Final Edition THURSDAY In 2 Sections—Section 1

FINANCIAL CHRONICLE

THE COMMERCIAL

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N. A. S. D. Minimum Capital Proposal Asks For "Blank Check" To Rule Members—Would Hurt All, Help None

Page 2, second paragraph, of the pamphlet sent along with the ballots to all members of the National Association of Securities Dealers, in connection with the proposed vote on ARTICLE 1, SECTION 1, contains the following statement:

"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." (Effective October 15th, 1942.)

Just what does this mean? Does it mean that the regular rules of bookkeeping and accounting, under which investment firms now operate, are no longer going to be sufficiently valid tests for the determination of what is to constitute a member's "net assets"? The Board of Governors then will have the sole power to decide this vital point—when it is to be computed, AND HOW IT IS TO BE COMPUTED. This might mean many things. The Association might not allow a dealer to count some real estate bonds he was holding, or some other securities or assets, as an asset at all. They might even insist that from any cash he had in the bank he must deduct any debts he owes to the butcher, the baker and the candlestick maker. WHEN IT IS BEING SAID THAT THIS PROPOSED MINIMUM CAPITAL REQUIREMENT "IS JUST A START IN THE RIGHT DIRECTION," (THE INFERENCE BEING THAT THE MINIMUM SHOULD BE RAISED) IT IS MORE IMPERATIVE THAN EVER THAT THE MEMBERS OF THE N.A.S.D. SHOULD REJECT THIS DANGEROUS GRANT OF POWER OVER THEIR AFFAIRS. In all fairness to the present Board of Governors, however, we feel certain that all of them do not relish the thought of imposing minimum capital requirements on the industry, even though on the surface the contrary would seem to be the case, and they have no intention of grasping this enlargement of their powers or of abusing their position in any way. More than likely those that do favor the proposal have overlooked the serious longer term aspects of such a proposal. It is the longer view about which we are concerned, however, and such power should not be granted

(Continued on page 2386)

Our Reporter On "Governments"

By S. A. WILLIAMS

Secretary Morgenthau had a lot of choices for his last major financing of the 1942 fiscal year, which came out last Thursday. . . . He could have raised the $1,500,000,000 asked through the sale of a half-dozen types of notes or bonds. . . . But he picked a 5/8% certificate issue, due Feb. 1, 1943. . . . A real short-term offering. . . . Shorter than the market could stand or that the market indicated it wished. . . . And to obtain the balance of the funds needed during the coming few weeks, the Treasury is selling large amounts of discount bills every week. . . .

Why? . . . Why, at a time when the market is firm and investors are receptive, does the Secretary concentrate on the short-term market? . . . There must be and there is an answer. . . . And that answer, according to authoritative sources, is that the market is being prepared for a major long-term financing and for several fundamental changes in war borrowing tactics. . . .

Never before has the Government mart been under such rigid control. . . . In the memory of observers, never before has a build-up of such significant proportions been engineered by the fiscal heads for a long-term deal. . . . It may be that the long-terms to come will be spread over two to three months' offerings. . . . It may be that we'll get a flotation of $2,000,000,000 or so in one single operation. . . . Regardless of those details, which at this writing, can only be guessed at, the indications on all sides are that the first important deal of the 1943 fiscal year will use the long-term section of the market. . . . And it would be wise to prepare your portfolio for that probability right now. . . .

If you need longs to balance your maturity schedule, wait a while, pick up the new ones and place yourself in a better-than-average position. . . . If you have too many longs now, switch out of a few into the intermediates or shorts. . . . If you want to keep yourself ready for the coming deal, invest in the certificates or in discount bills on a temporary basis and keep your money invested until the deal comes along. . . .

IN JULY

Chances are we'll have an indication of the offering schedule in early July, for Secretary Morgenthau on Tuesday announced that the Treasury would borrow between $3,750,000,000 and $4,500,000,000 of "new money" in July and August. . . . In addition, he said, the discount bill issues per week will be kept at $300,000,000. . . . Meaning, sums raised from all sources by Treasury may hit $7,000,000,000 mark for the first two months of the fiscal year. . . .

Important sentence in announcement was "I have no tricks up my sleeve," indicating Treasury won't try unorthodox system in next 60 days, anyway. . . . Just another reason for anticipating a long-term issue. . . .

INTERMEDIATE GROUP

Assuming the expectations of a long-term issue next are accurate, the best section of the market for short swing speculation would appear to be the intermediate maturity group. . . . The short-term market has been bearing the brunt of financings recently. . . . The long-term market is due for a test. . . . The intermediate group

(Continued on page 2392)

OUR REPORTER'S REPORT

Railroad bonds appeared deprived of one of their major market bulwarks this week, when the House Ways and Means Committee was reported to have sidetracked the attempts of the carriers to broaden the scope of the law covering repurchasing of carrier obligations in the open market.

For several weeks the railroad's outstanding obligations had been sustained by demand growing out of the belief that the carriers would be successful in their efforts to induce the Congress to permit wholly solvent roads, as well as those in weaker financial position, to strengthen themselves by such procedure.

But a spokesman for the committee disclosed early in the week that a group had decided to do nothing about the plea of railroad men. He indicated that the committee had agreed merely to extend the present authorization for a period of three years.

The decision to extend it for three years was viewed as mak-

(Continued on page 2389)

INDEX

Phila. Traders Get Air Corps Commissions

PHILADELPHIA, PA. — The following members of the Investment Traders Association of Philadelphia have been commissioned in the Army Air Corps:

Frank E. Haas, Rufus Waples & Co., and Samuel S. Boston, Butcher & Sherrerd, have been commissioned as First Lieutenants and are now in the training school at Miami Beach, Florida.

Eugene Hemphill, Merrill Lynch, Pierce, Fenner & Beane, is now a Second Lieutenant, stationed on active duty at Lowry Field, Denver, Colo. Also, William Gerstley, 2nd, a former partner of Gersuey, Sunstein & Co., has a Second Lieutenancy commission and is stationed at Chanute Field, Illinois.

William A. Lower Now With Searl-Merrick

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—William A. Lower has become associated with Searl-Merrick Company, 634 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Lower was formerly Vice-President of O'Melveny-Wagenseller & Durst, and prior thereto for many years was head of William A. Lower & Co., Inc.

Wilson Dodd Now With Davies & Co. Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Wilson M. Dodd has become connected with Davies & Co., Russ Building, members of the New York and San Francisco Stock Exchanges. Mr. Dodd was formerly Vice-President of Franklin Wulff & Co., Inc. and prior thereto was with Bankamerica Company.

Tom F. Murphy Joins Maynard H. Murch

(Special to The Financial Chronicle)

CLEVELAND, O.—Tom F. Murphy has become associated with Maynard H. Murch & Co., 925 Euclid Avenue, members of the Cleveland Stock Exchange. Mr. Murphy was formerly Vice-President of Lowry Sweney, Inc., of Columbus, and in the past was with Salomon Bros. & Hutzler in Cleveland.

Some Reactions of Security Firms to NASD Minimum Capital Proposal

Expressions of opinions continue to come in through the mail from dealers in various parts of the country. They are all opposed to the proposed minimum capital amendment in spite of the fact that in many instances they have large capital resources.

Some dealers, however, have made it known to our field representatives, and one told us over the telephone, that they differed with the views expressed in last week's "CHRONICLE" on the subject and we, therefore, have endeavored in this week's editorial on the subject to cover the points raised by them.

Here is what many of them said this week:

DEALER No. 1

Dear Sir:

I want to commend you upon the stand taken in the issue of June 18th regarding the proposed N.A.S.D. financial requirements for its members.

One of the few sensible things I have ever done was NOT to join the N.A.S.D. when it was originally formed. My business is, of course, mostly with other brokers and dealers and there seemed no reason for joining. Like most dealers I have a great many friends in the securities business. I have become intimate with many of these individuals on the telephone and by mail without actually knowing what they look like and all with whom I have discussed the matter feel that the N.A.S.D. has done them no good. In addition to being an actual expense it is a nuisance. Several of these dealers have expressed the opinion, after the N.A.S.D. sent out its last questionnaire, that they would like to resign but they feared to do so. This is certainly a fine commentary on American Democracy when an individual fears to resign from an organization which is supposed to be run for his benefit.

As you point out, a man's honesty cannot be measured by his bank account. I have in mind individuals who were reputed to have been worth many millions of dollars and who held conspicuous positions in the public eye, whose wealth was certainly no criterion as to their integrity. In driving the small dealer out of business the N.A.S.D. will be doing more to hurt the large underwriting houses than they realize. The small dealer contacts the ultimate consumer and, particularly in the smaller communities, is the only means the large underwriting house has of getting a wide distribution for its securities. It has always seemed to me that this is the one business where the more competitors you have the better off you are.

In closing, I want to say that I fail to see what necessary function the N.A.S.D. performs. The SEC has a perfect right, and avails itself of that right, to examine the books of every dealer and broker and to take such action as is deemed necessary to make that dealer or broker conform to the laws.

WHY DO WE HAVE AN NASD?—(From A New York City Dealer)

DEALER NO. 2

Gentlemen:

We have read your article in this week's issue of the "Chronicle," "NASD Seeks To Drive All Small Securities Houses Out of Business."

We agree with you in what you say 100% and appreciate your writing this article and publishing it.

For your information, we had on yesterday (before we read your article today) returned the ballot we received from the NASD and we not only voted against Article 1, Section 1, but we voted against all of the others along with it.

(Continued on page 2389)

Whipple Nominated For IBA Presidency

Jay N. Whipple, partner of Bacon, Whipple & Co., Chicago investment securities firm, has been nominated for the presidency of the Investment Bankers Association of America, it is disclosed by John S. Fleek of Hayden, Miller & Co., Cleveland, President of the Association, who announced through the Association's office in Chicago the regular ticket of officers, as nominated by the Board of Governors, for election at the annual convention to be held in October.


Jay N. Whipple

Mr. Whipple is at present a Vice President of the Association and has been a member of the Board of Governors since 1938. He has been in the securities business in Chicago since 1919, having started with the former Chicago Savings Bank and Trust Co., later the Chicago Trust Co., which he left in 1926 to form his present firm. His organization is an underwriting and distributing house and also has memberships on the New York and Chicago Stock Exchanges.

Vice presidential nominees on the regular ticket are as follows: Arthur C. Allyn, A. C. Allyn and Co., Inc., Chicago; Albert T. Armitage, Coffin & Burr, Inc., Boston; John Clifford Folger, Folger, Nolan & Co., Inc., Washington; Albert H. Gordon, Kidder, Peabody & Co., New York, and Edward Hopkinson, Jr., Drexel & Co., Philadelphia.

Nomination is considered tantamount to election, since the selections of the Board of Governors have always been approved by the convention.

Mr. Whipple has been active in the affairs of the IBA for many years, having been Chairman of the Education Committee since 1939 and prior to that Chairman of the State Legislation Committee. In addition, he has served on numerous special committees and has appeared for the association in Washington hearings.

Taking a prominent part in the investment bankers' participation in war financing, he is a member of the U. S. Treasury's Victory Fund Committee of the Seventh Federal District and of its six-man executive committee. This is the group operating directly under the Federal Reserve Banks and the Treasury to coordinate the efforts of commercial and investment bankers behind the government's financing program. He is also Chairman of the Illinois Committee of the Securities Industry for War Financing, the "Committee of 100" which has cooperated with the State Administrator of the War Savings Staff on several of its campaigns and furnished the coaches for the 120,000 Minute Men who made the Chicago-wide War Bond Pledge canvass in May.

New Governors of the association, already elected by their respective groups but who will take office at the close of the convention along with the new President and Vice Presidents, are as follows:

California: Arnold Grunigen, Jr., Weeden & Co., San Francisco; A. E. Ponting, Blyth & Co., Inc., San Francisco; Harry B. Wyeth, Jr., Wyeth & Co., Los Angeles.

Central States: John E. Blunt, 3rd, Lee Higginson Corp., Chicago; William H. Brand, The Wisconsin Co., Milwaukee; Pat G. Morris, The Northern Trust Co., Chicago.

Eastern Pennsylvania: T. Johnson Ward, Merrill Lynch, Pierce, Fenner & Beane, Philadelphia.

Michigan: Philip K. Watson, Campbell, McCarty & Co., Inc., Detroit.

Minnesota: Elmer L. Williams, Allison-Williams Co., Minneapolis.

New England: William Bayne, Arthur Perry & Co., Inc., Boston, and Joseph T. Walker, Jr., Hornblower & Weeks, Boston.

New York: Fairman R. Dick, Dick & Merle-Smith, John D. Harrison, Lazard Freres & Co., Augustus W. Phelps, Phelps, Fenn & Co., Percy M. Stewart, Kuhn, Loeb & Co., all of New York City.

Northern Ohio: Maynard H. Murch, Maynard H. Murch & Co., Cleveland.

Ohio Valley: Stanley G. McKie, The Weil, Roth & Irving Co., Cincinnati.

Southeastern: William J. Price, 3rd, Alex. Brown & Sons, Baltimore.

Southern: Hagood Clarke, Johnson, Lane, Space & Co., Inc., Atlanta.

Southwestern: Felix D. Farrell, City National Bank and Trust Co., Kansas City.

A number of Groups fully represented by carry-over Governors did not elect new ones this year.

Municipal Forum Elects New Officers For 1942

The Municipal Forum of New York at its annual meeting elected Charles F. Aufderhar, Jr., Savings Bank Trust Company, President, to succeed Craig S. Bartlett, First National Bank of Jersey City.

John J. Rust, Equitable Securities Corp., was chosen to succeed Mr. Aufderhar as Vice President. Elmo P. Brown, United States Trust Company, was named Secretary, succeeding Floyd F. Stansberry, The Bankers Trust Co., and Harold H. Hahn, Thomson, Wood & Hoffman, was again chosen Treasurer. Arnold Frye, Hawkins, Delafield & Longfellow, and William W. Metzger, Graham, Parsons & Co., were elected governors for three year terms.

Cohu-Torrey To Admit Irvin Hood As Partner

Irvin Hood will be admitted to partnership in Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange, effective July 1. Mr. Hood was formerly a partner in Hood & Co. and prior thereto was Vice-President of J. L. Richmond & Co., Inc.

D. H. Silberberg To Join H. Hentz & Co.

Daniel H. Silberberg will become a limited partner in H. Hentz & Co., 60 Beaver Street, New York City, members of the New York Stock Exchange and other leading national exchanges, as of July 1. Mr. Silberberg was formerly senior partner in D. H. Silberberg & Co., which is dissolving, effective June 30.

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Musson Heads NSTA War Bond Committee

James F. Musson of B. J. Van Ingen & Co., New York, has been appointed Chairman of the War Bond Committee of the National Security Traders Association to succeed Thos. Graham of the Bankers Bond Co. of Louisville, Ky., who requested that he be relieved of the Chairmanship, it was announced by Jos. W. Sener, of Mackubin, Legg & Company, Baltimore, President of the Association. Mr. Graham will continue to serve as a member of this Committee.

James F. Musson

Mr. Musson is also Chairman of the Association's Municipal Committee.

F. Thomas Kemp of Thomas Kemp & Co., Los Angeles, has been appointed to succeed J. Earle Jardine, Jr., William R. Staats Co., Los Angeles, who resigned to go on active duty with the U. S. Army, attached to the Office of Civilian Defense in California.

Peter Follar, Others Are With Cowen & Co.

Cowen & Co., 54 Pine Street, New York Cty, members of the New York Stock Exchange and other exchanges, announce the association with them of Peter E. Follar, Daniel F. O'Hara, Harry L. Arnold, Jack Honig, Ira N. Langsan and Alan Peyser, all of whom were previously with D. H. Silberberg & Co., of which Mr. Follar was a partner.

Nominating Committee Of NSTA Is Appointed

Jerome F. Tegeler of Dempsey-Tegeler & Co., St. Louis, has been appointed Chairman of the Nominating Committee of the National Security Traders Association, it was announced by Joseph W. Sener of Mackubin, Legg & Co., Baltimore, President of the Association. The election will be held in August with the new officers assuming their duties as of Oct. 1, 1942, the beginning of the Association's fiscal year.

Other members of the Nominating Committee are: Neil De Young of De Young, Larson & Tornga, Grand Rapids, Michigan; Clyde C. Pierce of Clyde C. Pierce Corporation, Jacksonville, Florida; Miles A. Sharkey of O'Melveney-Wagenseller & Durst, Los Angeles, California; and Andrew L. Tackus of Putnam & Co., Hartford, Connecticut.

Detroit Traders To Hold Summer Outing

DETROIT, MICH.—The Securities Traders Association of Detroit and Michigan, Inc., announces that their 1942 Summer outing will be held on Friday, June 26, at the Pine Lake Country Club. All members are urged to attend by the officers.

There will be golf, tennis, baseball, horseshoes, swimming, etc., and dinner (all free, including beer and coca-cola). There will also be active trading in defense bonds. Guests are welcome ($4 per person).

Members of the Outing Committee are: Ray P. Bernardi, Cray, McFawn & Co., Chairman; John K. Roney, Wm. C. Roney & Co., President of the Association, and Don W. Miller, McDonald, Moore & Hayes, Treasurer.

W. K. Archer Fights SEC Expulsion Order

KANSAS CITY, MO.—The Securities and Exchange Commission recently issued an order calling for the revocation of the broker-dealer registration of W. K. Archer & Co., their membership in the National Association of Securities Dealers, and their membership in the Chicago Stock Exchange.

This action by the SEC was not justified by their conduct, W. K. Archer & Co. charges, and the firm has obtained an injunction against the Commission restraining it from enforcing its order until the case can be reviewed by the United States Circuit Court of Appeals and pending final determination of the case in court. "The case is no ordinary case," W. K. Archer & Co. declares, "as no complaint has ever been registered by a customer of our firm."

