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Should This Man Be Barred From the NASD?

By JOSEPH HAYNES

(The following is a true story. We believe that it tells more clearly than any other statement of the case, why the minimum capital proposal now before the members of the NASD should be overwhelmingly rejected.)—Ed. Note.

It was late in the afternoon, not so many years back, that John Bowman (which is not his name) sat at his trading desk trying to figure out what he was going to do in order that he might continue to meet his bills. His third job, in less than three years, had just gone out from under him. Because the firm he was with and another had merged, through no fault of his own, he was once again out of work.

Now he was nearing the forty mark. His large family was growing up. As they looked forward to high school and college the demands of his children were constantly increasing. The depression, sickness, care of aged parents and the past lean years of earning power as a Wall Street employee had left very little as a reserve fund that could be relied upon to tide his family over until another job could be found. As John Bowman sat at his desk, trying to decide where he could go, whom he could see about another job, his mind began to look into the future.

Where would it all lead? Would it be another job, and another, and another—until he was too old even to try to get on his feet? After these past twenty years in "the street" should he try some other field? If so, where could he go? Who wanted a man with his Wall Street experience? They were a drug on the market. He knew, because other friends had tried to get jobs in other fields and the result was the same everywhere—no "Wall Street men" seemed to be wanted! The more he sat there and tried to think the whole thing out the more he became convinced that there was something wrong with the entire picture. After all these years of working in the investment field there was just one thing that he had accomplished, HE KNEW HIS BUSINESS; HE HAD EXPERIENCE. HE HAD ALSO ESTABLISHED A REPUTATION AMONG HIS FRIENDS—HIS WORD AND HIS NAME WERE AS GOOD AS GOLD.

The more he looked into the future the more he questioned the wisdom of trying to provide bread and butter for his family in some other field when every one he knew with experience like his own in the securities business had failed. It just wouldn't work; it would lead up a blind alley. After all, he had handled millions of dollars worth of securities over the trading desks of some of the leading investment firms in the country during the past twenty years and here

(Continued on page 13)

Our Reporter On "Governments"

Government bond dealers these days aren't in a much better position—as far as forecasting news on new financings is concerned—than any country or small city banker. . . . The Treasury is consulting many sources on its plans, is talking terms with hundreds of investors and experts, is then going ahead with its old pre-war program of maintaining its silence until the last minute. . . . So, the market's guess can't be considered trustworthy—not even as trustworthy as in days gone by when a clear analysis of "what the traffic could bear" was a near-reliable barometer. . . . And now with this apology and preface, it's possible to go on wtih a summary of what the market anticipates for the next two months. . . .

In the first place, the action of the market recently suggests the justification for this column's forecast that in July, the banks will receive a bond issue. . . . Maybe not as long-term as the tap offering; in fact, probably not as long-term. . . . But a bond issue, nonetheless. . . .

Sluggish market movements of the long 2½s of 1972/67 and of the various issues in the '60 bracket are indicative. . . .

So are the rumors spread among dealers. . . . As a matter of fact, the market came close to being 100% perfect on its predictions concerning a certificate of indebtedness offering in June. . . . It seems logical that current reports of a bond issue in July will be also accurate. . . .

As for exact terms, the variety of predictions here is natural. . . . Persistent story is that for bank buying, maturity of bond issue would be restricted to the 1950-55 range. . . . That would mean prices of other bonds due in this maturity range would be depressed. . . . May see longer issue but chances are this will be delayed until August, when insurance companies are expected to have additional funds and market is expected to be reacting favorably to change in reserve requirement setup. . . .

In the second place, market action forecasts near-term but not important action on reserve requirements. . . . Feeling is when general cut in requirements comes, it will be minor—not so large as to cause a major rise in prices in a hurry. . . . And reclassification of banks in Chicago and New York (predicted here months ago and repeated time and again) is now thoroughly discounted. . . .

Finally, in the third place, market action tells confidence of major investors and professionals in ability of fiscal authorities to control price level. . . . Even on worst war news of recent months, prices slipped only slightly and that reflected marking down of bids rather than selling. . . .

INSURANCE COMPANIES

The allotments on the certificate issue—at 50%, compared with 48% in April—were as expected. . . . Larger allotment due to fact that Treasury decided to allot on a round-figure basis so that $1,587,000,000 of the June certificates were alloted against $1,057,000,000 in April. . . . And types of purchases this time were different too, for the significant conclusion to be drawn from a study of certificate awards is that insurance companies played a much smaller part in this offering than in the April flotation. . . .

In April, the insurance companies had hoards of idle cash, responded on a broad scale to requests from investment bankers and dealers for big subscriptions. . . . In May, they used up more money to buy tap issue. . . . By time June certificate offering came along,

(Continued on page 16)

OUR REPORTER'S REPORT

Subscription books were opened yesterday on the offering of $35,000,000 of 20-year 3½% debentures of the Celanese Corporation of America, marking the first industrial financing to reach the market in some weeks.

The issue met a fair initial reception, but those in the business were quick to realize that despite its appeal the placing of the debentures would require a bit of work due to general market conditions.

It was conceded widely that the offering was priced right, at 99½, but with investors, institutional as well as individuals, a trifle slow on the trigger at the moment, early demand might be said to have been a trifle disappointing.

Reports indicated, however, that buying was brisk on the part of Ohio firms who were experiencing a good call for the debentures.

Primarily it was the same story over again, larger investment outlets showing a reticence to rush things. It was observed in some quarters that once insurance firms began to look the situation over the deal would move out with increased vigor.

(Continued on page 7)

INDEX

Tucker, Anthony & Co. Absorbs Burr-Gannett

BOSTON, MASS.—Burr, Gannett & Co. of Boston announce the dissolution of their firm as of June 30, 1942. I. Tucker Burr, Jr., becomes a general partner, resident in Boston, in the firm of Tucker, Anthony & Co. G. Storer Baldwin and eight other members of the firm's contact personnel have also become associated with the Boston office of Tucker, Anthony & Co., 74 State Street.

Tucker, Anthony & Co. was founded in 1892. The firm early became identified with public utility and industrial financing and entered the investment banking field. For many years, Tucker, Anthony & Co. has been prominent in the underwriting and distribution of public utility, industrial and municipal bonds while maintaining and enlarging its original business as commission brokers.

