co., New York City, Richard P. Dunn, Auchincloss, Parker & Redpath, Washington, D. C., and Albert P. Everts, Paine, Webber & Co., Boston, Mass., were elected governors of the Association to fill vacancies on the board.

The Association will hold its next meeting in St. Paul on Sept. 14 and 15.

The Bond Selector

(Continued from page 2292)

In June, 1941, a dollar debt readjustment plan went into effect. Through provisions of this plan new 3% bonds due 1970 were issued for old 6s as follows:

(1) Holders of the old 6s due 1961 would receive an equal principal amount of new 3s upon turning in their 6s with appurtenant coupons attached;

(2) New 3% bonds (or certificates exchangeable therefor) would be issued in a principal amount equal to 50% of the face amount of the coupons in arrears on the old 6s which matured July 1, 1935 through July 1, 1939 in the case of the 1927 bonds, and those maturing April 1, 1935 through Oct. 1, 1939 in the case of the 1928 bonds;

(3) Holders of the 1927 bonds (due Jan. 1, 1961) in addition are entitled to cash payment in an amount equal to interest on such 1927 bonds at the rate of 3% per annum from July 1, 1940 to Oct. 1, 1940, or $7.50 per $1,000 bond.

In accordance with the foregoing, holders of January 6s, 1961, received $1,135 par value of new 3s, 1970, for each $1,000 of old bonds held plus $7.50 in cash. Holders of the October 6s, 1961, received $1,150 par value of new 3s, 1970, for each $1,000 of old bonds. This exchange offer remains open for holders of either issue of 6s until Oct. 1, 1943, and exchange can be made through the National City Bank. No exchange offer was made on the relatively small issue of 4% funding certificates due 1946.

Theoretically, this arrangement means a reduction in the rate of interest from 6% to 3%. In actuality, however, holders of the new 3s, 1970, will be better off if they receive their 3% regularly since interest on the old 6s was paid sometimes in cash, sometimes in scrip, at one time in 4% funding certificates, at other times at half the coupon rate and since 1935 not at all. Colombia had a good debt record up to 1932 and the least that can be said is that since then she has done the very best possible to service the external debt under very trying circumstances. It is felt that the future prospects for continuation of interest—and collaterally — the stability of Colombia's finances are good. The issues of dollar external debt follow:

	1942 Range High	1942 Range Low	Recent Sale Price
3s due Oct. 1, 1970	37¼	29½	36⅞
6s due Jan. 1, 1961	48	37¾	48
6s due Oct. 1, 1961	48	39¾	47⅞
Funding 4s, Jan. 1, '46	*89½	84	*88 Bid

*Percent of par.

Fleek Of IBA Urges War Bond Purchases To Finance Victory, Preserve National Economy

John S. Fleek, President of the Investment Bankers Association of America, addressing the credit men of the nation yesterday (June 17) at the annual convention of the National Retail Credit Association, at New Orleans, called upon "every man, woman and child to make every sacrifice" to buy government bonds "not only to bring victory to our armed forces, but also to mobilize completely the national credit by lending their savings and surplus income to the U. S. Treasury."

Mr. Fleek, who is a partner of the investment securities firm of Hayden, Miller & Co. of Cleveland, praised the efforts of the Treasury in attempting to avoid dangerously inflationary means of raising the huge sums needed for war. He told of the recent formation under Secretary Morgenthau's direction of the "Victory Fund Committees" in each Federal Reserve District to organize the specialized professional experience of the commercial and investment bankers on behalf of the government.

These, he said, are in addition to and supplement the efforts of the War Savings Staff in mobilizing the resources of the people for war purposes. They are to work under the Presidents of the twelve Federal Reserve Banks who are in turn organized as the national Victory Fund Committee, of which Secretary Morgenthau himself is Chairman and Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, is liaison officer between the Treasury and the Reserve Banks. Mr. Fleek also said:

"The task before us, is to finance victory so as to provide the fighting tools for our Army and Navy and at the same time safeguard our national economic stability both now and for the post-war period.

"The participation of every man, woman and child, to the extent of their ability not only will provide the wherewithal for warfare but also will act as a brake on the forces of inflation."

Tobacco Co. Attractive

The Secured 5s, due Dec. 1, 1944, of the Cuban Tobacco Company, Inc., are particularly attractive at this time, according to a recent memorandum issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. 60% of the bonds of Cuban Tobacco Co. are held by American Cigarette and Cigar Co., which is a subsidiary of American Tobacco Co., and holders of the remaining 40% need feel little concern regarding their being satisfactorily taken care of at maturity, according to G. A. Saxton & Co. The company has a heavy inventory of tobacco, a readily salable commodity, and manufacture of the company's products is conducted in the United States for American consmption, thereby reducing duties, enabling them to sell cigars in this market at almost half their previous prices; manufacturing is conducted in Cuba for Cuban and South American consumption. Included in the memorandum is a discussion of the annual reports of the American Cigarette & Cigar Co. for 1940 and 1941, and their bearing on the redemption of the Secured 5s of Cuban Tobacco Co.

Copies of this interesting memorandum are available from G. A. Saxton & Co. upon request.

Holt & Collins Formed; S. F. Exchange Firm

SAN FRANCISCO, CALIF.—Edison A. Holt and Daniel J. Collins have formed Holt & Collins, members of the San Francisco Stock Exchange, with offices in the Russ Building, to engage in general brokerage and investment business. Mr. Holt was formerly a partner in Holt & Ede. Mr. Collins was a partner in Collins & Ede.

Fuller Joins Dean Witter

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Jo L. Fuller has become associated with Dean Witter & Co., 45 Montgomery Street, members of the New York Stock Exchange and other leading national exchanges. Mr. Fuller was formerly with Franklin Wulff & Co. and Heller, Bruce & Co. In the past he was manager of the municipal department for Wm. Cavalier & Co.

W. M. Bishop Representing R. H. Johnson In Syracuse

SYRACUSE, N. Y.—Wesley M. Bishop is now connected with R. H. Johnson & Co., 64 Wall Street, New York City, as representative in Syracuse. Mr. Bishop formerly conducted his own securities business under the name of W. M. Bishop & Co.