Insured Investment For Investors And Trustees

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

Young Now Vice-Pres.

PASADENA, CALIF. — Paul Young has been made a Vice-President of Leo G. MacLaughlin Company, 54 South Los Robles Avenue, members of the Los Angeles Stock Exchange. Mr. Young's association with the firm was reported in the "Financial Chronicle" on April 9.

THE BOND SELECTOR

VIRGINIA PUBLIC SERVICE FIRST 3¾s, 1972
First Mortgage Bonds Yield 3.50%; Debenture 5s Good Income Producers

Virginia Public Service 3¾s, now available over the counter at around 104½, are considered an attractive long term investment for commercial banks and individuals looking for a better than medium grade obligation offering a good return to maturity. The Debenture 5s, 1957, yield 4.90% at the current price of 101, and are necessarily on the speculative side since they rank below $26,000,000 of the First Mortgage 3¾s.

Offered early this month, the First 3¾s were issued to refund three issues of the company's first and refunding mortgage bonds which carried coupons of 5%, 5½% and 6%. Together with the new 5% debentures, the new offering also refunded the company's 6% debentures and issues of subsidiary high coupon bonds and the company's serial 4% notes due to 1943. The new 3¾s are outstanding in the amount of $26,000,000 and the 5% debentures in the amount of $10,500,000, for a total funded debt of $23,500,000. Balance of capitalization consists of 6% and 7% series preferred stock and 782,000 shares of common.

With this refinancing, the company accomplishes a simplification of its corporate setup. Three subsidiary companies, Virginia Public Service Generating Co., Hampton Towing Corp., and Middle Virginia Power Co., are to be dissolved. The company has also filed with the SEC a plan of recapitalization, proposing a reclassification of existing preferred and common stocks into one class of new common, an accounting reorganization, etc.

Virginia Public Service Company is principally an electric operating company engaged in the purchase, transmission, distribution and sale of electric energy at retail and wholesale in Virginia, West Virginia and, to a minor extent, in North Carolina. In 1941, 87% of its consolidated operating revenues was derived from sale of electricity, 4% from gas and the balance from transportation and ice. The most important of the territories served by the company extends through the central part of Virginia from the Potomac River on the north to the North Carolina state line on the south and into the west-central part of Virginia and the east-central part of West Virginia. In this territory Virginia Public Service derived 75% of its electric gross in 1941, some of the municipalities served being Alexandria, Warrenton, Staunton, Waynesboro, Charlottesville, Lexington, and Covington. Territories served have an estimated population of 615,000.

During 1941, electric sales were derived approximately as follows: Residential and Rural 41.5%, Commercial 24.9%, Industrial 20.4%, Municipal 11.5%, the balance from miscellaneous customers. Among the largest industrial customers, in order, are Newport News Shipbuilding, Chesapeake & Ohio Railway, Blue Ridge Rayon Mills, Columbian Paper Company, Liberty Limestone Company and Duplan Silk Company. The company has never had a formal rate proceeding and none is now pending. Six general rate reductions have been made since Jan. 1, 1937, with a total estimated annual saving to customers of $864,800.

A substantial and continuous growth has been experienced over the last five years. This growth has been accelerated to a considerable extent in the territory comprising the Eastern Division and in the Arlington County-

(Continued on page 2383)

Cgo. Tractions Interesting

Current conditions are the most favorable in years for Chicago transportation companies, according to a study of Chicago traction securities just issued by Doyle, O'Connor & Co., Inc., 135 South La Salle Street, Chicago, Ill., because of the high rate of industrial employment and the curtailment of auto usage. The two important agencies of Chicago transportation, the study states, are just emerging from a receivership which realistically scales down their capitalizations and they are to be unified into one system with an extensive modernization program, including a subway, providing greatly improved facilities.

The study discusses reasons for receivership of the companies, conditions necessary for successful operation, reorganization, distribution of securities, etc., and contains a most interesting table of combined results from operations for a period of 13 years of Chicago Railways Company, Chicago City Railway Company, Calumet and South Chicago Railway Company, Southern Street Railway Company and the Chicago Rapid Transit Company.

Morse With Pasadena Corp.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—William H. Morse, formerly manager of the research department of the local office of Conrad, Bruce & Co., has become affiliated with Pasadena Corporation, 234 East Colorado Street, Pasadena, Calif.

Rodger, Kipp & Co. Formed In Chicago

CHICAGO, ILL.—Rodger, Kipp & Co., members of the Chicago Stock Exchange, has been formed with offices at 10 South La Salle Street, to engage in a general investment business. Partners are Arthur T. Rodger, the firm's Exchange member, and Austin G. Kipp. Both were formerly with Brailsford, Rodger & Co., of which Mr. Rodger was a partner.

Now Brailsford & Co., Cgo. Exchange Member

CHICAGO, ILL. — Walter R. Brailsford has been elected a member of the Chicago Stock Exchange, it was announced today. The name of Mr. Brailsford's firm, Brailsford, Rodger & Co., 208 South La Salle Street, has been changed to Brailsford & Co.

Jules Bache Rejoining Chicago Board of Trade

Jules S. Bache, head of the New York Stock Exchange firm of J. S. Bache & Co., 36 Wall Street, New York City, which is celebrating its 50th anniversary this year, is rejoining the Chicago Board of Trade. He was formerly a member of the board from April 14, 1888, to Aug. 24, 1932, when his membership was transferred. Had he retained his membership he would now hold the third oldest living membership.

Mr. Bache also holds memberships in the Philadelphia Stock Exchange, Boston Stock Exchange, New York Cotton Exchange, New York Produce Exchange, New York Coffee & Sugar Exchange, and holds the oldest membership in the Chicago Stock Exchange, having been a member since 1883.

Haskelite Manufacturing Corporation

Good War And Post-War Prospects For This Pioneer Manufacturer Of Plywood

The Haskelite Manufacturing Corporation of Grand Rapids may well be one of those companies which our war effort will place in a well-established position in the post-war economy. Toward the end of World War I, this company experimented with plywood for airplanes, but the plywood of 1916 was in a class with the airplanes of those days. After the last war ended, plywood manufacture continued but suffered from the failure of its champions to place it in the field where it belonged: a product of wood, but with features of strength far beyond the properties of ordinary wood.

It took the automobile-trailer boom days of 1936 and 1937 to bring to greater utilization the quality of strength combined with light weight which is embodied in plywood and its mate, plymetal. Although the trailer boom was relatively short-lived, it resulted in the first "hit" for plywood and plymetal, and through this the Haskelite Manufacturing Corporation received its greatest stimulation. From that period on, the problems have centered upon attempts to meet the demands of new consumers, and these demands have been activated greatly by the war production drive.

In simplest terms, plywood consists of thin strips of wood glued together in opposing grain directions. Plywood is made by peeling a log with a long, sharp knife while the log is rotated. A ribbon of wood about 1-16 inch thick and as wide as the log is long results—this takes advantage of the structural patterns of the tree. Since wood does not expand in the direction of the grain, the plywood is prevented from expanding against the grain by gluing the plys one to another with the grains running in opposite directions. High quality aircraft plywood constitutes one of the company's most important products, being used for wing surfaces, fuselages, tail surfaces, floors, partitions and doors.

Haskelite's plymetal products are sold under the trade name of Plymetl, a metal-covered plywood combining strength with light weight, used for light-weight railway passenger cars, sides and floors of trucks and buses, elevator cabs, elevator enclosures, escalators and soda fountains. Phemaloid, a moisture and fungi proof compound lumber, is manufactured for floors of trucks and buses, sidings, wall partitions, ship building and many other uses.

In 1938 and 1939 Haskelite, together with Bakelite and Fairchild Engine and Airplane, perfected what is now known in the plywood industry as the Duramold process. Duramold is a material composed of wood fibres and synthetic resins combined under heat and pressure in such a manner that strength, rigidity and specific gravity may be controlled as desired. Fairchild now controls the aeronautical rights to Duramold and Haskelite the nonaeronautical rights. Duramold's future looks especially promising in uses such as beer barrels, luggage, radio cabinets and other purposes where its peculiar properties of strength, light weight, and the ability to be shaped will be of value. The possibility of using this product in automobile bodies has also been mentioned.

Although prior to 1929 the company enjoyed several profitable years, between 1931 and 1939 lack of heavy demand for plywood products plus several years of poor general business conditions resulted in generally unprofitable operations. After a deficit of $20,000 in 1939, the year 1940 resulted in a sharp recovery with net income of $296,000, equal to $2.56 per share on the common stock then outstanding. Sales of $3,589,000 in 1940 were three-and-one-half times those reported in 1939 and by far the largest in the company's history.

For the year 1941, sales amounted to $5,582,000, up 55½% over 1940, the previous peak year. Operating profit of $739,000 was 42% above the $521,000 realized in 1940. Extremely higher income and excess profits taxes, however, kept net income below that reported in 1940—$282,000 in 1941 against $296,000 in 1940. During 1941, outstanding common was increased to 183,490 shares from 115,880, so that on the basis of the shares outstanding at the end of 1941, net income was equivalent to $1.54 compared with $1.62 in 1940. By selling additional common stock in 1941, Haskelite retired $195,000 of funded debt, and a small issue of preferred. At the end of 1941, there was no funded debt, the sole capitalization consisting of common stock. Net working capital at the end of the year amounted to $703,000, equal to $3.80 per share of stock. Current assets totalled $1,542,000, of which cash was $143,000, receivables $543,000 and inventories $855,000. Total current liabilities were $839,000 and consisted of bank loans of $20,000, trade payables and tax reserves.

Net income for the first four months of 1942 is understood to have been equal to 91 cents per share after provision for taxes at the rate of 70% of net income before taxes; during the same period of 1941, net income per share was 55 cents after providing for taxes at the rate of 32%. At April 30, 1942, net working capital stood at $803,000 compared with $703,000 at the end of 1941.

As currently priced, the common stock of Haskelite Manufacturing Corporation appears to offer extremely interesting speculative possibilities—both for the near term as the result of war activity, and for the longer term in view of the interesting potentialities of the company's peacetime products.

MacCallum To Be Partner

Douglas C. MacCallum will become a partner in Holsapple & Co., 30 Pine Street, New York City, members of the New York Stock Exchange.

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)
BOSTON, MASS. — **Malcolm L. Saunders** has become associated with **Raymond & Co.**, 148 State St.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**May L. Hartigan** has been added to the staff of **Leason & Co., Inc.**, 39 South La Salle St. Miss Hartigan was formerly Secretary of J. H. Beall & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Liston H. Crist** has become affiliated with **Otis & Co.**, Field Building, where he will continue to specialize in municipal issues. Mr. Crist, a specialist in the municipal bond field, for the past 14 years has been with H. C. Speer & Sons Company.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Herbert H. Post**, formerly with Straus Securities Co. for a number of years, has become associated with **Thompson Ross Securities Co.**, 39 South La Salle St.

(Special to The Financial Chronicle)
CINCINNATI, O. — **Frederic F. Latscha** is now with **Geo. Eustis & Co.**, 18 East Fourth St. Mr. Latscha for many years was Cashier for W. P. Clancey & Co.

(Special to The Financial Chronicle)
GREENSBORO, N. C. — **Otis Dixon Phillips** has become associated with **Merrill Lynch, Pierce, Fenner & Beane**, 107 West Gaston St. Mr. Phillips was formerly Local Manager for Abbott, Proctor & Paine and in the past was with E. A. Pierce & Co.

(Special to The Financial Chronicle)
MIAMI, FLA.—**Luther M. Davenport** has joined the staff of **Oscar E. Dooly, Jr.**, Ingraham Building.

(Special to The Financial Chronicle)
NEW BRITAIN, CONN. — **Donald R. Hart**, formerly Local Manager for Goodbody & Co., has become associated with **Tifft Bros.**, whose main office is located at 1387 Main St., Springfield, Mass.

(Special to The Financial Chronicle)
PORTLAND, ME.—**William M. MacLeod** is now with **Baldwin & Co.**, Chapman Building. Mr. MacLeod was formerly connected with Graham, Parsons & Co.

(Special to The Financial Chronicle)
ROCKFORD, ILL. — **Carroll H. Starr**, formerly Local Manager for Merrill Lynch, Pierce, Fenner & Beane, has become associated with **Paul H. Davis & Co.**, whose main office is located at 10 South La Salle St., Chicago, Ill.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF. — **Herbert A. Phillips** has become connected with **Kanter & Gross**, 127 Montgomery St.

(Special to The Financial Chronicle)
ST. LOUIS, MO. — **Froman Smith** has rejoined the staff of **Fusz-Schmelzle & Co.**, Boatmen's Bank Building. Mr. Froman was recently with J. W. Brady & Co., Louis W. Ochs & Associates, Inc., Kerwin, Fotheringham & Co., and Stifel, Nicolaus & Co.

In Armed Forces

T. Clifford Rodman, Chicago resident partner of Shields & Company, is going back into Naval Aviation as Lieutenant Commander. He will report to the Naval War College at Newport, R. I. on June 29, where he will be stationed for five months, after which time he expects to go to sea on an aircraft carrier. He was Naval Aviator No. 125 in World War I. He has been a director of the Chicago Board of Trade and for several years was Chairman of the Business Conduct Committee, and also served as a Governor of the Chicago Stock Exchange.

Ben W. Sartor, formerly with Cunningham & Co., Union Commerce Building, Cleveland, Ohio, has entered the U. S. Army.

Robert S. Watts, who was connected with The Ohio Co., 51 North High Street, Columbus, Ohio, has left the firm to accept a commission in the U. S. Navy.

J. Maxwell Colburn of J. M. Colburn & Co., 19 Congress Street, Boston, Mass., is serving in the U. S. Navy and the business of J. M. Colburn & Co. is being discontinued. H. Bigelow Emerson, an associate of the firm, has formed Emerson & Company in Boston.

Thomas Beckett, President, and R. R. Gilbert, Jr., Vice-President of Beckett, Gilbert & Co., Inc., First National Bank Bldg., Dallas, Tex., will shortly join the U. S. Naval Reserve and the firm of Beckett, Gilbert & Co., Inc. will become inactive for the duration of the war, effective July 1st. Robert S. Hudson, a Vice-President of the firm, is forming R. S. Hudson & Co., Inc., to deal in securities in Dallas, it is understood.

David S. Skall has resigned as President of the Cleveland Stock Exchange to enter officers' training school at Miami Beach, Fla. S. Prescott Ely, a partner in Curtiss, House & Co., and Vice-President of the Exchange, will act as President until the next annual meeting in February.

Elmer A. Dittmar, President of Mahan, Dittmar & Co., South Texas Bank Building, San Antonio, Tex.; John P. Hall, Russell R. Rowles and Harold S. Stewart, Vice-Presidents of the firm, are now in the armed forces. The firm is continuing its investment business as usual.

Thomas S. Clayton, President of Clayton & Co., 600 Griswold Street, who was an officer in the last World War, has been commissioned a Major in the Army and will be stationed at the Federal Reserve Bank in Minneapolis. Clayton & Co. is retiring from the investment banking business for the duration, both Detroit and Grand Rapids offices being closed as of June 30.

Tomorrow's Markets Walter Whyte Says—

Despite influx of bad news market reaction is normal. Setback indicated and news just set if off. General optimism now veers to pessimism. Think both exaggerated.

By WALTER WHYTE

In the final paragraph of last week's column I explained the necessity for stops and emphasized that the war made these necessary. At this writing the news I feared might come, did come.

* * *

First there was the Jap occupation of Kiska, another island in the Aleutian chain. Then there was the increasing danger that Sevastopol might fall. And last but by no means least was the sudden collapse of the Middle East defense and the surrender of Tobruk.

* * *

The market, as you already know, got this news all in a lump over the week end. So on Monday it not only opened off but spent the rest of the day adding to opening losses. Tuesday prices recovered a little; in any case they stopped going down. Yesterday was a repetition of Tuesday; no more decline but lots of dullness.

* * *

Strange how the pendulum swings from optimism to pessimism. In the last three or four weeks optimism ran high as everybody knows. United Nation spokesmen were forecasting new and bigger defeats for the Axis powers. The news of the mass raids over Germany were greeted with glee. The shellacking of the Jap fleet off Midway was a harbinger of coming joy. On all sides you could hear from "informed sources" that the war would be over in six months on the outside. The market was up through its old highs and everybody began agreeing that it was going higher. Then came Tobruk, Kiska and Sevastopol followed by news of more sinkings off the Atlantic coast; the shelling of the Canadian and Oregon coasts, and right away the pendulum began swinging the other way. The market went off and the cheerful optimists of last week became the doleful pessimists of this week. The six month war protagonists no longer were so sure of their opinion. They began speaking of a five year war.

* * *

I have no knowledge of how long this war will last. I doubt if anybody else does either. But just as I didn't believe the six month story so do I doubt the five year forecast.

* * *

But if I don't know anything about the war I do know that the market has not acted so badly in the face of the bad news it was called upon to absorb in the past week.

* * *

As last week closed, the market by its action indicated that a reaction was in the wind. I pointed out that it was faced with two possibilities; reaction or continued dullness. The dullness to take the place of reaction. Yet I emphasized that with the market in the vulnerable position that it was, any piece of bad news might intensify

(Continued on page 2388)

Last Call For Phila. Traders Outing

PHILADELPHIA, PA.—The Investment Traders Association of Philadelphia is issuing the last call for their summer outing to be held at the Manufacturers Golf & Country Club at Oreland, Pa. The program will include golf, tennis, quoits, softball, and swimming. Charge for guests is $5; for golf (Kickers Handicap), $2.