In addition to Boston and New York, Tucker, Anthony & Co. has offices in New Bedford, Mass., and Rochester, N. Y.

Manages Bache Branch

COLUMBUS, OHIO—Lucas E. Green is manager of the recently opened office of J. S. Bache & Co. at 16 East Broad Street. Mr. Green was formerly in charge of the local office of Orvis Bros. & Co. and prior thereto was in charge of the Columbus office of Merrill Lynch, Pierce, Fenner & Beane with which firm and its predecessors he had been connected for many years.

E. E. Thalmann Dead

Edward Ernest Tnalmann, a partner in Ladenburg, Thalmann & Co., New York City, died at his summer home in Beverly Hills, California. Mr. Thalmann had been active in investment circles for over 30 years, but had recently been partially retired.

Evidence Accumulates Of Widespread Opposition To Minimum Capital Proposal

Additional factual evidence of widespread dealer opposition to the proposed NASD minimum capital requirement (Article 1, Section 1) is clearly apparent in the correspondence on the subject which we continue to receive in increasing volume each day. Nor is this opposition confined exclusively to the so-called "smaller" firms. Actually, it is strikingly evident that a great many houses which would find it a matter of extreme ease to comply with the suggested minimum capitalizations are equally opposed to establishing such a dangerous precedent in the securities field.

Some of the letters received, in addition to those contained in our issue of June 25, are given below:

DEALER No. 13

As a local dealer and an involuntary member of the NASD I was naturally delighted to see the article by Joseph Haynes in the June 18th issue of the "Chronicle."

Last evening we had a very poorly attended meeting of our local dealers and naturally the sentiment was all very much against particularly Article 1, Section 1, concerning the minimum capital requirements. I may be entirely wrong in my analysis of this situation but it certainly looks as if a few of the larger firms, encouraged by the SEC, are endeavoring to drive all of the small dealers out of the business. It so happens in my case that I am confining my efforts almost entirely to the sale of Keystone Custodian Funds and of course to do business with this firm I have to belong to the NASD. I don't know what can be done, but it certainly seems that the great majority of decent small dealers who must be a majority of the total are against particularly this section, but whether their combined efforts are going to be sufficient to defeat this remains to be seen.

Again as a local dealer, I want to thank the "Chronicle" for publishing this article and I trust that the efforts of your paper may continue to be in sympathy with the small dealers.—(From a Utica, New York, Dealer)

DEALER No. 14

We are most interested in your editorial in the June 18th issue of your publication regarding the financial limitation proposed to be placed on dealers by the NASD.

We sent in our ballot yesterday, and disapproved all of Article 1 amendments and the last one, which would make it necessary for investigated houses to pay part of the expenses. We firmly believe that it is a definite restraint of trade and initiative and regarding the last amendment, we feel that a policeman should pay his own way.

Fortunately, we do not come under the category of the limitation but we certainly would not be in business today if it had been necessary for us to have very much capital to start.

We feel that the small houses are good for the big houses because we not only feed them business, but likewise work a little harder because the very small houses, in which category we were, prior to five years ago, have very little backlog of finances.

Isn't it true that many of the larger houses today started with relatively nothing?

(Continued on page 10)

Cleveland Bond Club Discusses Outlook

CLEVELAND, OHIO—The annual spring meeting of the Cleveland Bond Club became a forum at which members discussed the general outlook for the securities business and its place in the war economy.

Although reports on the current status of the business from members were gloomy and the effort to tie the investment banking business into the war fund program was roundly criticized, R. V. Mitchell, Vice-President of McDonald-Coolidge & Co., and a governor of the Investment Bankers Association, expressed optimism as to a rapid recovery of the bond business which he declared was essential to the growth of the country. Mr. Mitchell declared that present conditions were similar to the slump in the bond market during the first World War and urged the opinion that the present slump is only a temporary condition.

John S. Fleek, Hayden, Miller & Co., President of the I. B. A., and Hugh McBain, executive manager of the Victory Fund Committee for the district embracing Cleveland, described the task of raising up to fifty billion dollars a year by the War Bond sales and urged the cooperation of the securities industry with the Treasury Department in financing the war.

Four new governors were elected for the Cleveland Bond Club: John D. Burge, Ball, Coons & Co.; Emile A. Legros, First Cleveland Corp.; Herman J. Sheedy, McDonald-Coolidge & Co.; and A. J. Stiver, Saunders, Stiver & Co.

The dinner was preceded by a golf tournament in the afternoon. Low score winner was Al Atkinson, who as a three-time winner was awarded permanent possession of a trophy presented by Scribner & Loehr. Norman Cole, Robert Wood, Oren Koeser, William F. Kurtz and C. B. Merrill were also golf prize winners.

Lewis McDowell With Weston & Co., Boston

BOSTON, MASS. — Lewis D. McDowell, who has been in the securities business since 1915, has become associated with Weston & Co., 10 Post Office Square. Mr. McDowell was formerly stock trader for Paul D. Sheeline & Co., which has discontinued business for the duration since Mr. Sheeline has been called to the service. In the past Mr. McDowell was connected with A. C. Allyn & Co. and Blyth & Co. He served overseas during the first world war.

R. S. Hudson Forms Own Securities Firm

DALLAS, TEX. — Robert S. Hudson has formed R. S. Hudson & Co., Inc., First National Bank Building, to act as dealers in municipal, industrial, public utility and railroad stocks and bonds, specializing in Texas municipal bonds and corporation securities. Mr. Hudson, who is President of the new firm, was formerly Vice-President of Beckett, Gilbert & Co., Inc., which has become inactive for the duration of the war, Messrs. Beckett and Gilbert being on active war duty.

John Huegel To Be Partner In Belden Co.

John P. Huegel will become a partner in Belden & Co., 61 Broadway, New York City, as of July 9th. Mr. Huegel will be a member of the New York Stock Exchange, acquiring the Exchange membership of W. Wallace Lyon.