Reservations may be made with Russell M. Dotts, Bioren & Co., Chairman of the Outing Committee (New York phone HAnover 2-9438), or Edmund J. Davis, Rambo, Keen, Close & Kerner (New York phone WHitehall 3-6250).

F. V. Nixon Now With Quincy Cass Associates

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Francis Vincent Nixon has joined the staff of Quincy Cass Associates, 530 West Sixth Street, members of the Los Angeles Stock Exchange. Mr. Nixon was recently with Hopkins, Hughey & Co. Prior thereto Mr. Nixon was in business in New York City, was an officer of Distributors Group with headquarters in Los Angeles and was with Rutland, Edwards & Co. and Laswell & Co.

St. Louis Ry. Interesting

The current situation in the securities of St. Louis Southwestern Railway Co. offers 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.

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 32¾.

RAILROAD SECURITIES

The market took the passage of the McLaughlin Bill last week in its stride. Except for minor, and short-lived, flurries in Delaware & Hudson and Colorado & Southern bonds the possibility of the revival of this so-called relief measure went unnoticed, and second grade bonds continued their slow melting process. In essence, the measure, which must now be acted on by the Senate, provides that railroad capital revisions approved by the court and the Interstate Commerce Commission, and assented to by holders of more than three-quarters of the affected claims, including at least 60% of each class of claim affected, shall be binding on all security holders and creditors. It will set up permanent machinery for voluntary capital readjustments such as were effected by Baltimore & Ohio and Lehigh Valley under the temporary Chandler Act of 1939. It would also extend the relief to non-carrier corporations obligated on rail securities, a provision inserted to cover the Delaware & Hudson where the holding company is obligated on the railroad mortgage which matures next year. It would not, as was originally believed in many quarters, cover Alleghany Corporation with respect to its maturity problems. Alleghany is a railroad holding company but it is not an obligor on railroad bonds.

The Act as passed by the House is unquestionably constructive, but it will presumably not have as wide application as had been expected. It will supplement and not supplant existing reorganization procedure. The main beneficiaries in the visible future will be Delaware & Hudson and perhaps Bangor & Aroostook in the handling of their troublesome 1943 mortgage maturities. It is in this application that the legislation has a sound function in that it will be able to forestall the necessity for many costly and unnecessary bankruptcy actions. Where a road has exhibited long term ability to support its debt structure, but is faced with a maturity that can not be refunded just because of immediate market conditions or because of broad public pessimism towards rail securities, it is obviously economically unsound to go to the expense and trouble of a thorough judicial reorganization where all security holders will be losers. A maturity extension, particularly when accompanied by some reduction in the principal and the establishment of a sinking fund, is to the advantage of all concerned, and legislation to expedite such actions is to be applauded.

On the other hand, any attempt to utilize legislation of this nature to avoid bankruptcy where there is an obvious crying need for a thorough revision of the capital structure must be considered unsound. Fortuitously, Baltimore & Ohio ran into a period of phenomenal traffic and earnings expansion shortly after its Chandler Act readjustment became effective, and was thus able to pay off its accumulations of contingent interest early this year. Nevertheless, the adjustment plan did nothing to improve the fundamental condition of a too heavy debt structure. The readjustment can not be considered economically sound nor justified, and it is widely conceded that it merely postponed an inevitable judicial reorganization instead of preventing it. The fallacy of artificial attempts to avoid the inevitable is best illustrated by the fact that Balaimore & Ohio 1st Mortgage bonds still hover in the middle 50s, substantially below prices for senior liens of even such roads as "New Haven" and Missouri Pacific which are still far from consummation of reorganization. Credit can never be reestablished by such means, and it merely tends to aggravate the public pessimism toward all rail bonds.

The House in its recently passed measure has attempted to forestall this type of readjustment. The bill provides that before a plan can be approved there must be findings by the Commission that the road is not in need of reorganization under Section 77, and that the inability of the road to meet its obligations is reasonably expected to be temporary. Such findings could not logically be made in the case of a railroad that has consistently over a period of years been unable to cover its fixed charges under normal business and traffic conditions. Strict adherence to these limiting provisions of the bill would certainly exclude any such plan as that proposed by Colorado & Southern, putting a portion of interest on a contingent basis permanently. The very nature of this provision, showing the basic and not temporary nature of the road's inability to meet its obligations, is an admission that the company is in need of reorganization. Such plans are merely designed to keep alive an equity which is obviously valueless from the point of view of earning power or assets.

If the bill is enacted as passed by the House, which is believed likely, and the Commission holds strictly to the governing limitations, the rosy promise that has been held out in many quarters that all marginal roads will henceforth be protected from the long drawn process of reorganization, will have to be relegated to the discard. The one sobering thought comes from the recollection that in the early and middle 30s the ICC certified that such roads as Missouri Pacific, "New Haven," Erie, etc., were not in need of reorganization when approving RFC loans.

Hammerslough A Director

William J. Hammerslough has been elected a Director of Burlington Mills Corporation, it is announced. Mr. Hammerslough for the past 10 years has been a general partner of Lehman Bros., 1 William St., New York City, and is a Director of The Lehman Corporation. Lehman Bros. have been identified with the financing of Burlington Mills Corporation since the initial public offering of its stock in 1937.

Richardson Reelected Toronto S. E. Head

With the closing, on June 23, of nominations for the officers and managing committee of the Toronto Stock Exchange, T. A. Richardson, of F. O'Hearn & Co., was elected to the Presidency for a second term. Also elected by acclamation were the officers and members of the committee who served last year with the exceptions of J. Harold Crang, Treasurer, and T. H. Roadhouse, both of whom have withdrawn from the committee to serve on war work. The resulting vacancies on the committee were filled by two former Presidents of the Exchange, Gordon W. Nicholson and Frank G. Lawson.

The position of Vice-President is again occupied by Wilfrid G. Malcolm, of A. E. Ames & Co., while Hector M. Chisholm remains as Secretary. Mr. Crang's position as Treasurer last year is this year filled by J. B. White, of Duncanson, White & Co., a previous member of the board.

The committee this year is unique in that all members are former Presidents of the Exchange, either of the present organization or else of the two old Exchanges before the merger of 1934. These members comprise Gordon R. Bongard, who held the position in 1940-41; Frederick J. Crawford in 1939-40; Frank G. Lawson in 1938-39; H. B. Housser in 1936-37; Gordon W. Nicholson in 1935-36, and E. Gordon Wills in 1920-22.

Mr. Richardson is the 43rd incumbent to hold office and has been a member of the committee for a number of years, serving as Vice-President in 1940-41.

Federal Screw Looks Good

The securities of Federal Screw Works offer an interesting situation at the present time according to a memorandum issued by Rogers & Tracy, Inc., 120 South La Salle Street, Chicago, Ill. At present, the memorandum declares, substantially all of this company's production is defense work and it has a large volume of unfilled orders assuring its plants capacity operation for some time to come—the company has been awarded the Navy Ordnance Flag and "E" Pennant.

The memorandum contains a brief discussion of the company's finances, earnings, dividends and a condensed balance sheet. Copies may be obtained by dealers upon request to Rogers & Tracy, Inc.

Bank and Insurance Stocks

This Week—Insurance Stocks

Everybody expects underwriting losses in the aggregate to increase under wartime conditions, although rise in the ratio of losses to earned premiums should be moderate and offset by reduction in the ratio of expenses to expanded premium volume. Yet it is a fact that fire losses and automobile accident frequency are currently showing declines, especially the latter; and ocean marine loss experience should be more moderate from now on.

Fire losses in May, 1942, reported by the National Board of Fire Underwriters, aggregated $23,233,000, the lowest month for 1942, the third consecutive monthly reduction thus far in 1942, and the smallest May losses since May, 1939. The reduction compared with May, 1941, was $2,404,000, or 9.4%. Disregarding seasonal considerations, measured against the high January and February 1942 losses totaling $35,565,000 and $30,819,000, respectively, or 34% and 18% higher than in 1941, the May, 1942 losses are running 35%-25% lower.

However, because of the substantially larger losses of January and February this year, the total five months' losses of $148,082,000 still remain 6½% above 1941 levels, although they are already running slightly below five months' of 1940 losses of $150,563,000.

Whether this continued improvement in fire losses is a temporary phenomenon or the result of increased sabotage vigilance and fire prevention measures despite increased exposure to losses generally, is too early to say. In addition to the greater risk caused by all-out war production, the rise in insurable values would normally tend to increase losses. Taken at its face value, the downward trend in fire losses is a pleasing development, considered in conjunction with rising trend of fire premium volume. If continued, it would mean better underwriting earnings, as fire lines are the most important contributors to volume, averaging about half of total premiums written.

Another major line benefiting from lower losses is automobile business. Although continued use of worn tires and older cars would increase risk of accidents, gasoline and tire rationing has taken cars off the roads at a rate which is sharply reducing accidents—good news for the casualty companies. Fatalities, after having shown a steady increase since 1937, declined 5% in February, 11% in March and 20% in April compared with 1941.

As a result, some companies are already granting rate discounts, justified by reduced loss exposure. Continental Casualty, for example, reports a current improvement in automobile experience, reflecting the decline in accident frequency for the first time in four years. This company has accordingly liberalized the requirements for the Class A-1 discount rating for automobile liability and property damage coverage. Commencing May 1, 1942, the company will accept as a requirement for Class A-1 rating, the assured's estimate that he will not drive over 7,500 miles during the ensuing policy year. Thus, the rating will be based on prospective mileage rather than that driven in the past under different conditions.

As Best's points out, the rationing system for gasoline will make it easier to check actual mileage driven for such rating. In fact, rates based on mileage are a definite advantage to the companies rather than rates based on loss experience, because the former would automatically rise but the latter always lag behind rise in loss experience. This would be especially important in a post-war period of more normal road conditions.

For the time being, however, inasmuch as rates are based on loss experience, the lag in reducing rates to reflect lower fatalities is operating to the benefit of the companies. This factor will further help 1942 underwriting earnings, aside from the higher "statutory" (earned) underwriting profits arising from release of unearned premiums caused by lower automobile volume.

Beyond 1942, however, gasoline and tire rationing will mean lower underwriting volume for casualty companies on automobiles, although fire and theft volume should continue on stored cars.

Ocean marine losses, too, although heavy, have been reduced by surgical operation on volume. The unprofitable war risk hull line has been left to the Government's War Shipping Administration, but the profitable war risk cargo line, on which rates can be changed every day to reflect fluctuating risk, has been continued in volume. Of course, as far as volume is concerned, it should be remembered that ocean marine volume normally has amounted to a mere 5% of total volume, and although it increased to 15% for 1941, only about half was war risk insurance.

War risk losses in the first five months of 1942 exceeded premium income for the period by $46,486,000, but these heavy losses are counterbalanced by profits of $45,032,000 which were built up over the 2½-year period June, 1939, to Dec. 31, 1941.

The companies continue to do a large business in cargo insurance, and outstanding remaining hull liability is being constantly diminished to liability on long voyages not yet completed. Accordingly, ocean marine experience from now on should reflect elimination of unprofitable hull volume and favorable experience on cargo coverage.

The above loss trends in fire, automobile and marine lines, therefore, have favorable implications for 1942 underwriting profits which should be taken into account in judging the intermediate future of insurance stocks, instead of dogmatic assumption that losses will be higher and underwriting profits lower.

SEC Adopts Rule For Registration Withdrawal

The Securities and Exchange Commission on June 9 announced the adoption of a rule under the Securities Exchange Act of 1934, designed to clarify and to make more specific the procedure for withdrawal from registration by a broker or dealer.

In explaining this action, the Commission said:

The new rule, designated as Rule X-15B-6, provides that a notice of withdrawal from broker or dealer registration under Section 15 (b) of the Securities Exchange Act shall ordinarily take effect on the thirtieth day after its filing with the Commission. Prior to the effective date of withdrawal, however, the Commission may institute a revocation or suspension proceeding against the broker or dealer who filed such a notice, or a proceeding to impose terms and conditions upon withdrawal, in which event the notice to withdraw shall become effective only if the Commission so determines and upon such date and upon such terms and conditions as the Commission deems appropriate.

The Commission has in the past been faced with situations in which brokers and dealers under investigation by the Commission attempted to withdraw their registration before revocation proceedings could be commenced. The new rule makes it clear that such attempts will be ineffective and provides a specific procedure for dealing with withdrawals.

Rand's Of Pittsburgh Debentures Offered

A new issue of $500,000 of 6% debentures of Rand's of Pittsburgh, retail drug chain, was placed on the market June 24 by the Floyd D. Cerf Co. and Grubbs, Scott & Co. of Pittsburgh.

Of the total issue, $350,000 is to be offered to holders of the company's preferred stock on an exchange basis of par for the preferred stock into par of debentures. The remaining $150,000 of debentures available immediately to the public is priced at par and interest.

The bankers reported that net sales of the company for the year ended on March 31 were $2,200,337, against $1,879,397 in the preceding 12 months.

The Securities Salesman's Corner

CHARLIE MADE A LONG STORY SHORT!

Some years ago in upper New York State there lived a fellow who sold a shoe-shine parlor in order to enter the securities business. Although he could only speak broken English he eventually became one of the star salesmen for a prominent investment firm that flourished in this territory for a number of years.

Charlie was of Italian extraction and the amazing part of his unusual success as a salesman was that he did business almost entirely with English speaking native Americans. In fact, Charlie usually carried his young son along with him to do the interpreting. Week after week and month after month Charlie led the sales organization. His circle of customers constantly increased and so did his volume.

At this time, the firm for whom he worked, was mostly interested in selling the bonds and debentures of small loan companies and personal finance organizations. Charlie became very much sold on the inherent soundness of this type of business and he concentrated almost exclusively on selling these securities.

Despite Charlie's constant refusal to relate to the rest of the organization the methods with which he achieved his successful results, the salesmanager continued to prod him at every sales meeting to tell the rest of the boys how he did it. But Charlie would say, "Now you know, Mr. Jonesa, I canna speaka da gooda English, why you maka me talk. All these other fella they have da educash. I canna maka da speech." But Charlie continued to lead the sales force.

Finally the salesmanager (who told us this story and is now the vice-president of a large industrial corporation) and Charlie were having lunch one day in a restaurant. As they were engaged in talking and eating a lady who turned out to be one of Charlie's customers, came over to the table and asked if she could speak to him for a moment. He arose and very graciously said that he would be pleased indeed if she would do so. She told him she thought she would like to sell the bonds that Charlie had sold to her.

Without batting an eye Charlie went to work. "You know," he said, "Itsa your money Mrs. Smith and itsa your bonds. If you wanta sellum, sokay witha me. But coulda I justa say one worda to you?" "Of course, Charlie," she replied. Charlie went on, "You know, I guessa somebody speaka to you" and with this he pulled a dollar bill out of his pocket. "You see disa dollar, Mrs. Smith? Thatsa whata you taka to da store when you getta da groceries—'s-right?" "When dissa mon' she no good, den you no getta da groc'. Well, dissa da same as da bonds." All the while he was talking he was holding the bill in front of him and folding and unfolding it as he went on. "Dissa money she behinda da bonds, da same as da groc' and when dissa no good da bondsa no good." You see Mrs. Smith? And Mrs. Smith saw. She saw something that she had never seen before. Behind her finance company bonds was cash and the equivalent of cash and Charlie in his simple way made it clearer to her than all the involved explanations of balance sheets, assets and liabilities, ever would have shown to her.

We don't think there is a salesman who won't understand how it was that Charlie led the sales force. He didn't need good English, he had something far more valuable—HE COULD MAKE A LONG STORY SHORT.

The Bond Selector

(Continued from page 2379)

Alexandria area by the defense program. The following tabulation indicates by years the continuous trend of this growth for each of the last five years:

ELECTRIC & GAS SALES

	Electric Sales (KWH)	% Incr.	Gas Sales (MCF)	% Incr.
1941	420,631,429	24.3%	366,466	22.2%
1940	338,407,551	17.5	299,943	12.9
1939	288,050,305	16.6	265,724	2.4
1938	247,000,767	5.7	259,530	*2.1
1937	233,779,760	---	264,977	---

*Decrease.

For the calendar year ended Dec. 31, 1941, gross operating revenues totaled $12,070,000, up an even 20% over 1940. Income available for fixed charges amounted to $3,218,000, a decline of 5.9% from 1940, due mainly to more than a threefold increase in taxes. Based on interest requirements of $975,000 for the 3¾% mortgage bonds and $525,000 for the new debentures, the amount of $3,218,000 available therefor represented coverage of 2.14 times, before provision for any amortization of debt discount and expense. For the twelve months ended March 31, 1942, income available for fixed charges was $3,224,000, or practically the same as during the 1941 calendar year.

At March 31, 1941, the balance sheet revealed gross property account carried at $55,180,000 and retirement reserves at $7,447,000, for a net figure of $48,773,000, including intangibles. Thus funded debt of $36,500,000 represents about 66% of gross property account.

The 3¾% mortgage bonds carry a sinking fund provision whereby, beginning in 1957, 1½% of the bonds outstanding that year and every year until maturity will be retired by payment of cash or by deposit of bonds. The bonds are secured by a first mortgage on substantially all properties of Virginia Public Service Company. The 5% debentures carry a sinking fund which is calculated to retire the entire issue by maturity in 1957. The sinking fund commences operation on Nov. 1, 1944, when $305,000 are to be retired; in 1945, $626,000 are to be retired and this figure increases through 1956 when the amount becomes $989,000.

The following tabulation shows pro-forma interest coverage on the new mortgage bonds and debentures during 1939, 1940 and 1941. In every case, only actual interest requirements of the new bonds and debentures has been calculated in figuring coverage of fixed charges, no provision having been made in these calculations for any amortization of debt discount and expense:

	1941	1940	1939
Operating revenues	$12,070,030	$10,024,327	$9,019,724
Operating expenses	4,517,136	3,618,016	3,306,970
Maintenance and repairs	653,318	551,622	474,948
Depreciation	1,510,025	1,225,674	1,048,453
Taxes (including Federal)	2,512,567	1,257,407	1,047,217
Income available for fixed charges	3,218,216	3,402,644	3,191,828
Interest—pro-forma	1,500,000	1,500,000	1,500,000
*Times interest earned	2.14	2.26	2.12

*Pro-forma, based on $975,000 for the 3¾s and $525,000 for the 5% debentures.

In view of the growing nature of the company's territory, the lack of rate troubles and the stability of earnings in the face of sharply higher taxes, the longer term outlook for the company is good. Current prices for the mortgage bonds and debentures offer opportunities of liberal yield and possible price appreciation.

Petroleum Vital To War

Walter F. Tellier, of Tellier & Co., pointing out that producing oil royalties were even a better buy now that at any time heretofore, called attention to an article written recently by W. R. Boyd, Jr., President, American Petroleum Institute:

"Our country is engaged in a war, the loss of which means the destruction of our existence as a nation of free people.

"It is a war where the weapons are machinery and mechanical power. With petroleum products no tank could go into battle, no fighting airplane would leave the ground and but few modern fighting ships could leave port.

100 Octane Gas Needed

"One hundred octane gasoline must be made in ever-increasing quantities that our airplanes may be supplied with fuel superior to any possessed in quantity by the enemy. Large quantities of high octane gasoline, higher than ever before used in peacetime industries and operations, must be made available for training planes and tanks.

"Super-quality lubricating oils and greases that will stand up under terrific speed requirements must be made available in quantities never before believed possible so that our fighting equipment will not fail because of improved lubrication.

"The additional quantities of toluene required for explosives must be made from petroleum products. Butadiene and stryene, both petroleum products, are the raw materials that must be made available if an extensive program of manufacturing synthetic rubber is to be undertaken.

Unlimited Supply

"The petroleum industry is in position to supply an almost unlimited amount of all the essential raw materials necessary to fuel and lubricate for the most efficient service of our vast war machinery and for making synthetic rubber both for military and civilian needs.

"The chief problem is getting new plants constructed within the shortest possible time for quantity production of these products, for which there was no demand and therefore little production in peacetime.

"At the end of World War I, the Britisher, Lord Curzon, declared that the Allies floated to victory on a sea of oil. The petroleum industry in the United States realizes and wholeheartedly accepts its responsibilty for the production of all the raw materials and finished products required of it by the Government, and it will do the job.

Geared For War Activities

"The American Petroleum Institute of which I am President is gearing its organization for war activities. The petroleum industry war council, of which I am Chairman, is cooperating on behalf of the industry with the petroleum coordinator for national defense and with all Government agencies concerned with problems of petroleum and petroleum products.

"The public should be told and must realize that oil is ammunition and that it should be used wisely. To aid in winning the war as quickly and decisively as possible transcends all other purposes and objectives of the oil industry which is now operating in complete unity and purpose."

C. Sheild To Be Partner In Branch, Cabell & Co.

RICHMOND, VA.—Cary Stewart Sheild will become a partner in Branch, Cabell & Co., 814 East Main Street, members of the New York and Richmond Stock Exchanges, as of July 1. Mr. Sheild has been with Branch, Cabell & Co. for a number of years.

Investment Trusts

INVESTMENT COMPANY FORUM

(The wide range and stimulating nature of investment company comments which have come to hand this week prompted the following attempt to "highlight" in excerpt form some of the points made. It is suggested that readers who desire the full text of a particular discussion write direct to the issuing sponsor for a copy of the publication quoted.)

"Brevits" June 13 (Massachusetts Distributors, Inc., 85 Devonshire Street, Boston): "The stock market now stands at about the same level as six months ago. During this time the news has been preponderantly 'bad.' This suggests that the price level prevailing at the end of last year had largely discounted the early military and naval reverses as well as higher taxes, war economy, controls, etc.

"Looking ahead to the next six months one recognizes that anything can happen, but with the worst of the tax possibilities known and with the initial war reverses behind us, the prospects are more hopeful than for some time past."

* * *

"Perspective" June 16 (Calvin Bullock, 1 Wall Street, New York): Contains a scholarly discussion of "Banking Position and the Bond Market." Not entirely satisfied with existing high-grade bond price indices, a special chart tracing the course of high-grade bond prices from Jan. 1, 1914 up to the present is included in order to provide background for the article. Points: "It appears likely that the commercial banks will be called upon to absorb approximately thirty billion dollars or more than 60% of the increase in the national debt in the next year, unless direct sales are made by the Treasury to the Federal Reserve banks in a volume larger than is now anticipated. . . . If we assume that the member banks of the Federal Reserve System will take about 90% of the entire amount . . . we may estimate an increase in the government bond holdings of the member banks in the next fiscal year of about twenty-seven billion dollars. This would considerably more than double their present holdings of these bonds." Conclusion: "In view of the prospective sharp contraction in excess reserves and the probable substantial reduction in bank capital ratios, a policy of extreme caution with respect to bond maturities is suggested for the commercial banks at this juncture.

"Moreover, in the formulation of current investment policy we must not ignore the explosive inflationary potential implicit in the prospective great increase in purchasing power that will be created by the monetization of huge government deficits."

* * *

"Investment Timing" June 13 (National Securities & Research Corp., 120 Broadway, New York): Under the general heading "Full Impact of the War Economy Yet to Be Felt," five phases of what may lie ahead are discussed. Conclusion: "The phase of adjustment to war production has been mainly completed. At present, in the distributive trades, we are in the phase of using up inventories. Only when this last is over, will the full war economy be with us (unless the war ends unexpectedly soon).

"Ample consideration has been given marketwise to the fact that the wartime earnings of war production and 'war beneficiary' industries do not deserve the reflection in prices that normal earnings do. Emphasis has been given to post-war prospects, which are, for the most part, still rather vague.

"But we question whether, on a relative price basis, as much consideration has been given to the unfavorable or restrictive effects of the coming full war economy on the earnings of 'non-war' companies. The recent relatively greater rebounds in prices of so-called 'peace' stocks, which in the main are naturally in the 'non-war' class, makes such considerations especially pertinent now for investors. Indeed, in the last few days, 'war' stocks, stimulated by favorable tax implications, have begun to act definitely better."

* * *

"The New York Letter" June 15 (Hugh W. Long & Co., Inc., 15 Exchange Place, Jersey City): "In attempting a few thoughts on the prospects of railroad securities under peacetime conditions, we would like to go on record as believing that such a discussion is not of immediate or even early application. Nevertheless, it may be appropriate at this time, since the country has recently been experiencing a wave of 'early peace' psychology of which we had several examples in World War I and will probably have several more in this one." Points: *"Competition*—The share of potential freight carried by the roads declined until 1937. Since that time the rails have maintained their competitive position. With buses and trucks now under ICC regulation, the era of irresponsible competition seems to be over. *Financial*

(Continued on page 2388)

Municipal News & Notes

Despite the depressive effect on the municipal market of the adverse war news, local housing authority issues continued to find favor. Three authorities awarded Tuesday a total of $2,951,000 Series A bonds at good prices. They consisted of $2,267,000 New Haven, Conn., $498,000 Seattle, Wash., and $185,000 Alexander Co., Ill., housing bonds; all of them going at net interest cost bases less than 2%.

While on the subject of housing obligations, the following interesting observations are taken from this week's "Municipal News Bulletin," gotten out by Hemphill, Noyes & Co. of New York:

At the moment, many municipal dealers would as soon buy housing bonds as anything else. Interest in them, on their merits, has increased steadily as investors have read in the description of each successive issue, the statements that "All bonds of both series will be secured (1) by a pledge of the annual contributions, etc., etc.," and that, "The Act states that the faith of the United States is solemnly pledged to the payment of all annual contributions contracted for pursuant to the Act and that there is authorized to be appropriated in each fiscal year, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments." During the past five months, in which the question of whether tax exemption can be removed from municipal bonds has occupied the attention of both buyers and sellers, many investors have turned to housing bonds for the first time, feeling that their exemption was safer because specified by Federal statute. The housing bonds suit institutional buyers very well because the larger issues offer substantial blocks in a series of maturities, running in some cases as far as 1979. Those distant years will, of course, be the most valuable, if municipals should ever be taxed and housing issues remain exempt.

In addition to the features provided by the Federal Housing Act, and therefore common to all housing bonds, a number of States, in their authorizing legislation, have added special local attractions such as tax exemption and eligibility for purchase by savings banks and trust funds in the home State.

This week's Housing Authority bonds come to a market which is not well supplied with issues of their type. A fair amount of the recent issue of Buffalo Housing bonds still remains unsold but that is the only open housing account. Among old inventories, dealers are advertising today about $1,200,000 other housing bonds, mostly odd lots in widely scattered maturities. Even if the new issues should be offered to yield quite a little less than the old blocks, they will make a stronger appeal to large buyers who want even amounts in a string of maturities. The Housing Authority issues will set the tone of this week's market.

Public Revenue Bonds As Trustee Investments

An important service has been rendered the financial community by the Municipal Forum of New York. That group of bond men, institutional portfolio managers, statisticians and bond lawyers, acting first through a special committee and later as an open forum, has made a study of "Revenue Bonds as Legal Investments For Savings Banks and Trust Funds." The special committee report, developed over a period of two years, has just been approved by the Board of Governors.

The committee recommendation was favorable to the investment of trustee funds in public revenue bonds issued in connection with waterworks, gas and electric systems, of which it is estimated some $600,000,000 have been issued. Having reached the conclusion that such investments might be suitable for savings banks and trust funds, the committee tackled the task of setting up models for statutes for the purpose of fixing the tests which should be applied in measuring the investment worth of a particular bond. It is in the committee's study of various criteria and the drafting of models for statutes embodying the essential requirements of security that a service of great value to savings banks, trustees, other institutional investors, investment bankers and the lawmakers and fiscal officers of the States has been rendered.

Upon request to Cushman McGee, of R. W. Pressprich & Co., acting chairman of the committee, copies of the proposed models will be made available to others interested as long as the supply lasts.

In addition to Mr. McGee, members of the committee are: Elmo P. Brown, U. S. Trust Co.; Walter L. Cropley, of the Prudential Insurance Company of America; John B. Dawson, of Thomson, Wood & Hoffman, A. Baisley Sheridan, of Masslich & Mitchell, and Byron W. Shimp, of B. J. Van Ingen & Co., Inc.

Municipal Problems In Wartime

We must win the war and the right of way must be yielded to the national government in all matters necessary to accomplish that objective. But our immersion in that objective and in our individual problems of adjustment to a wartime economy should not be so complete as to cause us to ignore the problems of local governments. Cities and towns must continue to educate our youth, to protect persons and property, to carry out health and sanitation measures, and to care for the underprivileged. Cities and towns must also continue to raise the money with which to finance these and other services. The difficulties of performing these duties are increased many-fold in wartime, and in addition local officials must assume new duties arising from the emergency.—*Boston Municipal Letter.*

Bridge and Tunnel Tolls Again Lower

Revenues of the larger bridge and tunnel projects which have issued bonds payable from motor tolls showed further decline in May, a compilation of the available reports shows. The year-to-year decline in May revenues of three major issuers of this type of revenue bond ranged from 8 to 31%.

The Port of New York Authority's May revenues declined to $1,270,496 from $1,499,310 a year earlier, a decrease of 15.3%, according to preliminary figures. Traffic declined to 2,238,147 units from 2,694,288, a decrease of 16.9%.

The Triborough Bridge Authority reported $437,379 revenues for May, a reduction of 31.05% from $634,364 for the 1941 month. Traffic declined to 2,378,924 units from 3,585,938, a decrease of 33.66%.

Revenues of the Golden Gate Bridge totaled $196,591 in May, compared with $213,754 a year earlier, a decrease of 8.03%. Exclusive of government traffic, which has free use of the bridge, traffic declined to 378,775 units from 413,692.

Coordinating Tax Structure Commission Proposed

A joint resolution to create a commission on tax integration, to study and coordinate the tax structure of the State and Federal Governments, was introduced in Congress recently and referred to the House Rules Committee. Fourteen members are proposed; two to be appointed by the Senate President, two Representatives by the Speaker of the House, and 10 members by the President.

N. Y. State Revised Local Finance Law Explained

The New York State Local Finance Commission at the 1943 session of the Legislature will endeavor to remove any imperfections in the Local Finance Law enacted in 1942 and all existing laws in conflict with its provisions will be discarded. The said Commission will also prepare for consideration by the 1943 Legislature a uniform budget measure for all New York State local subdivisions. These assertions were made recently by Assemblyman Abbot Low Moffat, speaking before the Municipal Forum of New York.

He gave a resume of the facts and events which brought about the adoption by the State Legislature this year of the new chapter of the consolidated laws entitled "Local Finance Law."

"A commission was created in the summer of 1939 for the purpose of revising and codifying the laws relating to municipal finance, and for a year its task consisted merely of collecting these laws," he explained.

"We early reached three determinations: first, that we should try to bring ultimately all local financial provisions of law into one comprehensive chapter of the consolidated laws; second, that we should concentrate in the first instance on municipal borrowing; and third, that we should not try to rush through any new enactment, but should seek widespread understanding of our objectives, have the benefit of the experience of officials charged with the actual administratioin of municipal finance and secure their cooperation in placing on the statute books a law of this nature.

"Accordingly," he continued, "during the summer of 1940 and winter of 1941, there was drafted, revised, re-drafted and re-revised, a proposed article of the proposed local finance law relating to the subject of municipal borrowing. That bill was introduced on the last day of the 1941 session and, when printed, was distributed to municipal officials throughout the State for their comments, suggestions and criticisms. These were both gratifying and illuminating. We found almost unanimous and wholehearted approval from every type of governmental unit in this State of the basic policy adopted by the commission of bringing these laws together into one compact statute. We were also gratified to receive widespread approval of the draft which had been prepared and general agreement on those criticisms and suggestions which were offered.

"After studying these comments and criticisms, the commission adopted many of them and the bill was revised accordingly and introduced at the commencement of the last session.

"The bill," Mr. Moffat pointed out, "was passed and it will be the law of this State commencing July 1, 1943, a year hence. But it is our intention to prepare and submit to the coming session of the Legislature, so that it can be enacted next winter and become law at the same time as the local finance law, a table of express repeals and an omnibus bill of amendments to those sections of general, special or local laws which are not repealed but which must be amended so as to conform to the new act."

N. Y. State Expects Large Cash Surplus

New York State expects to be about $135,000,000 better off next Tuesday than it was when Governor Lehman took office on Jan. 1, 1933.

The Governor, who succeeded President Roosevelt as the State's Chief Executive, inherited a treasury deficit of $100,000,000. On June 30, the end of this fiscal year, he will be able to report that the State has a surplus of approximtely $35,000,000.

This surplus, many millions of dollars more than the most optimistic estimates, has been attained in the face of a 25% slash in State income taxes and reduced revenue from gasoline taxes, due to tire and gasoline rationing.

N. J. Constitutional Revision Deferred

New Jersey's proposed new constitution will not be submitted to the voters before the November, 1943, general election and cannot become operative until after Governor Edison's term expires.

Plans for a referendum at the September primaries on submission of a new constitution at the 1942 general election have been abandoned. Instead, a special eight-member commission was created, with a $10,000 appropriation to conduct public hearings in the hope of enlisting support by the 1943 election.

State officials declared the deferment was a move to permit full public analysis of the new basic law proposed by the Constitution Revision Commission and was not designed to bury it.

Oklahoma Local Bond Issue Ruling

Attorney General Mac Q. Williamson ruled recently that the governing board of a city in Oklahoma is not required to issue the full amount of bonds authorized at an election, should a lesser amount fulfill the purpose. This opinion was given at the request of the City Attorney of Durant, the voters of which city had approved $150,000 airport bonds only to find subsequently that only half the total would be needed to secure Federal aid.

The State's Attorney General observed in his opinion that it was hitherto the practice of local units to follow the law which required that an issue in the full amount be sold. He said that a "fairly recent legislative act has changed the law and now authorizes sale of bonds in any amount which the governing board deems proper."

Florida Goes Urban

Florida's population increased four times as rapidly as that of the rest of the Nation between 1930 and 1940. This was no surprise, declared Dr. John M. Maclachlan of the University of Florida, who states in a recent study that Florida has exceeded the national rate of growth in every census period for a hundred years. "Further, the Florida rate of growth (29.2%) was the highest of any State, and was in sharp contrast, as well, to the rates of increase found in the other Southern States. This also is a difference which has persisted for many years.

Two-thirds of the increase in Floridian population, Dr. Maclachlan notes, "has been located in towns and cities. Metropolitan districts are coming to be recognized as increasingly important . . . in the sense in which cities, as municipalities with definite city limits, are decreasing in significance."

This trend toward metropolitan concentration is not, of course, peculiar to Florida. It is general. It is an inexorable force, it seems, and already it has confronted municipal officials with their most difficult and far-reaching problems. It is not a matter of whether we like the trend; rather, it is for us to adjust ourselves to it, and direct it as much as possible.

Arkansas Surveys War Impact on State Revenue Sources

Dr. George Vaughan of Little Rock, consultant for the Arkansas Advisory Tax Study Commission, appointed by Governor Adkins in February to investigate the effects of "all-out" war activities on economic factors throughout the country, with especial reference to its impact upon State and local budgets has sent us a copy of Release No. 3 of the Commission, entitled: "A Conspectus of Failing Finances."