Ward, Osgood & Park With Eaton & Howard

BOSTON, MASS. — Effective July 1, 1942, the investment counsel firm of Ward, Osgood & Park combined with Eaton & Howard, Inc., 24 Federal Street and three of the former partners of that firm became officers of Eaton & Howard. Henry DeCourcy Ward and Francis E. Park, Jr., became Vice Presidents and Stuart Osgood, Treasurer,—the latter succeeding W. Elliott Pratt, Jr., who has volunteered for service with the Army Air Corps.

Preceding the formation of Ward, Osgood & Park in 1936, the above partners were in the investment counsel business for a number of years as partners in other organizations.

Eaton & Howard, Inc., with offices in Boston and San Francisco, was founded in 1924 by Charles F. Eaton, Jr., and John G. Howard, who continue to serve as President and Vice President respectively. Other officers are John MacDuffie, II, S. Whitney Bradley, and Robert P. Bullard (San Francisco), Vice Presidents, Houghton Carr, Secretary, and Hollis R. Johnson, Assistant Treasurer.

Eaton & Howard counsels individual and institutional investment accounts and manages the Eaton & Howard Balanced Fund, and Eaton & Howard Stock Fund.

NSTA Officers Will Hold Election Meeting

It is announced by Joseph W. Sener of Mackubin, Legg & Co., Baltimore, that he has called a meeting of the officers, governors, and national committeemen, to be held on Aug. 28 and 29 in Chicago, for the purpose of transacting the regular annual election of officers. This meeting will replace the convention which has been cancelled in cooperation with the National Defense effort. Mr. Sener made it clear that any and all members of the NSTA are welcome to attend these meetings.

Edward H. Welch of Sincere & Co., Chicago, has been appointed by Mr. Sener as Chairman of these arrangements.

All members of the Association are invited to attend the meeting. The Association is planning a complete program for both days, for which there will be a charge of about $10 or whatever the cost to the Association.

G. F. Hulsebosch To Trade For Hunter Co.

Gerard F. Hulsebosch has become associated with Hunter & Co., 42 Broadway, New York City, in their trading department. Mr. Hulsebosch was formerly proprietor of Dimpel, Hulsebosch & Co. Prior thereto he was production manager for Gruntal & Co. and was a partner in F. L. Salomon & Co. Abe Smith, formerly with Dimpel, Hulsebosch & Co., is also joining the Hunter & Co. staff.

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of Mar. 8, 1879.
Subscriptions in United States and Possessions $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Equitable Securities Purchases Farm Paper

Brownlee O. Currey, President of Equitable Securities Corporation of Nashville, Tenn., announces that his company has purchased all of the stock of "Southern Agriculturist," a Nashville monthly agricultural paper with a circulation of 977,000. Mr. Currey said that the purchase was made as an investment and no securities will be offered to the public. The stock was purchased from members of the Rankin family, who have owned the paper since 1904. Mr. Currey likewise says:

"Operations will be carried on with the present personnel and headquarters of the firm will continue to be located at Nashville. Efforts of the new owners will be directed toward improving the publication in every way possible."

Officers under the new ownership will be as follows: Mr. Currey, President; A. B. Le Strange, Vice-President, advertising manager and manager of the New York office; W. M. Springer, manager of the Chicago office; H. G. Walter, manager of the Detroit office, and Kenneth Stansfield, manager of the southern advertising department. The editorial personnel will continue as at present.

Hayden, Stone Branch

Hayden, Stone & Co. announce the opening of a seasonal office at the Westchester Country Club, Rye, N. Y. The new office is under the management of Dr. L. Berger, with Frank E. Gernon as resident partner.

Hugh Knowlton With Govt.

Kuhn, Loeb & Co. announce that Hugh Knowlton has resigned as a member of that firm, effective as of June 30, to enter Government service as Vice-President of U. S. Commercial Company, a subsidiary of Reconstruction Finance Corporation.

Mackay Co. Combines With Laidlaw & Co.

Two old Wall Street firms, whose histories trace back a hundred years or more, combined their businesses July 1, when the organization of Mackay & Co. joined forces with Laidlaw & Co., 26 Broadway, New York City.

Under the new arrangement, Captain Malcolm S. Mackay, senior partner of Mackay & Co. who is on active flying duty with the United States Marine Corps, becomes a special partner of Laidlaw & Co. while in the service. Practically the entire staff of Mackay & Co., including three former partners and other key men, have associated with the Laidlaw organization.

Laidlaw & Co. is one of the oldest private banking firms in New York, its business having been established in 1842. Mackay & Co., whose original partners came from the old firm of Vermilye & Co., traces its history through that firm back to 1830. Both firms have been members of the New York Stock Exchange.

Mackay & Co. while serving a national clientele and many foreign accounts have had an office only in New York. Laidlaw & Co., with headquarters at 26 Broadway, have for many years maintained a wire system with branches at Washington, D. C., Boston, Mass., Oil City, Pa., Bloomfield, N. J., and in Canada at Montreal and Toronto.

Partners of Laidlaw & Co. now are Edward Roesler, Gilbert U. Burdett, Elliot C. R. Laidlaw, Louis W. Noel, Edward Roesler, Jr., Lorraine F. Pitman, Daniel E. MacLean and William F. Van Deventer, as general partners and Isabella W. Laidlaw, Henry McSweeney and Malcolm S. Mackay, as special partners.

Former members of the Mackay organization who will be associated with Laidlaw & Co. are Marshall W. Pask, Hugh Peters, David C. Thomas, Henri Dardier, Robert A. Gilbert, Lucius Maltby, Elmer E. Bigoney, Wm. B. Smith 2nd, Brantley E. Tuttle, Joseph Docter, Harvey V. Shultis and George Jaeger.

Toronto Stock Exch. Trading Down Sharply

In his address to members of the Toronto Stock Exchange at their annual meeting on June 23, T. A. Richardson, President of the institution, reported that the number of shares which changed hands on the floor during the 12 months ended May 31 was 48,000,000, a drop of 15% from the previous year and less than half of the volume of two years ago. However, he added, the Exchange showed an operating profit of $3,300 before depreciation. Mr. Richardson further reported that the liquid position of the Exchange is $52,043 and, in view of the heavy mortgage payments provided under a new amortization agreement, which will amount to $24,295 a year for 15 years, assessments will have to be made from time to time. Assessments during the past year amounted to $400, a reduction of $100 from the previous year. President Richardson also stated that the operating costs of the Exchange have been kept to a minimum and that the annual payroll has been reduced to $56,755 from $61,051 in the previous fiscal year. The Exchange received $11,570 from listings during the past year, an increase of $1,000 over the previous years but a considerable decline from former years, Mr. Richardson stated.