We quote in part as follows from Dr. Vaughan's letter on this latest document:

"The inquiry, it is hoped, will culminate in the collection of factual information well calculated to be of real service to today's tax administrators as well as to the Arkansas Legislature which is to meet in regular session in January next.

"It may interest you to learn that up to this date Arkansas' finances are holding up well. Collections of the Revenue Department for the month of May, 1942, were the highest in history. But that fact alone has, of course, only temporary significance, since one must deduce from the various answers comprising the enclosed compilation, a nation-wide consensus of opinion, that drastic depletion of present sources of State revenues is inevitable.

"So well, however, has Arkansas safe-guarded her immediate and prospective resources, and protected her debt service program, that all of her highway obligations (comprising 93% of her total funded debt) can be promptly met both as to principal and interest for eight years longer, or up to April 1, 1950—even though present taxation income should be cut in half."

Chicago's Local Units Gain Borrowing Margins

With the City of Chicago showing a margin of borrowing power of $5,800,000 at the close of 1941, contrasted with none at the end of 1940, all six local governments have margins for the first time in several years, the Civic Federation points out in a study which comments favorably on the debt trends of these taxing bodies.

During 1941 the margin of the Chicago Park District increased by over $3,100,000, the Federation reported, adding that the district is also well within its 1½% statutory limit on its own new bonds.

The other units showed declines as follows: Cook County, $1,300,000; Sanitary District, $1,400,000; Forest Preserve District, $1,800,000, and Board of Education, $571,000.

Redemptions, the sale of new issues and a lower valuation base in 1941 all enter the picture relative to changed margins of borrowing power, it was noted. The debt-incurring capacity of taxing entities, the Federation explained, is limited by the Illinois constitution. The Chicago park district has a 1½% statutory limitation on its own new bonds "exclusive of outstanding indebtedness of superseded districts and on the amount of bonds heretofore authorized by or on behalf of any superseded district or districts." The Forest Preserve District has a 1% statutory debt limit.

Alberta Refunding Discussion Fruitless

Alberta debt talk failure came as no surprise to investment circles aware of the big political angle involved in the negotiations. The bondholders' committee suggested a 4% refunding plan to Alberta. The province has never been able to borrow long-term funds at such a favorable rate. The plan would have put the privince in a position where it would have not to worry about refunding maturities.

The 3½% rate asked by Alberta would have meant upsetting the financial balance with other provinces with possible further political repercussions.

British Columbia Offering Well Received

Efforts of the Administration of British Columbia, particularly those of John Hart, present Premier, toward improving the finances of the Province found their reward in the low interest rate and public reception afforded the recent offering of $15,700,000 serial debentures. The average cost of this money to the Province of 3.75% was the lowest in history and the entire issue was taken up within twenty-four hours of the opening of the books. The purpose of the loan was to refund the $20,160,000 issue of P. G. E. Railway stock and debentures guaranteed by the Province, a portion of which amount was paid off from accumulating sinking fund established for that purpose.

Mass. Municipal Statistics Compiled

Tyler & Co., Inc., Boston, are distributing the 34th edition of their booklet giving up-to-date financial statistics of the Commonwealth of Massachusetts, its counties, cities, towns and districts. The statistics show population, assessed valuation, gross and net debt, net debt ratio and per capita, tax levy, tax collections, tax titles, and a comparison of tax rates.

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 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.

$500,000 San Francisco, Calif.
Last sale took place in June, 1940, the award going to a syndicate headed by the Harris Trust & Savings Bank of Chicago. Second best bid was entered by Schwabacher & Co. of San Francisco.

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.

July 8

$2,800,000 Cleveland, Ohio
In March this city awarded bonds to a syndicate headed by the Northern Trust Co. of Chicago, which account nosed out Blyth & Co., Inc., and associates.

ABA Cancels Plans For Its Convention

Members of the American Bankers Association throughout the country were notified on June 24 that the annual convention of the Association, scheduled this year for Sept. 27-30 in Detroit, has been canceled in recognition of the growing wartime transportation needs of the Nation. In a letter addressed to ABA members, Henry W. Koeneke, President of the Association, stated that the Administrative Committee of the Association "voted unanimously to cancel plans for the convention." Mr. Koeneke said "this action is in harmony with the request of Joseph B. Eastman, Director of the Office of Defense Transportation, who has urged that all organizations with large memberships cancel or skeletonize their conventions in order that uninterrupted movements of troops and supplies may be assured. Since the Constitution and By-Laws of the American Bankers Association make no provision for a skeleton or restricted form of convention, such a meeting is neither possible nor desirable."

Mr. Koeneke's letter revealed that provision was made for such emergency by the Association's Executive Council. "Authority for such action was vested in the Administrative Committee by the Executive Council of the Association at its annual spring meeting at French Lick, Ind., last April," he said.

The Administrative Committee is the body to which the administration of the affairs of the Association are committed during those periods between conventions of the membership and meetings of the Executive Council. It consists of the officers of the Association, its three immediate past presidents, the heads of its several divisions, and four other bankers appointed on the basis of geographical representation.

War Damage Insurance

Federal insurance of property against loss or damage resulting from enemy attacks goes into effect on July 1.

The War Damage Corp., a subsidiary of the Reconstruction Finance Corp., was given $1,000,000,000 by Congress to provide the insurance, which since last December has been free as to all property. The rules and rates governing the operations of the WDC were issued on June 17. The WDC will have as its fiduciary agents the fire insurance companies which will write protection policies against enemy action.

The regulations were given in the "Wall Street Journal" of June 19 as follows:

"1. Only one policy shall be permitted to be insured on any one property.

"2. Only one policy is permitted to the insured for properties at fixed locations and vehicles when specified; property in transit; builders' risks on hulls; cargo stored afloat; hulls; growing crops and orchards.

"3. Insurance on craft or cargo must be confined to operations within the limits of harbors or other inland waters of the United States, the Great Lakes and harbors or other inland waters of the Canal Zone, Puerto Rico, Virgin Islands, Alaska and Hawaii.

"4. Vessels covered include those used altogether for storage, housing, manufacturing or generating power; pleasure craft while and only while laid up afloat or ashore; vessels under construction until delivery by builder or sailing on delivery or trial trip, whichever is first.

"5. Rates are to be determined according to the construction classification and co-insurance requirements to be set forth later.

"6. Net premium is defined as 'the gross premium less the producer's service fee and the fiduciary agent's expense reimbursement, subject to the maximum allowance provided in the agent's agreement.'

"7. Producer's service fee shall be limited to 5% of the premium. The minimum fee is $1 per policy, and the maximum is $1,000 per policy. The service fee is not deductible from remittances which accompany the application.

"8. The minimum premium is $3 per policy.

"9. Companies which may be designated as fiduciary agents include any capital stock insurance company, mutual insurance company or reciprocal exchange."

Appointment of the officers of the WDC was noted in these columns of June 11, page 2213.

NY Bond Club Elects A. Gordon President

Albert H. Gordon, of Kidder, Peabody & Co., was elected President of the Bond Club of New York at its annual meeting. He succeeds J. Taylor Foster, of Spencer Trask & Co.

The new President of the Bond Club has been active in investment banking since his graduation from Harvard in 1925, and has been a partner of Kidder, Peabody & Co. for the past 11 years. He is a governor of the New York Stock Exchange and has also served as a governor of the Investment Bankers Association of America.

Richard de La Chapelle, of Shields & Co., was elected Vice-President of the Club filling the post held by Mr. Gordon during the past year. Other officers elected were Ferris S. Moulton, of R. H. Moulton & Company, Secretary, and Henry G. Riter III, of Riter & Co., Treasurer.

Three members were elected to the Board of Governors for three-year terms. They are: Joseph A. W. Iglehart of W. E. Hutton & Co.; Lee M. Limbert of Blyth & Co., Inc.; and George D. Woods of The First Boston Corporation.

Victor Schoepperle of the National City Bank of New York was elected a governor to serve the unexpired term of Mr. de La Chapelle.

Governors whose terms carry over are: A. Glen Acheson of F. S. Moseley & Co.; Charles F. Hazelwood of E. H. Rollins & Sons Inc.; Harry W. Beebe of Harriman Ripley & Co., Incorporated; Eugene R. Black of the Chase National Bank; and Joseph H. King of Union Securities Corporation.

War Time Profits, Losses

The wide variation in the market action of stocks in various industrial groups during the past two years is discussed in a bulletin entitled "War Time Profits and Losses," just issued by North American Securities Company, Russ Building, San Francisco, Calif., sponsors of Commonwealth Investment Company, a mutual investment fund.

The report points out that despite a decline in the overall stock averages of approximately 12% in the two years following the fall of France in June, 1940, 17 out of 53 industries have shown a market increase which in the case of motion picture stocks amounted to 104%. Other industries which have shown market gains in the period are: Coal, 54%; alcoholic beverages, 30%; fertilizers, 29%; tires and rubber goods, 19%; agricultural machinery, 18%; leatner, 16%; meat packing, 15%; fire insurance, 13%; dairy products, 11%; sugar, 10%; household furnishings, 8%; auto parts and accessories, 5%; cotton goods, 5%; copper, 3%; oil, 3%, and rayon and silk, 1%.

Sowers & Taylor To Be Mead, Irvine Partners

BALTIMORE, MD.—J. Claire Sowers and Preston A. Taylor will become partners in Mead, Irvine & Co., First National Bank Building, members of the Baltimore Stock Exchange. Both have been with the firm for some years, Mr. Taylor being manager of the trading department.

J. Elliott Irvine, Jr. and J. Rollin Otto are withdrawing from partnership.

Praises Small Newspapers

President Roosevelt, joining Prime Minister Churchill in greetings on June 23 to the convention of the National Editorial Association at Quebec, expressed "deep appreciation" for the part its editor and publisher members have played in the war effort, according to the Associated Press. "The Government accepts as first responsibility its duty to keep the people informed in every way," Mr. Roosevelt said in his telegram, read before the opening session. "The assistance being rendered by newspapers, which accept this also as a duty of their own, is very gratifying."

Mr. Churchill sent best wishes and expressed regret that he could not be present and renew old acquaintances.

N. A. S. D. Minimum Capital Proposal Would Hurt All, Help None

(Continued from First Page)

to any group of men, irrespective of the esteem in which they may be held.

As stated in the previous article on the subject, the "Chronicle" is opposed to this unprecedented grant of power to the N.A.S.D. principally on the ground that it would have the effect of sabotaging a fundamental American right, i.e., the privilege of anybody, after complying with every phase of the organic laws, National, State and local, to engage in private enterprise, regardless of the individual's financial standing.

To those who maintain that the existing comprehensive policing powers have failed to entirely eradicate illegal or unfair operations in the securities business, it is our contention that no amount of laws, regulations or restrictions, monetary or otherwise, will be completely effective in that endeavor. The plain, unvarnished truth is that in every phase of human endeavor there will be found a minority of unscrupulous individuals who, at some time or other, violate some or all of the rules of fair play and ethical procedure. And anyone or any organization, self-appointed or created by law, which maintains that the mere imposition of a regulation requiring evidence of capital "assets" of $2,500, or $5,000, or $5,000,000, will be effective in driving malefactors "from the field," is due for a rude awakening should the proposed minimum capital requirement by some chance become effective.

There also seems to be a misconception regarding the importance of the stated minimum capital proposal of $2,500 to $5,000, respectively, as an adjunct to properly safeguarding the public in its dealings with an investment firm. It is no more necessary for certain types of investment firms, of which the "minority" is almost solely comprised, to have a certain minimum amount of capital than it is for any other type of service business. Many a small firm acts primarily as agent for its customers, others clear larger transactions through accredited clearance agents, and many have acted as principals for scores of years and met every obligation, AND THE SIZE OF THEIR POCKETBOOKS, WE SAY AGAIN, HAD ABSOLUTELY NOTHING TO DO WITH THE PUNCTUALITY AND EXACTNESS WITH WHICH THEY SETTLED THEIR CONTRACTS.

Moreover, let us remind those firms which would have no difficulty in meeting the proposed minimum capital requirements that it would be extremely dangerous for them to ignore the potential dangers, even to them, that are inherent in this "dynamite-laden" measure. It is only human, of course, to conclude that the less people there are in the securities business, or any other line of endeavor, the more business will be available for those who remain. It is well to remember, however, that it is extremely dangerous to countenance the abrogation of the rights of a "minority" simply because of its inability to meet an arbitrary financial requirement of the nature in question. Who can say to what extent such authority will be employed in the future. It is not inconceivable that many firms now in a position to comply with the suggested minimum capital requirements may discover that with their own acquiescence they established the precedent for the imposition in the future of more stringent requirements beyond their financial capacity. Thus the "majority" of today faces the definite possibility of making up tomorrow's "minority."

Then, too, if some of the larger firms do believe that it is of no importance, and even desirable, to eliminate the smaller dealers from business, may we recommend for their consideration the following observations: The smaller dealer is important. Many of the firms that would have no difficulty in meeting these minimum capital requirements might remember that it is extremely fortunate for them that the investment banking field has extended to the "Main Streets" throughout the country. It would be a great calamity if this situation did not continue to hold true because these small interior dealers counteract the demagogue and hypocrite in politics who always has been and always will be interested in advocating the crushing of "Wall Street" because he knows that such talk is popular with the unenlightened masses and makes votes. There is enough political talk now about the concentration of wealth in the hands of a few without turning over the entire investment business to those Wall Street haters who could then contend that such a condition existed in the case of the investment banking and brokerage field. Every small firm on "Main Street" has its friends and customers and all these people out in the hinterland are closer to their respective Congressmen than are those in the larger cities. Wall Street needs the friendship of these people and their Congressmen—now more than ever. Keeping the small dealer in business is the way to accomplish this important objective.

The files of this publication will show that of the firms that have been convicted of "fleecing the public" in the years past many would have had no trouble at all in meeting minimum capital requirements many times those called for in the proposed amendment.

In conclusion, we reiterate that a sound appraisal of the far-reaching implications of the N.A.S.D. minimum capital requirements by the entire membership of the Association will demonstrate the vital importance of rejecting the proposition. It would obviously establish a dangerous precedent. Also, if some of the members, having acted without sufficient reflection on the long-range effect of the proposal, have already indicated their approval of Article 1, Section 1, they should recall their ballots and vote "no" on the proposal prior to the closing date of the balloting on July 15.

AGAIN WE SAY, YOU CANNOT LEGISLATE MORALS OR HONESTY. IS THE MEMBERSHIP OF THE N.A.S.D. GOING TO ENDORSE THE PRINCIPLE THAT BEFORE A MAN CAN HANG OUT HIS OWN SHINGLE AND GO INTO BUSINESS HE HAS TO HAVE A CERTAIN AMOUNT OF ARBITRARY NET CAPITAL OR ARE THEY GOING TO STAND UP AND SAY, "NOT AS LONG AS WE STILL RECOGNIZE THE RIGHT OF FREE MEN TO PARTICIPATE EQUALLY IN THIS LAND OF OPPORTUNITY. THE PROPOSAL, IN OUR CONSIDERED OPINION, DOES NOT SQUARE WITH THE AMERICAN 'WAY OF LIFE,' AND FOR THAT REASON ALONE MERITS UNQUALIFIED DISAPPROVAL BY THE ENTIRE MEMBERSHIP OF THE N.A.S.D., REGARDLESS OF THEIR FINANCIAL STATUS." VOTE NO ON ARTICLE 1, SECTION 1.

Dollars A Sale; Securities A Buy

The House Appropriations Committee yesterday reported out an army supply bill calling for appropriation of over 42 billions of dollars—the largest single appropriation in the history of any nation. This is further dramatic evidence of the rate of Government expenditures—and a large part of these expenditures keeps flowing down into the pool of general purchasing power. Circulation of money and bank deposits have already grown by leaps and bounds.

The value of a dollar in the hands of its owner is no longer being closely scrutinized. The big question today is—what can I buy with that dollar?—for, availability of goods and services of all kinds is shrinking steadily, and general prices are being kept in check only by the main force of Government fiat.

It would appear that the securities market is the last remaining great field of free buying and selling where the value of a dollar is still being closely weighed, as against the things it can purchase. And this situation exists after the stock market, for about 2½ years, has followed a trend almost diametrically opposite to that of most other price trends. In short, a "buyers'" market exists today in securities, as against a "sellers'" market in practically every other field. We feel this is an abnormality which, in the long run, is bound to be adjusted.

Action of the House Ways and Means Committee late yesterday, adopting a post-war credit of about 14% for corporations paying excess profits taxes, should have a stimulating nearby market effect, particularly for the greatly depressed armament groups — the bulk of whose earnings fall into excess profits tax brackets. The effect of this provision, if it finally becomes law, will be to reduce the excess profits rate from the proposed 94% to about 80%. —J. S. Bache & Co. (Wednesday, June 24, 1942).

Plans Completed for Colombian Bond Exchange Offer

Arrangements for the delivery of Republic of Colombia 3% external sinking fund dollar bonds, due Oct. 1, 1970, in exchange for outstanding Colombian Mortgage Bank bonds have been completed by the Agricultural Mortgage Bank of the Republic, according to an announcement released for publication today (June 25) by Juan Salgar Martin, manager of the bank. The exchange offer, which applies both to guaranteed and non-guaranteed dollar bonds of the mortgage banks, affects slightly more than $10,000,000 outstanding bonds.

Commenting upon the offer, Gabriel Turbay, Colombian Ambassador to the United States, pointed out that it marks the completion of the settlement of the external dollar debt of the national government of the Republic outstanding in the United States. Settlement of the Republic's direct debt was effected under the offer made by the Republic through Ambassador Turbay in June a year ago.