His reelection as President of the Exchange for another term was reported in these columns June 25, page 2382.

THE BOND SELECTOR

BROWN COMPANY

Reorganization Plan of This Large Pulp and Paper Manufacturer Discussed; Revenues in 1941 At New High Level

Consummation of the reorganization plan of Brown Company on Dec. 1, 1941, effected an exchange of some $21,000,000 of 5½% first mortgage bonds due in 1946 and 1950 into $12,849,000 new first mortgage 5s due 1959, new preferred and new common. At the same time the company received a $4,500,000 serial loan from Reconstruction Finance Corporation, which ranks senior to the first mortgage bonds.

Brown Company, with plants in New Hampshire, makes highly purified Alpha cellulose fibre pulp, paper towels, kraft wrapping paper, purified cellulose fibres for high grade paper, rayon and nitro cellulose. Other items include "Inco" products for inner soles and counter for shoes; "Cellate" and "Duracel" super-strength pulps and papers for sandpapers, tags, bags, etc. Pulp sales represent slightly more than two-thirds of consolidated sales. Of the pulp, more than 50% consists of company's own lines of high grade pulp used in manufacture of high quality papers, cellophane, rayon, and many other similar products, the remainder of the pulp output being standard grades of sulphate and sulphite.

Brown Company's properties include two bleached sulphite pulp mills with combined capacity of approximately 165,000 tons per year of regular and superior grades; two paper mills with combined capacity of about 60,000 tons per year of specialty kraft papers and towels; a chemical plant for the manufacture of chlorine and caustic used in pulp mills; mills for the manufacture of "Onco" products, etc. Timber property includes 500,000 acres of freehold timberland in New Hampshire, Maine and Vermont, estimated to be sufficient for 50 years of capacity production.

Brown Corporation, a wholly-owned subsidiary, owns a sulphate mill at La Tuque in Quebec, having an annual capacity of 120,000 tons of bleached and unbleached sulphate pulps. It owns approximately 1,000,000 acres freehold timberland and holds under license some 2,260,000 acres. Brown Corp. and Shawinigan Water & Power each own 50% of the common stock of St. Maurice Power Corp., whose powerhouse at La Tuque is constructed to accommodate six units capable of generating 44,500 H.P. each. Four units with aggregate capacity of 178,000

(Continued on page 13)

Paine, Webber Co. And Jackson-Curtis Merged

Jackson & Curtis and Paine, Webber & Co. announce their consolidation as of June 29, 1942 to form the firm of Paine, Webber, Jackson & Curtis. The new firm holds memberships in the New York Stock Exchange, the New York Curb Exchange, the Boston Stock Exchange, the Chicago Stock Exchange, the Chicago Board of Trade, and 12 other leading stock and commodity exchanges. In addition to its brokerage business, it will carry on the general investment banking business developed by the predecessor firms during more than 60 years of service to investors.

All partners of Paine, Webber & Co. and Jackson & Curtis will become partners of Paine, Webber, Jackson & Curtis. General partners are: Charles F. Adams, Jr., Archibald Blanchard and Stanwood G. Bradlee, all of Boston; Clarence J. Bridgen, of Chicago; Frank H. Brown, of Boston; Dan Byrne, of Detroit; Albert P. Everts, of Boston; John W. Foster, of New York; Edmond E. Hammond and Roscoe A. Hayes, of Boston; Frank R. Hope, of New York; Morris F. LaCroix, of Boston; V. Russell Leavitt, of Hartford; Herbert Levy, of Chicago; David J. Lewis and Lloyd W. Mason, of New York; R. C. Mees, of Minneapolis; Edwin A. Merrill, James J. Minot and James Nowell, of Boston; M. J. O'Brien, of Chicago; William A. Pidgeon, Alexander R. Piper, Jr. and Stuart R. Reed, of New York; Edward J. Samson, of Boston; Charles Schudt and Frank R. Schumann, of New York; Reuben Thorson, of Chicago; A. Winsor Weld, of Boston; and Maurice M. Wheeler, of New York. Limited partners comprise William A. Coolidge, Randolph C. Grew, Lawrence Hemenway, Walter Hunnewell and Albert P. Everts as trustee under the will of F. Ward Paine, all of Boston. Policies of the successor firm will be directed by a management committee of ten, consisting of five senior partners from each of the merging firms.

Paine, Webber, Jackson & Curtis will maintain offices in Boston, at 24 Federal Street, New York City at 25 Broad Street, Chicago, Akron, Cleveland, Concord, N. H., Detroit, Duluth, Elmira, Grand Rapids, Hartford, Ithaca, Lynn, Mass., Milwaukee, Minneapolis, New Haven, Philadelphia, Providence, Springfield, Mass., St. Paul and Worcester. All offices are inter-connected by means of a private wire system.

This consolidation carrying out plans announced on May 23, combines the business of two long established firms with similar backgrounds of financial strength and positions of leadership in the investment field. Founded in Boston in 1879 and 1880, respectively, Jackson & Curtis and Paine, Webber & Co. developed into large national organizations prominent in the underwriting and distribution of securities, as well as serving as brokers for transactions in listed securities and commodities.

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.

Paul Revere Rides Again

Paul Revere, a direct descendant of Paul Revere of Revolutionary fame, and formerly with the Underwriters Trust Company, 50 Broadway, New York City, is now serving as a captain, in the United States Army.

John O'Brien Forms Own Firm In Chicago

CHICAGO, ILL. — John J. O'Brien, III, formerly a partner in the New York Stock Exchange firm of Wayne Hummer & Co., announces the formation of John J. O'Brien & Co. to conduct a general brokerage and investment business.

The new firm, with memberships in the Chicago Stock Exchange and Chicago Board of Trade, is located in suite 700, Continental Illinois National Bank Building. Accounts will be cleared through the New York Stock Exchange firm of Thomson & McKinnon.