The offer by the Agricultural Mortgage Bank provides that the Republic's 3% external bonds be delivered to holders of mortgage bank bonds on the following basis:

(1) $1,100 principal amount of Government bonds (or certificates exchangeable for these bonds) for each $1,000 principal amount of guaranteed bonds of the Agricultural Mortgage Bank with all past due coupons attached; and

(2) $750 principal amount of Government bonds (or certificates exchangeable for these bonds) for each $1,000 principal amount of the non-guaranteed bonds of the Bank of Colombia, the Mortgage Bank of Colombia, and the Mortgage Bank of Bogota, with all past due coupons attached.

The announcesment also says:

"The Government bonds to be delivered in exchange under the offer do not represent an original or additional issue but consist of bonds in denominations of $1,000 and $500 heretofore issued by the Republic and listed on the New York Stock Exchange.

"The National City Bank of New York has been designated by the Agricultural Mortgage Bank as the exchange agent under the plan, and copies of the offer and of the letter of transmittal may be obtained from the bank's corporate agency department. The offer will remain open for acceptance until July 1, 1943, or such later date as the Agricultural Mortgage Bank may designate.

"The 11 issues to which the offer applies are as follows: Agricultural Mortgage Bank guaranteed 20-year 7% sinking fund gold bonds, issue of 1926, due April 1, 1946; guaranteed 20-year 7% sinking fund gold bonds, issue of January, 1927, due Jan. 15, 1947; guaranteed 20-year 6% sinking fund gold bonds, issue of August, 1927, due Aug. 1, 1947; and guaranteed 20-year 6% sinking fund gold bonds, issue of April, 1928, due April 15, 1948; Bank of Colombia 20-year 7% sinking fund gold bonds of 1927, dated April 1, 1927, due April 1, 1947; and 20-year 7% sinking fund gold bonds of 1928, dated April 1, 1928, due April 1, 1948; Mortgage Bank of Colombia 20-year 7% sinking fund gold bonds of 1926, dated Nov. 1, 1926, due Nov. 1, 1946; 20-year 7% sinking fund gold bonds of 1927, dated Feb. 1, 1927, due Feb. 1, 1947; and 20-year 6½% sinking fund bold bonds of 1927, dated Oct. 1, 1927, due Oct. 1, 1947; Mortgage Bank of Bogota 20-year 7% singing fund gold bonds, issue of May, 1927, due May 1, 1947; and 20-year 7% sinking fund gold bonds, issue of October, 1927, due Oct. 1, 1947."

Roosevelt, Churchill Confer On War Conduct

President Roosevelt and Prime Minister Winston Churchill in a joint statement issued at Washington on June 22 said that the objective of their conferences is "the earliest maximum concentration of Allied war power upon the enemy."

The series of talks, which began on June 19 and are continuing in Washington, also have as their object in view "reviewing or, where necessary, further concerting all the measures which have for some time past been on foot to develop and sustain the effort of the United Nations."

The President's and Prime Minister's joint statement emphasized that "complete understanding and harmony exists between all concerned in facing the vast and grave tasks which lie ahead."

Mr. Churchill's second visit to the United States since this country entered the war was disclosed by the White House on June 18 in a brief statement which said that he would confer with the President on "the war, the conduct of the war, and the winning of the war." He was accompanied on the trip by Gen. Sir Alan Brooke, Chief of the Imperial Staff; Major Gen. Sir Hastings Ismay, Chief of Staff to the Minister of Defense (Mr. Churchill); Brig. Gen. G. M. Stewart, Director of Plans in the War Office; Sir Charles Wilson, his personal physician; John Martin, Secretary, and Commander C. V. R. Thompson, an aide.

No details were given out as to what means of travel were used. The following is the text of the joint statement by the President and the Prime Minister.

"The President and the Prime Minister, assisted by high naval, military and air authorities, are continuing at Washington the series of conversations and conferences which began on Friday last (June 19). The object in view is the earliest maximum concentration of Allied war power upon the enemy, and reviewing or, where necessary, further concentrating all the measures which have for some time past been on foot to develop and sustain the effort of the United Nations. It would, naturally, be impossible to give any account of the course of the discussions, and unofficial statements about them can be no more than surmise. Complete understanding and harmony exists between all concerned in facing the vast and grave tasks which lie ahead. A number of outstanding points of detail which it would have been difficult to settle by correspondence have been adjusted by the technical officers after consultation with the President and the Prime Minister."

The President and Prime Minister on June 23 conferred with American and British shipping experts on the maritime problems facing the United Nations. No details were given out but Stephen Early, White House press secretary, descriged the conference as "one of the most important" held by the two leaders so far.

Those called in for the meeting were Admiral Ernest J. King, Commander-in-Chief of the United Fleet; Vice-Admiral S. M. Robinson, Chief of the Navy's Office of Procurement and Material; Rear Admiral Emory S. Land, Chairman of the Maritime Commission and War Shipping Administrator; Rear-Admiral Howard L. Vickory, Vice-Chairman of the Maritime Commission; Lewis W. Douglas, Deputy War Shipping Administrator; Harry L. Hopkins, Chairman of the American section of the Munitions Assignment Board; W. Averell Harriman, American lend-lease expeditor; Sir Arthur Salter, British Minister of Shipping; Admiral Sir Charles Little, British representative of the combined chiefs of staff, and Admiral J. W. Dorling, British Admiralty supply representative.

Mr. Churchill's previous visit to this country in December lasted nearly a month. One result of this meeting was the "Declaration by United Nations," signed in Washington on Jan. 1 by 26 nations (reported in these columns of Jan. 8, page 144). His war talks with Mr. Roosevelt were noted in our Jan. 1 issue, page 40. The earlier sea conferences held last August between President Roosevelt and Prime Minister Churchill were referred to in these columns Aug. 16, 1941, page 915, and Aug. 23, page 1068.

No Securities Laws Amendments This Year

There will be no legislation this year amending the securities acts, Chairman Lea of the House Interstate and Foreign Commerce Committee, said on June 17, according to Washington advices to the "Wall Street Journal," which added:

"Mr. Lea said he didn't think his committee would have a chance to digest the bulky testimony and report a bill before the end of the year. Next year, however, he added, he thought the chances of speedier action would be good.

"The weeks and weeks of testimony from investment industry and government witnesses on proposals to amend the securities acts has now been indexed, Mr. Lea said," "and a summary is being prepared for members of the committee. But this, probably, cannot be taken up before September. Then a subcommittee can go to work on it.

"This schedule means that a detailed bill can be worked out by the year's end but that there will not be time to report it to the House, Mr. Lea believes."

FDR Lauds Advertising For Aid In War Effort

President Roosevelt on June 21 commended the advertising industry for its contribution to the war effort and said that "the desire for liberty and freedom can be strengthened by reiteration of their benefits" through advertising.

The President's message to the 38th annual convention of the Advertising Federation of America, at New York City, follows:

"My congratulations to the Advertising Federation of America for the way in which its members already have contributed of their time and skill to the war effort.

"It is obvious that there are many changes going on in your field. For the duration there will be a diminution in product advertising, but this does not mean an end of advertising.

"There are many messages which should be given to the public through the use of advertising space. The desire for liberty and freedom can be strengthened by reiteration of their benefits.

"If the members of your organization will, wherever possible, assist in the war program and continue the splendid spirit of cooperation which they have shown during the last year, advertising will have a worthwhile and patriotic place in the nation's total war effort."

Tomorrow's Markets Walter Whyte Says——

(Continued from page 2381)

what would ordinarily be a normal technical setback. Well, the news came. But instead of turning and running back, the market, after declining about two points or so, stopped.

* * *

This is better action than the news entitled it to. A two point or so reaction was in the cards. The fact that at this writing, this has been the worst we have seen, speaks well of the basic trend.

* * *

Whether or not any additional bad news will carry stocks still lower is something I can't answer. If it is the fall of Sevastopol, I think the market has discounted it. I don't think for example that the market has allowed for a wide scale successful invasion of the Russian oil fields.

* * *

But to leave the war alone for the time being and to come back to the market. Here is the picture as I see it today. Using the "Times's" averages as a yardstick, the market has gone from about 68 to just across 72 from the end of May to about June 7th. Then it reacted about a point. Stayed there for about two weeks and started up again. On this rally it crossed 72 again but could not get above the previous highs. The news then sent it down from about 72 to a current figure of about 70. This puts the two previous high points in a position chart readers call "double top."

* * *

I don't really believe double tops are so important as some people believe except that they show a peak at which former resistance was encountered. What is important is that on subsequent declines new bases have been established; bases which indicate the willingness of buyers to take stock. If such bases are violated in important stocks the assumption is that, even if a subsequent rally occurs, the trend is down. In the "Time's" figures this base is now 69-70. If the market breaks through this range it will have given a signal not to be ignored.

* * *

Obviously this applies to the market as a whole; not to individual stocks, though individuals are influenced by the action of the whole.

* * *

Of the stocks recommended here in the past few weeks all that can be said is that they are still acting well. Western Union was the only issue that has violated its 24 price. The rest of your stocks are still above their critical points. I think before the week is over they will be still higher.

* * *

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.]

Investment Trusts

(Continued on page 2383)

Positions—At the close of 1941 the cash resources of Class I roads stood at an all-time peak above one billion dollars and those resources can be added to substantially while wartime traffic exists. *Inventories*—The railroads sell transportation, not merchandise. For them the inventory problem does not exist in any important measure. *Conversion*—The railroads have neither the conversion nor the reconversion problem. *Plant Expansion*—What expansion they have undertaken is in the form of additional equipment which, because of its greater efficiency, should more than pay for itself in terms of operating economy." Summary: "Yet many railroad bonds are available at prices only half or two-thirds of those which existed when interest coverage was little better than half of that prevailing today. And many representative railroad stocks may be purchased at from one to four times 1941 earnings, ratios much more favorable than those characteristic of industrial stocks which have neither the tax advantages nor the outstanding wartime earnings prospects of the rails and are unlikely to come out of the war so well fortified financially."

* * *

"Bulletin" June 12 (Hare's Ltd., 15 Exchange Place, Jersey City): "Stocks of matured banks and fire insurance companies have, for upwards of 158 years, during wars and peacetime, demonstrated consistent earning ability. The Bank of New York commenced business shortly before the Constitution of the United States was enacted and the Insurance Company of North America and the Bank of Manhattan shortly thereafter.

"One may count on his fingers the few years in which these institutions, in whose stocks Bank Group Shares and Insurance Group Shares provide ownership, have failed to show satisfactory earnings throughout their extremely long business careers. Further, as a group they have established an unbroken dividend record averaging 63 years.

"While industrial corporations, as a result of high taxes and inventories have in general made substantial reductions in their dividends this year, only one of the fifteen banks and not one of the twenty-three insurance companies, in whose stocks Bank Group Shares and Insurance Group Shares provide ownership, has made a dividend reduction." . . .

"Whether or not one considers aircraft stocks as "war babies," the fact remains that stocks of well managed "war babies" are good investments where they represent an industry with a growth future and are selling at a low ratio to probable peacetime earnings. Stocks of the aircraft manufacturers which comprise the portfolio of Aviation Group Shares are presently selling on an average of only about 2½ times 1941 earnings. In peacetime, good common stocks have not been considered over-valued at prices representing 10 times earnings to yield from 4 to 5%. Presently the yield on Aviation Group Shares is around 9½%. Taxes will be higher again this year, but as an offset sales by aircraft, aircraft engine and propeller manufacturers will be more than doubled."

* * *

"The News" June 15 (Lord, Abbett & Co., Inc., 63 Wall Street, New York):

"It frequently happens, in the administration of an investment portfolio, that a stock selected for sale represents an inherently sound company—a company in which investment is ordinarily desirable.

"Even with a basically attractive background, however, a company may be *temporarily* undesirable for reasons such as the following:

"1. A current development may adversely effect the company until the development is cleared up or discounted.

"2. Some factor in evaluating the company may be so obscure that prudence will suggest stepping to one side until the atmosphere clears.

"3. The price of the stock may simply be too high, in the light of general market levels and all the known conditions.

"A sale made for such reasons as these is clearly one which is informally 'ticketed' for reversal, through subsequent purchase (provided other things remain the same).

"In reviewing the ABS records for the month of May, some of these 'reversal transactions' come to light.

"American Telephone 3s of 1956 were *sold* and the common stock of American Telephone was *bought*, thus reversing a switch made in 1941. The net gain, in the original switch and subsequent reversal, was about 20 points.

"Libbey - Owens - Ford common stock was *bought*, the same stock having been sold in 1941. The purchase price was just a few points more than *half* of the sales price.

"U. S. Gypsum stock was *bought* at about *two-thirds* of the price at which it had previously been sold."

Dividend Notices

Union Trusteed Funds, Inc.: Dividends have been sent to shareholders of record June 13, 1942 as follows: Union Bond Fund "A" 44 cents per share; Union Bond Fund "B" 45 cents per share; Union Bond Fund "C" 28 cents per share; Union Preferred Stock Fund 42 cents per share; Union Common Stock Fund "A" 25 cents per share; Union Common Stock Fund "B" 12 cents per share.

* * *

Fundamental Investors, Inc.: Quarterly Dividend No. 34 amounting to 20 cents per share has been declared payable July 15, 1942 to stock of record June 30. The offering price will be quoted ex-dividend at the opening of business on June 29.

* * *

Insurance Group Shares: A cash dividend estimated at approximately 2.23 cents will be paid to holders of record June 30, 1942. "June dividends are invariably about 25% less than December dividends, in that it is the practice of a number of the insurance companies whose stocks comprise the portfolio to pay extras during the last half of the year."

UP-TOWN AFTER 3

PLAY

"Laugh, Town, Laugh," starring and presented by Ed Wynn, at the Alvin Theatre, New York. With Smith & Dale, Jane Froman, Carmen Amaya, Senor Wences, Hermanos Williams Trio, Ken Davidson, The Herzogs, Emil Coleman and his orchestra and others. This is one of the few shows your reporter has seen that actually lives up to its title, "Laugh, Town, Laugh." It is a vaudeville show that is well nigh perfect. It has everything; trapeze artists, animal acts, dancing, singing and what is probably the best comedians on Broadway. Ed Wynn with his half timid smile whinnies his way through the evening as the master of ceremonies. Once again he wears his crazy hats, outlandish costumes and describes his whacky inventions. As everybody now knows Wynn doesn't depend on double entendre for laughs. He is a comic who depends on his inane behavior to arouse one's risibilities. But the hit of the show is another pair of comics, Smith & Dale, who were big time when the Palace was the zenith of all vaudeville. I have seen them as the Avon Comedy Four, later as Smith & Dale, but as familiar as their routines are they have never failed to put me in stitches. When they end their famed "Dr. Kronkheit" skit there isn't a straight face in the house. Laughs upon laughs almost lift the roof of the Alvin. Miss Froman, more familiar to the radio than to the stage, is charming. She has a good voice and knows how to interpret Tin Pan Alley hits. Carmen Amaya with a whole flock of relatives including the famed guitarist Sabicas, proves again that she is one of the best flamenco dancers in the business. The Herzogs are five young ladies from down under who do impossible things on trapezes. Portugal contributes its share through Senor Wences, a ventriloquist of no small attainments. There is even a badminton game for the athletically inclined. Ken Davidson and Hugh Forge show how champions do it. The pit work is capably handled by Emil Coleman and his crew. All in all it is a grand show full of laughs and little excitements. And considering the fact that it's offered at a $2 top it becomes one of the best amusement buys in New York.

MOVIES

"Ship Ahoy," starring Eleanor Powell and Red Skelton. With Bert Lahr, Virginia O'Brien, Tommy Dorsey and his orchestra, and others. An MGM picture. A good hot weather film that was made for laughs. It succeeds admirably. For not only is it a top flight musical with all its pretentiousness, but unlike most movie musicals it doesn't depend on display for its oohs and ahs! It has a top radio and movie comic, Red Skelton, and one of the best movie and theatre comics, Bert Lahr, mixes it up with the dancing Eleanor Powell and the straight pan singing of Virginia O'Brien and comes up with this amusing tid bit yclept "Ship Ahoy." Hypochondriac pulp writer, Red Skelton, and his secretary, Bert Lahr, take a West Indies cruise. On board they run into a theatrical troupe, starring Eleanor Powell, scheduled to open in Puerto Rico. Miss Powell, thinking she is acting for the FBI is actually a dupe for saboteurs for whom she transports a magnetic mine. In any event Skelton and Miss Powell meet and go ga-ga over each other. Meanwhile Lahr and the Miss O'Brien hit it off together. If there is any fault in the picture it is the persistent attempt of movie people to treat the war as something amusing, somehing to make money out of. But if you disregard that its only other fault is that there is too little of Bert Lahr. Opening this week at the **Capitol Theatre, New York.**

AROUND THE TOWN

Havana-Madrid (B'way & 52nd). Current show—Caribbean Beauties On Parade—is fast and furious but somewhat confusing. In a hodge-podge of all nations the girls do everything from Russian dances to something supposed to be Chinese. Place is popular with South American dignitaries who frequently come in unannounced. Other night the place was full of Brazilian and Mexican officials. Amusing thing happened when mistress of ceremony called on somebody in the audience to sing only to discover she was calling on the wrong person. Assembled Latin American diplomats howled with laughter. . . . **The Aquarium Restaurant** (7th Ave., near 47th), a new place run by theatrical producer, **Ben Harriman.** Large place open to the street. Specializes in sea food. Food is good and portions ample but service isn't the best in the world. . . . **Recommended Extra-curricular reading:** Dan Parker's sport columns in the New York "Daily Mirror." His poems in Brooklynese, Tenth Ave., Italian or Jewish dialect are masterpieces, comparable to the best things ever done by Ring Lardner. . . . The **Penthouse Club's Caridad** (she sings delightfully and plays the guitar) and **Nayara** (sings in Russian, Persian and English) have just been signed by NBC for a series of broadcasts. Incidentally, **Penthouse** is now offering prizes to guests who get the best candid shots of the Park from its terrace. . . . All the social boys are pulling wires to get commissions. One of the elect boasting of his connections was actually offered a second lieutenantcy. Turned it down. Too small. Last week he was placed in 1-A. He is now running back and forth to Washington trying to get original commission. **Goldwynism:** Story editor called his boss' attention to new radio show, "Counter-Spy," as possible screen material. "'Counter - Spy'! In times like these you want I should make pictures about detectives in a five and ten cent store!"

Our Reporter's Report

(Continued from First Page)

ing increasingly difficult any further effort by the solvent carriers to obtain the benefit of the provisions in that period.

There remained the possibility, however, that the Treasury Department might prevail upon the Senate Finance Committee to adopt the broader proposals, so that while the first round appeared lost, the book was not yet definitely closed on the issue.

As the section of the Revenue Code involved now stands, a railroad to proceed under the plan, must obtain a certificate of unsound financial condition from the Interstate Commerce Commission to be free to buy in its bonds at a discount.

In these circumstances, the spread between the repurchase price and "par" is exempt from treatment as income for tax purposes.

Problem For Reserve Board

Plans of the Treasury for enormous new financing during July and August pose a serious problem for the Federal Reserve Board which is charged with the task of setting the money market right to assure satisfactory reception of the forthcoming securities.

The Board is understood to be engaged in debating the advisability of revising member bank reserve requirements with an eye to the impending Treasury operation. Excess reserves in the New York area have been dropping steadily in recent months and currently are at the lowest levels in several years.

The Reserve already is seeking authority to reclassify both New York and Chicago areas as Reserve Cities rather than as Central Reserve Cities which automatically would reduce such requirements. But that would be merely a stop-gap procedure.

Depends On Type Of Issue

The position of the Reserve authorities will be cleared up once the Treasury decides upon the type of security to be used in its new undertakings.

Should the July financing be scheduled along lines designed to appeal to the non-banking investor, perhaps employing again the "tap" loan such as sold in May, the matter of the banks' excess reserve position naturally would not enter materially into the picture.

But if Secretary Morgenthau intends to turn to the banks for the major part of the funds sought, an adjustment of the reserve requirements would appear essential. The Reserve, however, could, as it has done in the past, ease the bank's position through the medium of open market operations on a larger scale, that is by absorbing part of the banks' present holdings and making room for subscriptions to the new issues.

Placed On Its Own

Termination of the syndicate agreement among underwriters who recently floated the $10,000,000 of Virginia Public Service Company 5% debentures, and the withdrawal of the supporting bid for the issue, brought a mild reaction marketwise.

Brought out at 102 several weeks ago, the debentures settled back to rule around 100⅜ to 100⅝ in free market dealings. Considering that the security was rated just a shade below levels which would have made it attractive to bank buyers, its performance was viewed as indicating that the issue had been quite well placed.

A week ago the 3¾% first mortgage bonds brought out simultaneously were turned loose from syndicate support, and they likewise settled back from the offering price of 106¾.

Big Issue Registered

Financing by the Celanese Corporation of America, in the works several times in recent months, but deferred for one reason or another, is now definitely under way.

The company has registered with the Securities and Exchange Commission for the sale of $35,000,000 of new 3½% debentures to mature in twenty years.

This financing is designed to provide for the retirement of some $24,700,000 of outstanding 3% debentures and $3,000,000 of bank loans. The balance to be raised will be added to the company's general funds.

A sinking fund is provided for sufficient to retire approximately $20,000,000 of the issue before maturity.

Kelsey With Wm. R. Staats

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—John F. Kelsey has become associated with William R. Staats Co., 640 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Kelsey was formerly with Bankamerica Company in charge of the municipal department of their Los Angeles office.

Some Reactions of Security Firms to NASD Minimum Capital Proposal

(Continued from page 2378)

We believe the majority of the small dealers are an asset to the securities business and we think they should be allowed to continue in business if they so desire insofar as the amount of capital they have is concerned.—(From An Atlanta, Ga., dealer)

DEALER NO. 3

Gentlemen:

Your article on the new proposed amendment to the NASD Code is most timely. I reached the same conclusion and voted "no" by return mail.

I voted "no" for somewhat different reasons than you outline.

You notice that the proposal says net capital of $5,000 and not net worth. It further says that real estate may be only used as an asset under certain discretionary conditions, although real estate should be one of the best American assets.

The qualifications, it seems to me, are not only confusing, they are arbitrary and allow too much discretion to any political organization such as the NASD.

I, therefore opposed the proposal because of the classification of assets that it makes; because of the net capital requirement which sets up an arbitrary amount on the books of a dealer whether it is necessary or not; because of the qualifications of assets which seems to bar real estate from a dealer's qualifying assets, and gives too much discretion to a political official as to its acceptance as an asset or capital requirement; because it needlessly complicates the tax situation in Ohio, where a dealer is taxed on net capital and cash in dealer's account; and, because I felt that if qualifications of a financial nature are needed, it should be on the basis of net worth rather than capital assets.

Furthermore, the proposal permits the NASD officials even more discretion in admitting or expelling dealers from membership than they should ever have. In fact, these crackdown agents should never be given the power to put any American citizen out of business.

P. S.—Don't use our name if you wish to quote at all.—(From A Dealer In A Small Ohio Town)

DEALER NO. 4

Gentlemen:

Please allow us to congratulate the "Chronicle" on the article in your Thursday, June 8 issue entitled: "NASD seeks to drive all small securities houses out of business." You have summarized the situation perfectly—particularly where you call the minimum capital requirement un-American, and state that we endorse a procedure, that has never yet been done in the United States of America. What can the NASD be thinking of, or are they thinking?

A reading or re-reading of the questions and answers relating to the new capital rule in the "NASD News" of June 15 shows up the dictatorial powers the NASD are asking for, providing they do not already possess them. For example: They exclude or can exclude any fixed asset from the capital requirement, even liquid City Real Estate—compare this with the following: For the year ending Dec. 31, 1941 (Moody's Public Utilities Manual), the Boston Edison Co. reported total assets of $196,508,198; of this amount $174,353,461 is plant and equipment, or (I presume) what the NASD could call a fixed asset and therefore, does not or should not qualify as an asset according to their qualifications.

Or, how about this one: Article 5, Section 3, "Proposed Amendments to Rules of Fair Practice": "Any member disciplined pursuant to Section 1 of this article shall bear such part of the costs of the proceedings as the District Business Conduct Committee or the Board of Governors deems fair and appropriate in the circumstances." In other words, if the District Business Conduct Committee or the Board of Governors so decide they can compel any member to contribute toward the costs of prosecuting himself.

Relative to the ballot that the members will use to vote (approves or disapproves on any or all Amendments): It has to be signed with the name of the firm voting and also carry the signature of the Executive Representative and is sent direct to the NASD, Philadelphia, Pa. (no third or neutral party), that gives them a check on any or all dealers who would dare to vote against the powers that be.

In past months practically all members of the NASD were sent a lengthy and detailed questionnaire to be answered and filed with a third party, the identity of the member was not to be disclosed to the NASD unless the facts in the questionnaire justified action by the District Business Conduct Committee—the unless, etc., did make it possible for the Committee to obtain information regarding the financial position of many or all dealers, because an itemized balance sheet of the dealer had to be filed as part of the questionnaire. No doubt the amount of capital that many small houses were operating with provided a vulnerable spot to hit them in, regardless of the fact that the dealer has a record of honesty and integrity stretching over a period of years.

It seems to us that if Mr. "A" can do the same volume and kind of business (other things being equal) that Mr. "B" does with a half or a tenth the amount of capital that "B" has, then there is something the matter with "B"—or at least "A" should not be penalized by being required to provide the same capital that "B" has.

Take a look at some of the inconsistencies in the June 15—"NASD News," under the caption: "Capital Requirements" — the article starts off with "Protection of investors and promotion of the welfare of the investment banking and securities business are considered by the Board of Governors to be the primary objectives of the NASD, Inc." (the small dealer is in accord with these objectives). Also, further on it reads: "H. H. Dewar, Chairman of the Board, has said that they will afford public investors a measure of protection to a degree heretofore unavailable to them." (We do not agree with Mr. Dewar, because you cannot legislate honesty and integrity), but, further on in the same article they contradict themselves by saying—"The Board does not in any way feel that these minimums are guarantees of the financial character or business integrity of those who may qualify under them."

Another inconsistency—if "A" is doing a half million dollar gross with $3,000 capital and "B" is doing the same neither one would qualify under the new capital requirements, but, if they consolidated and do the same total gross, i. e., one million, they would qualify. How, or where does that give added protection to the Investor?

Because of the fear of reprisals, we will make this, Anonymous.—(From A Portland, Me., Dealer)

DEALER NO. 5

Gentlemen:

As a small investment dealer who has abided by the By-Laws and Rules of Fair Practice as set up by the NASD and can and will continue to do so, I want to congratulate you on your article in the June 18 issue, entitled "NASD Seeks to Drive All Small Security Houses Out of Business." I subscribe heartily to all your opinions expressed therein and endorse, without qualification, the stand which you have taken.—(From A Virginia Dealer)

DEALER NO. 6

Dear Sir:

I want to express our appreciation and whole hearted support to your article titled "NASD Seeks to Drive All Small Security Houses Out of Business," written by Joseph Haynes. We are a small dealer referred to in your article and have been in the investment business some 15 years, 11 of them as our own concern. We joined the NASD on the theory that they were to work for the investment dealers. From their recent actions they are evidently for the larger dealers rather than the large percent of us who have struggled along during these years, adhering to their rules and regulations as set up by the NASD and paying our dues promptly. We heartily agree that this is an unfair practice and feel that there is enough rules and regulations and policing that will eliminate the "chiseler" so that the investment business as a whole is on a higher plane than it has been for some years.

We couldn't help writing you expressing our pleasure in knowing that there still is a champion of the small dealers, which is the "Financial Chronicle," and trust that there are enough small dealers in the country feeling the same way and that this Aricle 1, Section 1, will be eliminated in the new By-Laws.

Keep up the good work.—(From A Lincoln Neb., Dealer)

DEALER NO. 7

Dear Sir:

I read, with interest, your article in the "Financial Chronicle," re capital requirements, and heartily agree with your conclusions.

The more realistic approach to the capital requirements problem would have been the limitation of incorporated firms doing business without sufficient capital for reasons which are obvious.

I note, with considerable concern, the tremendous expenses under which the NASD is operating, and the purposed regulation and policing thereof would serve to increase these expenses, which, I think, is a step in the wrong direction.—(From A New York City Dealer)

DEALER NO. 8

I enclose a copy of my letter to the NASD. You can quote all or any part of it that you like. Just keep our name out of it, please. Incidentally, I feel very certain that for the past five years my clients have had more profits and less losses than the clients of many of the largest firms per dollar invested, and, in addition, their income has been higher. I would like to see a comparison.

NASD, Inc.,
Philadelphia, Pa.
Gentlemen:

I am returning herewith the ballot card you sent us, and you will note that we have approved all the Articles except No. 1, Section 1, and which we emphatically disapprove.

I respectfully refer you to the write up given this proposed Article in the June 18 issue of the "Financial Chronicle," and in which we heartily concur.

I am 56 years old, and have been in business here in South Bend for 36 years, in the securities business for the last 17 years. I can furnish all kinds of references as to my character, ability and integrity. Practically all my business is done with about 30 clients who are friends of mine and have known me for years. It does not matter one bit to them whether my capital is $500, $5,000 or $5,000,000.

You regulate your dues according to the number of people in the firm. The more people the greater volume of business done, and the greater the profits. Why then, don't you set your capital requirements accordingly? Why should we with only one active member, and doing a very small volume of business, have to have the same capital requirements as the largest house in the business? Does this seem just or fair to you?

I take it that this capital requirement idea is to keep the crook out of the securities business, while, as a matter of fact today, the crooks and racketeers are the ones that have the money. The result, therefore, of Article 1, Section 1, will be just the opposite.

If I am put out of business at my age, what am I going to do to support myself, put my daughter, 12, through school and college, and take care of my mother-in-law, 68?

I can see no good reason why we should belong to the NASD, as we have not participated with syndicates and selling groups for well over a year, and have not as yet paid our current year's dues of $30. We have been paying our dues just to be a good fellow, and for what we thought was a good cause. It doesn't look so good now.—(From A South Bend, Ind., Dealer.

DEALER NO. 9

Gentlemen:

Although I am a member of the NASD I heartily agree with your article in last week's paper.

I never for the life of me could see any reason for the NASD

(Continued on page 2391)

Calendar of New Security Flotations

OFFERINGS

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)

In an amendment to the registration statement of Chas. Pfizer & Co., Inc., covering 240,000 shares of common stock, $1 par value, the underwriters and the respective amounts underwritten are stated as follows:

F. Eberstadt & Co., 12,500 shares; A. G. Becker & Co., Inc., Eastman, Dillon & Co., Hemphill, Noyes & Co., Hornblower & Weeks, Lazard Freres & Co., Merrill Lynch, Pierce, Fenner & Beane, F. S. Moseley & Co. and Dean Witter & Co., 12,000 shares each.

Lee Higginson Corp., 10,000 shares; E. H. Rollins & Sons, Inc., 6,500 shares; Brush, Slocumb & Co., Estabrook & Co. and Spencer Trask & Co., 5,500 shares each; Ames, Emerich & Co., Inc., 5,000 shares.

Kebbon, McCormick & Co., Milwaukee Co. and Schwabacher & Co., 4,000 shares each.

Bacon, Whipple & Co., Blair, Bonner & Co., Central Republic Co., Inc. and Paul H. Davis & Co., 3,750 shares each; Riter & Co., 3,500 shares.

Equitable Securities Corp. and Loewi & Co., 3,000 shares each; Baker, Weeks & Harden, Wells-Dickey Co., Davis, Skaggs & Co., Farwell, Chapman & Co., Illinois Co. of Chicago and Watling, Lerchen & Co., 2,250 shares each.

Bankamerica Co., Jackson & Curtis, Singer, Deane & Scribner, William R. Staats Co. and Whiting, Weeks & Stubbs, Inc., 1,750 shares each.

Bond & Goodwin, Inc., Robert Garrett & Sons, Hill Brothers, W. W. Lanahan & Co., O'Melveny-Wagenseller & Durst, Stein Bros. & Boyce and Stern Brothers & Co., 1,500 shares each; Gatch & Co., Nashville Securities Co. and Stix & Co., 1,250 shares each; Alfred L. Baker & Co., Butcher & Sherrerd, Chace, Whiteside & Co., Inc., Childs, Jefferies & Thorndike, Inc., Craigmyle, Rogers & Co., Crowell, Weedon & Co., Dominick & Dominick, Francis I. du Pont & Co. and Chisholm and Chapman, Eastland Douglas & Co., Elworthy & Co., Ferris, Exnicios & Co., Inc., Johnson, Lane, Space & Co., Inc., Johnston, Lemon & Co., Kay, Richards & Co., Revel Miller & Co., Mitchum, Tully & Co., Otis & Co., Reynolds & Co., Shields & Co. and Van Alstyne, Noel & Co., 1,000 shares each.

Registration effective 1:30 p.m. EWT on June 22, 1942

Offered June 23, 1942 at $24.75 per share by F. Eberstadt & Co. and associates

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)

Registration Statement effective 5:30 p.m. EWT on June 17, 1942

Offered — $150,000 debentures offered June 24 at 100 and int. by Floyd D. Cerf Co. and Grubbs, Scott & Co.

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)

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)

SATURDAY, JULY 11

PARK PLACE-DODGE CORPORATION

Park Place-Dodge Corporation Voting Trust, as extended, filed a registration statement with the SEC for 9,202 shares of common stock, without par value.

Address—40 Exchange Place, New York City

Business—Owning and operating business building

Offering—The voting trust was originally established under a voting trust agreement dated as of Sept. 1, 1932 and has been extended as to voting trust certificate holders who shall become parties to the extension agreement, by an extension agreement dated June 10, 1942, for a period of ten years, that is, until June 1, 1952

Registration Statement No. 2-5015. Form F-1, (6-22-42)

SUNDAY, JULY 12

CELANESE CORPORATION OF AMERICA

Celanese Corporation of America filed a registration statement with the SEC for $35,000,000 3½% debentures, due July 1, 1962

Address—180 Madison Avenue, New York City

Business—The principal business of the corporation is the manufacture and sale at wholesale of cellulose acetate yarns and fabrics containing such yarns under the registered trade mark "Celanese" and other trade marks owned by the corporation. The corporation is the largest producer of cellulose acetate yarns in the United States. The statement says the percentage of the corporation's sales of chemical, textile and plastic products for use directly or indirectly in the production of war materials cannot be estimated accurately, but is believed to have increased rapidly. In addition, reduced imports of wool and other fibres and large use of such fibres in the war effort may increase the demand for the corporation's products for non-defense purposes

Underwriting—The principal underwriters are Dillon, Read & Co., and Glore, Forgan & Co., both of New York City. The principal amount of debentures to be purchased and the names of the other underwriters will be supplied by amendment

Offering—The public offering price will be supplied by amendment.