Mr. O'Brien has been connected with the brokerage and banking business since 1926. He is a past President of the Stock Brokerage Associates in Chicago and is well known in investment circles.

Rail Situation Attractive

An analysis of Chicago, North Shore & Milwaukee Railroad Company, which offers an interesting situation at the present time, has been prepared for distribution by Fuller, Cruttenden & Company, 209 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange. Copies of the analysis may be obtained from Fuller, Cruttenden & Co. upon request.

Elmer Hassman Joins Staff Of A. G. Becker

CHICAGO, ILL. — Elmer G. Hassman, formerly manager of the municipal department of the Chicago office of Lazard Freres & Co., is now in the municipal bond department of A. G. Becker & Co., Incorporated, 120 South La Salle Street.

Chicago, North Shore & Milwaukee RR.

First Mortgage 5s, 1936
First & Refunding 6s, 1955
First & Refunding 5½s, 1956

"The Great Lakes Naval Training Station, already the largest of its kind in the world, is to be expanded approximately 50%, it was announced yesterday in Washington, D. C., by Secretary of the Navy Frank Knox.

"He said facilities will be increased to accommodate 20,000 more men. Present capacity is 46,000. This expansion, with three naval stations now under construction at Port Deposit, Md.; Lake Pend Oreille, Idaho, and Lake Seneca, N. Y., will complete the navy's program for recruit training facilities.

"Aides of Capt. R. D. Spalding, public works officer at Great Lakes, said the expansion will mean the employment of 10,000 additional civilian workers, and the acquisition of additional land west of the station. The amount of money to be spent is not yet known, nor can it be stated when work will start."

—*Chicago Tribune, June 17, 1942.*

This means additional business for Chicago, North Shore and Milwaukee RR. which serves the Great Lakes Naval Training Station as well as Fort Sheridan. Both these centers have been enlarging their facilities, resulting in increased military and civilian traffic. In addition, curtailment of automobile use will be of increasing benefit to the company since it serves a fairly densely populated area.

Chicago, North Shore & Milwaukee owns and operates an electric railroad connecting Chicago with Milwaukee, and serving numerous intermediate points including Racine, Kenosha, Waukegan and Evanston. The right of way embraces 113.59 miles of road and 264.62 miles single track equivalent. The company also serves Waukegan with local street car and motor coach service, and operates a city line in Milwaukee from the city limits to the center of the city, over which the main line trains enter Milwaukee. Through leases with the Chicago Rapid Transit Company and Chicago, Milwaukee & St. Paul RR., the company has access to the Loop District of Chicago over the elevated structure.

Rolling stock consists of 188 steel passenger cars, 52 merchandise dispatch cars, 5 refrigerator cars, 64 freight cars, 7 electric locomotives, 21 work cars, 9 motor trucks and trailers and 22 motor coaches. During 1941, two new articulated "Electroliners" were purchased, fully paid for, and placed in operation. About 50 steel passenger coaches were reconditioned and modernized, and six new motor coaches were purchased for operation in Waukegan.

Passenger traffic is by far the largest revenue classification. From a peak of 17,405,000 revenue passengers and 1,423,000 tons of freight in 1927, traffic declined to 9,640,000 passengers and 1,005,000 tons of freight in 1933. Attendant operating losses resulted in the company being unable to meet its obligations, and receivers were appointed Sept. 30, 1932. Traffic increases were reported from 1933 through 1937, but a strike of seven weeks' duration in 1938 reduced traffic to 1933 levels. Revenue passengers in 1941 of 13,-

(Continued on page 16)

Sperry With OPA

CHICAGO, ILL. — Leonard M. Sperry has been appointed a price specialist with the OPA. Mr. Sperry was formerly co-manager of the local office of Bear, Stearns & Co., 9 South La Salle Street, and prior thereto was a partner in Stein, Brennan & Co., which was consolidated with Bear, Stearns.

Sam B. Ullman, also formerly a partner in Stein, Brennan & Co. and with Bear, Stearns & Co. since the merger, will replace Mr. Sperry as co-manager with L. Montefiore Stein.

Heaton In Govt. Post

CHICAGO, ILL. — William E. Heaton is on leave of absence from Sills, Troxell & Minton, Inc., 209 South La Salle Street, with which he has been associated for nine years, to enter the office of the Alien Property Custodian in Chicago.

In The Armed Forces

David G. Skall, proprietor of David G. Skall & Co., Union Commerce Building, Cleveland, Ohio, is discontinuing his investment business for the duration and is entering the U. S. Army air force.

Howard W. Feight, formerly of Greene & Brock, Dayton, Ohio, is entering the armed service.

Lamartine V. Lamar, partner in Lamar, Kingston & Labouisse, Canal Building, New Orleans, La., is on leave of absence from the firm for the duration and is on active duty as Lieutenant-Commander in the U. S. Navy.

Richard Morey, Jr., who has been in charge of the municipal trading department of Gatch & Co., 418 Olive Street, St. Louis, Mo., has been appointed a lieutenant in the U. S. Navy and is reporting for active duty at the Naval Training School, Cornell University, Ithaca, N. Y.

Paul Vincent Hall, New York Stock Exchange floor partner of Sutro Bros. & Co., 120 Broadway, New York City, has been commissioned a captain in the United States Army Air Corps and ordered to report to the Interceptor School at Orlando, Fla. He is a veteran of the last war.

Sidney A. Siegel, partner in Siegel & Co., 39 Broadway, New York City, entered the armed services on June 30, 1942. The firm will continue under the guidance of Nathan A. Krumholz, Mr. Siegel's partner.

Andrew Varick Stout, Jr., Gardner Dominick Stout, Sheldon E. Prentice and Bayard Dominick III of Dominick & Dominick, 14 Wall Street, New York City, are in active service with the armed forces.

W. Carroll Mead, partner in Mead, Irvine & Co., First National Bank Building, Baltimore, Md., expects to enter the armed services shortly, and has appointed Preston A. Taylor, recently admitted to partnership in the firm, to act as his alternate on the Baltimore Stock Exchange during his absence. John B. Ramsay, Jr., also a partner in the firm, is now serving as a lieutenant in the United States Navy. J. Elliott Irvine, who has retired from partnership in the firm, has been commissioned a major in the army; he has also resigned his chairmanship of the Southeastern Group of the Investment Bankers Association, being succeeded in his I. B. A. post by Edward C. Anderson, Scott & Stringfellow, Richmond, Va.

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. — **Edward F. Page** has become associated with **Bond & Goodwin, Inc.**, 30 Federal St. Mr. Page was formerly a Statistician for Furst & Co.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Ellison G. Day, Jr.**, has joined the staff of **Draper, Sears & Co.**, 53 State St.

CHICAGO, ILL. — **Bacon, Whipple & Co.**, 135 South La Salle St., announce that **John W. Sargent** has become associated with them in their statistical department. Mr. Sargent was previously associated with the Chicago office of Jackson & Curtis and prior thereto with David A. Noyes & Co.

(Special to The Financial Chronicle)

CINCINNATI, OHIO — **Edward H. Morgan** has become connected with **Merrill Lynch, Pierce, Fenner & Beane**, Union Trust Building. Mr. Morgan was formerly with W. D. Gradison & Co., W. L. Lyons & Co., First Cleveland Corporation, and W. E. Hutton & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **William E. Baker, Perry T. Blaine, Frank L. Walker**, and **Russell L. Zimmer** have become associated with **Borton & Borton, Inc.**, Union Commerce Building. All were previously with the local office of P. E. Kline, Inc.

(Special to The Financial Chronicle)

MORRISON, ILL. — **Wilson M. McKim** has become affiliated with **Wayne Hummer & Co.**, 105 West Adams St. Mr. McKim was recently with H. J. Randall and in the past was in business for himself.

(Special to The Financial Chronicle)

WINSTON-SALEM, N. C. — **Alexander S. Hanes** has become associated with **Harris, Upham & Co.**, whose main office is located at 14 Wall St., New York City. Mr. Hanes was formerly local manager for Smith, Barney & Co.

Future of Canadian Oil

An interesting and most attractive brochure, entitled "Your Future in Oil," describing the petroleum industry in Canada, has been prepared for distribution by the Associate companies of Clifton C. Cross. The booklet contains a detailed description of the oil fields in the Province of Alberta, present and past history of the drilling, development of processes to obtain the oil, conservation of petroleum deposits, oil industry financing, and royalty features of the fields. Illustrated with interesting charts and diagrams, the book contains production figures from Turner Valley crude wells, and an analysis of the oil itself.

Copies of the brochure may be had upon request from Clifton C. Cross & Co. (Quebec), Limited, 507 Place d'Armes, Montreal, Quebec, Canada.

Tomorrow's Markets Walter Whyte Says—

Refusal of market to recognize Middle East menace is no guaranty against new declines. Technical signs still not unfavorable. Stops still apply.

By WALTER WHYTE

In the week just past, the one that ended last night, Wednesday July 1, the market not only managed to stop its decline but actually reversed its trend to advance a couple of points. This bore out the forecast made here last week that "... before the week is over they would be still higher." This was the more gratifying if for no other reason than the doleful news of the sickening collapse in the Middle East.

* * *

It demonstrated again that cold logic, no matter how well reasoned out, has little place in this business of buying and selling securities for profit. For if news was to be evaluated at its face value then the market was certainly entitled to a decline of more than minor proportions.

* * *

This gives rise to another thought. With the market advancing in the face of the bad news the theory that it has reached a thoroughly sold out position is daily gaining new adherents. If I've never learned another thing about what makes markets tick I've learned one thing: Never trust majority opinion. It's nice to see a market stand up and be lambasted with one piece of bad news after another without falling on it's face. But not even markets, no matter how strong their technical position, can stand up forever in the barrage of bad news.

* * *

Obviously the big worry is the war, not only in the Middle East but all over the globe. We Americans are certain we will win. But if we want to be cold blooded realists we must face the certainty that it won't be easy or that we may even lose.

* * *

Last week we read optimistic statements that we have reached a monthly plane production figure of 4,000 and a monthly tank output of 1,500. This is good. But how much of this added production is reaching the fighting fronts? Every day we read that more ships have been sunk by enemy submarines. At this writing sinking of ships is continuing at a disturbing rate. It is almost certain that some of our increased production is now at the bottom of the sea.

The battle for the Middle East is much more important than we realize. I have no intention of rehashing anybody's faults. God knows I know too little of military strategy to pose as an expert. Still we in a market that reflects world changes must recognize what these changes may mean. The threat to Egypt has more importance than just another minor setback. It would mean the loss of Alexandria, the only large British Naval base in the Mediterranean. It would give the Axis the use of Alexandria as a base for drives on Iraq, Syria and Palestine, from which a flanking movement into South Russia toward the Caucasian oil fields could start. Malta would be completely isolated. Our supply route to Russia through Iran by way of the Indian Ocean would be in serious danger.

* * *

Obviously none of this lends itself to optimistic interpretations and the fact that the market has so far refused to look at it in such a light is no guaranty of it continuing to do so.

* * *

The real and basic improvement in our market will only (Continued on page 12)

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on June 29 that the tenders for $300,000,000, or thereabouts, of 91-day Treasury bills to be dated July 1 and to mature Sept. 30, which were offered on June 26, were opened on June 29 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for—$671,366,000.
Total accepted—$301,758,000.
Range of accepted bids (excepting one tender of $1,000,000):
High, 99.940; equivalent rate approximately 0.237%.
Low, 99.907; equivalent rate approximately 0.368%.
Average price, 99.909; equivalent rate approximately 0.360%.
[39% of the amount bid for at the low price was accepted.]

RAILROAD SECURITIES

Late last week there was a notable quickening of interest in all sections of the rail list, high lighted by strengthening of quotations for equities and second grade rail bonds. The reorganization section, which had featured all previous rail markets for some time past, was more selective than has been its wont. Purchasers were apparently being attracted by values, abandoning the indiscriminate and "rumor" buying that had been in evidence earlier in the year.