Proceeds—Net proceeds from the sale of the debentures, exclusive of accrued interest and after deducting estimated expenses, including certain expenses incurred in connection with the proposed issue in March, 1942, of $7,522,000 principal amount of convertible debentures (which debentures were not issued) will be applied as follows: $24,974,000 to redeem on or about the 30th day after the issuance of the debentures, at 101% of the principal amount thereof, the outstanding $24,700,000 principal amount of 3% debentures, due Aug. 1, 1955, of the corporation (exclusive of $100,000 face amount deposited with the paying agent for account of the sinking fund), and $3,000,000 to discharge the outstanding $3,000,000 face amount of 1¾% bank loans maturing serially 1943 to 1945, inclusive, of the corporation. Balance of such net proceeds is initially to become part of the corporation's general funds and as such may be applied to any corporate purposes. It is expected that an amount in excess of such balance will be applied directly or through subsidiaries to the construction and completion of plant additions and improvements and to other capital expenditures.

Registration Statement No. 2-5016. Form A-2. (6-23-42)

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

Registration Statement has been withdrawn

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

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 June 17, 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 for public 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 19, 1942, to defer effective date

HONOLULU RAPID TRANSIT CO., LTD.

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

Address—1140 Alapai St., Honolulu, Hawaii

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

Underwriting—None

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

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

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

HUNTER MANUFACTURING CO.

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

Address—Croydon, Pa.

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

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

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

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

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

Amendment filed June 22, 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 warrents to purchase common stock; and 75,000 shares no par common stock

Address—Dallas, Texas

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

Underwriting — No underwriters are named in registration statement

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

Proceeds will be used for working capital purposes

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

Registration Statement effective 5:30 p.m. EWT on June 17, 1942

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 $4.25 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)

Registration Statement withdrawn June 18, 1942

SOUTHWESTERN PUBLIC SERVICE CO.

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

Address—Dallas, Texas

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

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

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

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

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

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

Amendment filed June 18, 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 $0.3: 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 June 17, 1942, to defer effective date

UNITED GAS CORPORATION

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

Address—2 Rector Street, New York City

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

Underwriters—None

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

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

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

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

Amendment filed 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 several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

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

Proceeds will be received by the selling stockholders

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

Amendment filed April 21, 1942, to defer effective date

T. M. Bowen Dead

Thomas M. Bowen, 42, died at his home in Des Moines, Iowa. He had been a partner in Jackley & Co., an investment house, for several years. A few weeks ago he entered the employ of the Central National Bank & Trust Co. He is survived by his wife and two sons.

Some Reactions of Security Firms to N A S D Minimum Capital Proposal

(Continued from page 2389)

anyway, especially with the SEC in operation.—(From A Boston, Mass., Dealer)

DEALER No. 10

Dear Sir:

The article on the NASD Capital Requirement Amendment in the June 18th issue has been read by the writer with great interest. I am certainly against this Amendment.

About the least objectionable feature of this proposed article (No. 1, Section 1) is that it is clearly unconstitutional, illegal and immoral. Such a little thing as violating the Anti-Trust Laws has been completely ignored. The intent and future effect, without doubt, will be to make the securities business more of a monopoly than it is at present.

Dishonest acts are committed by "big" people just as much as by "little" people and in the investment industry past experience bears out this fact. As a matter of fact, in the investment business the little fellows haven't the capital or facilities to employ salesmen. Nor do they sell securities to their friends without carefully checking markets.

There are a number of young fellows aged 30 to 40 years who, having saved $2,000 to $10,000, have opened up their own offices. This has been very true in the past eight years. By real, hard work they have managed to make a living and perhaps slightly built up their capital. Most of these boys will be in the army (drafted) within another year. Their families will have to live on their accumulated capital for the next three to five years, at best. (If you have $5,000 the draft board will consider that you are financially independent). Lucky indeed will be the lad who has any capital left when he returns from serving his country.

If the soldier survives the war, and then wishes to reenter the securities business, he will find a strange paradox indeed. Having fought to set the world free he will find that his business competitors have sold him into economic bondage and that henceforth some $30 to $50 a week (if he is lucky and gets a job) will be his lot. Why should he fight the Nazi while the NASD (Say it as one word and they almost sound alike) stabs him in the back and destroys the future of his son and grandson.

Lets look at our constitution, Article 13 (abolishment of slavery), Section 1.

"Neither slavery nor involuntary servitude, except as a punishment for crime where the party shall have been duly convicted, shall exist within the United States or any place subject to their jurisdiction."

Am I wrong in suggesting that this proposed amendment is unconstitutional? Perhaps I am. I'm not a lawyer. But it is un-American. It attempts to choke off free enterprise and stifle competition. Protection? RATS! One never needs protection from an honest man be he ever so poor.

The road to better times in the securities business isn't along a route of strangulation. What we need is more young blood with initiative and an honest desire to get out and stir up public interest.

Yours for freedom of commerce and trade.—(From A New York City Dealer)

DEALER No. 11

Dear Sir:

If money was a yardstick for the integrity and honesty of people, then all rich men would be saints and all poor people would be crooks. What in all the world has money to do with character?

If this amendment to the statutes of the NASD goes through, there is no doubt that the great majoriy of smaller brokers and dealers will be forced out of business. With them, there will pass from the scene of financial business one of the most characteristic American institutions: the small and honest broker-dealer who has built his business upon personal integrity and personal honesty. And he will take along one of the most important services rendered to the American Public in general and to the American Investor in particular.

For it is the little brokers and dealers who have created, maintained and sustained, day by day and year after year, the greater part of that vast and vital Over-the-Counter-Market within the U. S. A. It is the small houses which have gone out and and sold these securities, which have dug up buyers and sellers, have created active interests in otherwise dead or inactive issues, and which, thus, have rendered invaluable services not only to the American Investor but also to American Industry in search of capital distribution and financing. It is they who are today acting as feeders of listed business to the Stock Exchange firms and who are helping them every day in securing good markets for their customers in many a security otherwise unsalable or difficult to buy.

Aside from the fact that this move on the part of the NASD is contrary to the best tradition of American self-government and democratic self-discipline, that it is futile in its motives and ridiculous in its purposes, that it enhances the entrenchment of monopolistic tendencies within the financial community and restricts free competition and enterprise, that it gives no protection at all to the investor against dishonesty and lack of responsibility, that its very conception is a step towards totalitarian ideology (the Germans started with the Aryan paragraph) and away from the principles of free American enterprise (as is every restriction based upon and in favor of capital privileges)—aside from these facts, there is little doubt that such a move will hurt the interests of the investing public and cause serious repercussions which will be felt all over the entire financial community of this country.

But the NASD doesn't seem to care about the public in this instance. The public be damned, and with it would go the fruits of the little broker-dealer whose honesty, integrity, years of hard work, self-sacrifice and pioneering has been a real constructive force in America.—(From a New York City Dealer)

DEALER No. 12

The small, independent dealer is a vital part of the security business. To force this important element out of business by means of the proposed NASD minimum and undoubtedly increasing capital requirement is the sneakiest trick since the attack on Pearl Harbor.

Honesty, integrity and competence are not synonymous with minimum capital. Far seeing members cannot do other than reject with disgust this amendment that would classify a dealer with $2,-499.99 or less as an irresponsible and dishonest member of the profession.—(From A New York City Dealer)

More New Money In Savs. & Loan Assns.

The savings, building and loan associations received $92,960,000 in new money in April, according to a report issued June 20 by the United States Savings and Loan League, which pointed out that each of the three months following January saw a rise in the amount of new money coming into the associations. It is noted that April's figures are the latest available on a national scale, and the announcement says that although 9.1% less than new savings in April, 1941, this April's amount held out from current consumer purchasing power and set aside for future use was some $4,000,000 more than was saved in April two years ago. "It is natural that thrift and savings institutions should witness an upturn in the amount of new money flowing in, if the people of the country are taking seriously the urgings of the nation's political and business leaders," comments A. D. Theobald, Assistant Vice-President-Treasurer of the League. He adds:

"The war job of institutions such as ours, the life insurance companies, the savings banks and other sponsors of the postponed use of current earnings, is much larger than the sale of War bonds through our facilities, important as that job and our contribution to it are. In the final analysis the money which these trustee institutions persuade people to save in their share accounts, policies or deposits, respectively, is being kept out of the market and hence its influence on price rises is deterring rather than contributory. Besides the antitoxin for inflation inherent in savings programs there is the fact that much of the intake of savings and loan institutions for the duration will be invested in War bonds and other Government issues, so that their receipts will help finance victory."

Votes $42.8 Billion For Army In 1943

The House by a record vote of 352 to 0 on June 23 passed the largest appropriation bill in the history of the country—a $42,820,003,067 War Department supply bill for the 1943 fiscal year. The measure is more than $1,000,000,000 in excess of the total direct outlay for the first World War and brings total authorizations and appropriations for defense and war in the last three years to around $205,000,000,000. The appropriation is designed to maintain and equip an army of 4,500,000 by July, 1943. The largest single item in the bill is $11,316,988,910 for 23,550 airplanes and parts; this amount, it was explained, will complete the War Department's part of the President's program calling for 60,000 planes in 1942 and 125,000 in 1943.

The House Appropriations Committee in reporting the bill to the floor of the House on June 23, explained the necessity for the expenditures by quoting Lieut. Gen. J. T. McNarney, the Deputy Chief of Staff as follows: "The War Department regards our present situation as the most critical which this country has ever encountered . . . and we must avoid at all costs . . . the error of underestimating the task ahead of us."

Of the total, $12,700,000,000 was authorized to be transferred under the Lend-Lease Act, bringing to $62,944,650,000 the amount that can be transferred to countries the President deems necessary.

The President requested Congress for about $39,400,000,000 for the Army; referred to in these columns of June 11, page 2200.

Our Reporter On "Governments"

(Continued from First Page)

has been getting a rest and, unless unforeseen developments militate against use of the long-term section, the intermediate classification will continue favored for a relatively prolonged time. . . .

The 2s of 1951/49 seem in a good position for a rise against the trend. . . . Or ahead of the trend. . . . There are two 2% loans, one dated in June, the other, in September. . . . Both are taxable, both are identical except for the three months' difference in maturity. . . . As far as price goes, the spread is restricted to 2/32nds at present. . . . So take your choice if this maturity classification fits into your needs. . . .

WELL PREPARED

When the reserve requirement picture finally is revised, the effect on the market should be exactly zero. . . . So well have various segments of the Government mart been prepared for action on excess reserves that it would be surprising if anything happened on the actual move—rather than if nothing occurred. . . . Consider, for instance, the reaction to the boost in reserve requirements last September. . . . Before the move was made, all investors and professionals had been forewarned and forearmed. . . . So when requirements actually were raised, the price level moved up—not down as might have been expected had the step been taken without preliminaries. . . .

Ordinarily, you would expect prices to rise on a cut in reserve requirements, for that has been the rule for years. . . . This time, though, every one is ready for the move right now and it isn't due for a few weeks at the minimum. . . . There isn't any surprise element left. . . . And finally, whatever extra surplus is created by the step will be invested immediately in new Government obligations — meaning that the advantage won't last long. . . .

The Federal Reserve authorities appear satisfied to keep prices around current levels. . . . The objective is not to put them up but to stabilize them for purposes of war financing. . . . There's little reason to look for any important rise in the near future, therefore. . . . And for the same reason, there's no justification for fearing an important decline in prices either. . . .

Incidentally, President Roosevelt's forecast in his budget message concerning the costs of carrying the public debt are being confirmed. . . . The President predicted that by this month, interest charges would be up to $2,500,000,000 and added, significantly, that "such an increase in interest requirements will prevent us for some time after the war from lowering taxes to the extent otherwise possible." . . .

Now the talk is the debt will be above $200,000,000,000 by late 1944—when the war may have ended. . . . That's the direct, obvious debt—and does not include the social security liability and other similar invisible obligations. . . . If this forecast is correct, the interest charges will be up to $5,000,000,000 a year. . . .

Just study those figures for a minute and you'll have another basis for expecting the authorities to attempt to maintain long-term interest rates around the current 2½% level. . . . When a debt grows that enormous, every fractional rise in interest costs means an immense addition to the carrying costs. . . . And to tie this into the Reserve Board's program, the prospect is for greater and greater manipulation of the reserve situation and of the price level as the months roll by. . . .

INSIDE THE MARKET

Positions of dealers light and well distributed between long and intermediate lists. . . .

Distribution of purchasing power of banks undergoing significant change, with West Coast banks moving into unprecedented prominence. . . . Banks in West receiving lion's share of Treasury spending, due to development of war industries in that area, using augmented deposits and reserves in Government market. . . . Holdings of Governments by banks in 12th Federal Reserve District are about 22% ahead of 1941, with informed sources predicting mounting percentage gains during balance of this year. . . .

Almost 52% of new investments of life insurance companies so far this year have been placed in Government bonds. . . . Actual figure exceeds $1,000,000,000. . . . For full year, insurance companies are expected to have $1,500,000,000 available for placement in long-term Governments, so probability is that contribution of these institutions will become smaller as year passes. . . .

Campaign getting under way to "scare out" currency hoarders, transfer billions of currency in hoarding (minimum estimate is at least $2,000,000,000 of dollars are being hoarded today; maximum runs to three and four times that conservative calculation of the Reserve Board) into war bonds and stamps. . . . This drive is of major importance. . . . If successful, it may carry war bond sales above the $12,000,000,000 annual figure now named as goal and considered insufficient by most observers. . . .

If any important changes occur in interest rates during rest of this calendar year, they'll come in the short-term market. . . . In the very short section or in maturities running up to five years. . . . Might be that Reserve Board would allow discount bill rate ceiling to rise to ½% from present ⅜% maximum. . . . Variations in short-term rates, though, would not necessitate variations in long-term rates under rigid control setup of today. . . .

Investigation indicates most conservative place for funds in last few months has been long-term—and not short-term market. . . . Despite tremendous difference in income returns. . . . None of the old, time-tested axioms for safe investment of funds seems to be holding in this war period. . . .

N. J. Bond Club Names C. Currier President

Cyrus R. Currier, of Adams & Mueller, Newark, was elected President of the Bond Club of New Jersey at the annual meeting of the club held at the Down Town Club in Newark. He succeeds Lee W. Carroll, of John B. Carroll & Co.

Ludlow Van Deventer, of Van Deventer Bros., was elected Vice-President to succeed Mr. Currier. Wilbert Campbell, of Campbell & Co., was elected Secretary, and J. William Roos, of MacBride, Miller & Co. was elected Treasurer.

James B. Kirk, of Harris, Upham & Co., was elected to serve on the board of governors for two years. Lee W. Carroll, John F. Dolan, of Spencer Trask & Co., and Stanton M. Weissenborn, of Parker & Weissenborn, Inc., were elected to the board of governors for a period of three years.

N. Y. Curb Members Approve Amendments

Members of the New York Curb Exchange on June 17 voted in favor of amendments to the constitution of the Exchange which permit the Board of Governors to (1) levy a tax of 2% on commissions (although it is the intention of the Board to charge only 1%); (2) reduce initiation fees; and (3) reduce the suspension period of delinquent members from one year to 90 days, after which the Board will appoint a trustee for the disposal of such memberships.

Approval of these changes by the Board of Governors and an explanation of their purposes was noted in these columns June 4, page 2115.

Detroit Bond Club To Elect New Directors

DETROIT, MICH. — Harold R. Chapel of Crouse, Bennett Smith & Co., President of the Bond Club of Detroit, has announced that the annual election of Directors for the forthcoming year will be held at a Cocktail Party today at 4.00 P.M. at the Savoyard Club.

Nominees are John L. Kenower, Miller, Kenower & Co.; Rolf A. Crookston, Hornblower & Weeks; Richard T. Purdy, First of Michigan Corp.; Stanley H. Wilkinson; F. C. Gallaudet, McDonald, Moore & Hayes; Howard L. Parker, M. A. Manley & Co.; William N. Adams, Braun, Bosworth & Co.

Two of the nominees will be elected for a term of three years and one for a term of one year. The three elected, together with A. C. Allen of Blyth & Co., Harold R. Chapel, Bert F. Ludington of Watling, Lerchen & Co., and Jones B. Shannon will comprise the Board for the coming year.

The nominating committee was composed of John C. Wright, Chairman, M. A. Manley, Harry E. Kerr, Fred A. Bargmann and Joseph J. McFawn, all past Presidents of the Club.

New York Stock Exchange Weekly Firm Changes

The NYSE has announced the following weekly firm changes:

Transfer of the Exchange membership of Norman J. Jewel to John Vanneck will be considered by the Exchange on July 2.

James A. Williamson has retired from partnership in Stein Bros. & Boyce, Baltimore, Md. Mr. Williamson made his headquarters in the firm's Philadelphia office.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on June 22 that the tenders for $300,000,000, or thereabouts, of 85-day Treasury bills to be dated June 24 and to mature Sept. 17, which were offered on June 19, were opened on June 22 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for—$709,632,000.
Total accepted—$301,249,000.
Range of accepted bids:
High—99.935, equivalent rate approximately 0.368%.
Low—99.913, equivalent rate approximately 0.368%.
Average price—99.914, equivalent rate approximately 0.362%.
(28% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on June 18 in amount of $150,435,000.

Ralph Chapin Joins Fahnestock & Co.

CHICAGO, ILL.—Fahnestock & Co., 135 South La Salle Street, members of the New York Stock Exchange, announce that Ralph Chapin is now associated with them in charge of their unlisted trading department. Mr. Chapin was previously in charge of trading for Webber, Darch & Co.

J. A. Ross Now With Prescott, Wright Co.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—James A. Ross has become associated with Prescott, Wright, Snider Co., 918 Baltimore Avenue. Mr. Ross was previously with Straus Securities Company. Prior thereto he was President of James A. Ross & Co.

Bingham, Walter Merges With Hurry, Hilgers Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—The investment business of Bingham-Walter & Co. and Hurry, Hilgers & Co. is being merged. The new firm will be known as Bingham, Walter and Hurry, Hilgers, and will have the quarters at 621 South Spring Street, formerly occupied by Bingham-Walter & Co.