This change in attitude may be traced to the stalemate in the reorganization picture. Major interest payments are presumably out of the way until around the end of the year, and even then will not be so widespread as the mid-year disbursements. Tax relief with respect to allowable capitalization bases after reorganization is still up in the air, and apparently will not be acted on until the late summer. Finally, on the basis of present indications, reorganization progress will be held in abeyance until one or more of the cases now before the Supreme Court is settled. This will not be until late fall at the earliest. Interest in defaulted bonds, therefore, is largely predicated on the renewed feeling that the war will be a long one, and buying is confined largely to those sections of the list where a long war may result in better reorganization treatment or substantial cash payments.

The most notable feature of the recent market has been the interest in low grade equities which have been under continuous pressure for more than a year. This speculative turn was set off by the phenomenon of Erie paying a common dividend. After a move of this sort there is a feeling that anything can happen. This feeling was supplemented by the publicity given late in the week to the wide earnings improvement being experienced by New York Central, accompanied by resurrection of the statement made by Mr. Williamson at the company's annual meeting in May to the effect that consideration would be given during the coming year to requests for dividend action. Also, the usual quarterly rumors as to possible dividend action on Chicago Great Western preferred at the July meeting began to circulate. Of such things are markets made.

The question of possible dividend action by some of the marginal carriers is naturally becoming acute, with management under severe pressure from stockholders who have been starved for years. It is hard to sit by and see business at an all time high and, in many instances, record earnings, and still face a further indefinite period of dividend drought. Whether or not there will be a break in the dam is difficult to say at this time, but with all due respect to the rights of the stockholders there is no question but that the wisest policy would be to continue the conservative practices of the past few years.

Railroad management is fully aware of the difficulties to be faced in the post-war years, with non-rail competition intensified, industries dislocated by the wartime construction, and many quarters convinced that a deflationary period is inevitable. In an attempt to anticipate these difficulties railroad management in general has been engaged in a program of debt reduction with a view towards bringing fixed charges down to a level commensurate with non-boom earnings potentialities. If this program is abandoned now it may be accepted as almost a foregone conclusion that the post-war years will witness another wave of reorganizations. Certainly any move on the part of railroads in a marginal earnings position to pay dividends will be frowned on by the ICC and may well affect the ability of such roads to obtain temporary credit accommodations if such are necessary after the war boom.

Activity and strength in second grade rail bonds may obviously be attributed to the unfavorable war news and the consequent evaporation of the premature peace psychology that had been depressing the market. The renewed interest in the group is in recognition of the fact that a large number of marginal carriers should be able to reduce their debt structures to a level impervious to depression conditions if present earnings continue for another two years or so. This confidence, however, is not compatible with any drastic change in the financial programs followed in recent years. If the boom earnings are to be used for dividends rather than for debt retirement, the spectre of eventual reorganization will again be raised, spurring institutional holders to greater efforts to clean their portfolios of questionable rails at the earliest possible opportunity. Speculators and investors in second grade rail bonds are therefore cautioned to watch carefully for any signs of change in management financial philosophy. Second grade rails are unduly depressed, there are many outstanding bargains available, and income and price enhancement potentialities are attractive. There is every reason to expect a continuation of the uptrend in prices, but this could well give way to sharp declines in individual issues where dividend payments were resumed. Another factor to be considered is that any broad movement toward payment of dividends by marginal roads would almost certainly be the signal for renewed pressure for higher wages.

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 34½.

$35,000,000 Celanese Debentures Offered

Dillon, Read & Co. and Glore, Forgan & Co. headed an underwriting group which offered July 1 an issue of $35,000,000 Celanese Corp. of America 3½% debentures, due July 1, 1962, at a price of 99½ and accrued interest.

Net proceeds from the sale of the debentures will be applied to the redemption of the outstanding $24,700,000 of 3% debentures due Aug. 1, 1955, and to the discharge of the outstanding $3,000,000 of bank loans maturing serially from 1943 to 1945; with the balance initially becoming part of the corporation's general funds. 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.

The corporation has carried out during recent years an extensive plant expansion program. During the five-year period, 1937-1941, expenditures of the corporation and its wholly owned subsidiaries for plant additions, machinery, equipment and improvements were approximately $32,500,000. During the same five-year period similar expenditures of Celluloid Corp., which was merged into Celanese Corporation last year, were approximately $2,300,000. Substantial further expansion of plant facilities, including construction of new plants, is in progress and under consideration.

Upon completion of the financing, the corporation's funded debt will be consolidated into a single debenture issue of $35,000,000, with the maturity extended to 20 years.

A sinking fund for the new debentures is scheduled to retire $4,250,000 of the issue by July 1, 1952, and an additional $22,000,000 of the issue before maturity. The debentures are to be redeemable for the sinking fund at 100, and otherwise are redeemable at prices ranging from 102 through July 1, 1944, to 100 after July 1, 1958.

Celanese Corporation is the largest producer of cellulose acetate yarn in the United States and also manufactures fabrics containing such yarns. As a result of the Celluloid merger, the business of the corporation now includes the manufacture and sale of plastics and other related products. It is also engaged to an increasing extent in the production of chemicals and by-products. The corporation and its subsidiaries obtain substantially all of their raw materials, conduct all of their manufacturing activities, and make substantially all of their sales, in North America.

SEC Adopts New Form For Inv. Companies

The Securities and Exchange Commisison announced on June 19 the adoption of a registration form under the Investment Company Act of 1940 for unincorporated management investment companies currently issuing periodic payment plan certificates. This form is the third detailed registration form to be adopted under the Investment Company Act. The Commission's announcement states:

"The form consists entirely of appropriate items of Form N-8B-2, the form for registration of unit investment trusts, and the policy items of Form N-8B-1, the general form for registration of management investment companies.

"The financial statements required by the form are the same as those required by Form N-8B-2. Article 6-A of Regulation S-X has been amended so as to make that article applicable to unincorporated management investment companies issuing periodic payment plan certificates.

"The registration form will not only be available for registration of unincorporated management companies issuing periodic payment plan certificates under the Investment Company Act of 1940, but it is also contemplated that it may be used with certain additional information for registration of securities of such companies under the Securities Act of 1933.

"Copies of the form, which is known as Form N-8B-3, are being sent to all unincorporated management investment companies to which it is applicable. Additional copies of the form may be obtained from the Publications Unit of the Commission.

In connection with the adoption of Form N-8B-3, the Commission amended Rule N-8B-2 and adopted a new rule, Rule N-8C-3. Rule N-8C-3 provides for the filing under the Investment Company Act of copies of material already filed under other statutes administered by the Commission in lieu of a registration statement on Form N-8B-3.

Joseph Higgins Dead

Joseph Edward Higgins, formerly an active trader on the New York Stock Exchange and head of his own brokerage firm in New York City, died at his home after a long illness, at the age of 55. Mr. Higgins, who had retired from business, had made a fortune in radio stock operations.

Bank and Insurance Stocks

This Week — Bank Stocks

Bank statements for the June 30 call date, which will begin appearing the first week in July, will not show much change in indicated earnings coverage of dividends, but whatever net improvement is shown will add to the increased confidence generated by maintenance of dividends by leading banks for the second quarter despite higher taxes.

Since publication of the April statements, which indicated that first quarter earnings were affected by anticipatory provision for higher taxes, the House Ways and Means Committee has recommended a 13% surtax, or combined normal and surtax of 40%, as compared with the original Treasury proposal of a 31% surtax, or 55% combined rates, both comparing with 31% combined normal tax and surtax for 1941. The probability now is strong that a 16% surtax will be enacted, which would be far less serious to the banks than a 31% rate, although still quite an increase compared with the 7% rate last year.

Banks which accrued taxes, therefore, in the first quarter in the expectation of 55% combined rates would now be justified in accruing at the lower probable rates for the second quarter. Thus, where these tax accruals sharply affected indicated earnings, such as in the case of Guaranty Trust, somewhat better indicated profits should be shown for the second quarter. Bank practice as to provision for taxes apparently has varied widely, some charging current earnings and others debiting existing reserves or general contingency reserves normally charged against earnings. All leading banks, however, are understood to have made adequate provision for taxes, and some, over-provision.

Continued expansion in earning assets should also assist earnings to make a better showing. Since April 1, 1942, earning assets of New York City member banks have increased only $136,000,000, but that brings the total gain since Dec. 31, 1941 to $379,000,000, and compared with a year ago, earning assets now stand $726,000,000 higher, or 6% expansion without the large scale Government war financing that is coming beginning in July.

For the second quarter of 1942, holdings of Government securities have nevertheless increased $524,000,000, compared with only $109,000,000 gain in the first quarter of 1942 and net decline of $53,000,000 in the last half of 1941. Most of the recent expansion in Governments has been in short term issues, in Treasury bills and certificates of indebtedness, which have been increased $422,000,000 in the second quarter, compared with $195,000,000 increase in the same period in holdings of notes and $260,000,000 expansion in holdings of bonds. Holdings of certificates have undoubtedly further expanded in view of the latest $1,500,000,000 offering, as the maturity definitely appeals to New York banks. Holdings of guaranteed issues have declined $353,000,000 in the second quarter of 1942, reflecting large maturities.

This expansion in Governments however, has been offset to some extent by the decline in loans and "other" securities. Commercial loans have dropped $206,000,000 (7%) since April 1, reflecting liquidation of inventory loans and the difficulty of replenishing large inventories because of priorities and delivery problems. This deflation has wiped out nearly all of the first quarter bulge in commercial loans, which had carried the total to the highest levels in over a decade. Nevertheless, commercial loan volume still is $356,000,000 (16%) above that of a year ago, and this is being reflected in better interest and discount earnings from loans.

Holdings of "other" securities, mainly municipals, have also declined recently, and are now $171,000,000 lower compared with April 1, 1942 volume. However, whatever volume is lost through maturities or sales of "other" investments is being substantially more than offset by expansion in holdings of U. S. Government obligations.

Deposits are usually swelled as of June 30 by large float, but as of June 24, 1942, deposit volume was running $529,000,000 lower (3%) for the second quarter and $625,000,000 lower (4%) for the 12 months. The chief pull on deposits for the second quarter has been withdrawals by the Treasury from Government war loan deposit accounts. U. S. Government deposits showing a decline of $553,000,000 for the second quarter. Banks are currently subscribing for their Government securities largely by the "book credit" method, whereby the Government is credited in its war loan account with a deposit for the amount of the subscription. Subsequently, however, as the Treasury needs the funds for expenditures, it draws on these balances, and most of it is being spent in other Federal Reserve districts and is not returning to New York banks.

Balances of banks carried with New York institutions have been quite steady recently and actually show small gains for the second quarter ($18,000,000 in domestic bank deposits and $23,000,000 in foreign bank balances). With excess reserves of New York City member banks down to $485,000,000, the lowest since 1938, it has been feared that withdrawals of bankers balances for the purpose of expanding earning assets, (largely Governments) would create a serious deficiency in reserves at New York. In fact, one of the primary reasons for the bill empowering changes in reserve requirements unilaterally is to correct this maldistribution of excess reserves. Thus far, however, bankers balances have not been as much of a drain on New York reserves as the process of Treasury borrowing in New York and spending elsewhere, which has been mainly responsible for the shrinkage in New York excess reserves to about half of their Dec. 31, 1941 total.

Ordinarily, shrinkage in excess reserves would mean higher money rates, and in fact, Treasury bill rates have stiffened to ⅜% and on notes, to over 1%, compared with 1/20th of 1% and .7% a year ago when excess reserves approximated $3,500,000,000. While no further important rise in rates is anticipated in view of the importance of financing the war at a horizontally low level, this improvement in yields which has occurred has been clear gain for earnings of the banks, and constitutes a further factor which in conjunction with heavier volume of earning assets, will assist banks to make a better earnings showing despite heavier taxes.

The Securities Salesman's Corner

Charlie Passes Along Some More Of His Logic About Business And Salesmanship

The readers of this column will remember that last week we told how "Charlie made a long story short." There were several anecdotes told us about this unusual salesman, who despite his lack of mastery over the English language did not let this deter him from being very successful as a producer of business. We believe they are worth passing along for the lessons they teach.

On one occasion this salesman and his employer were spending some time together in a social manner and the employer asked Charlie the reason why he had sold a successful shoe shine parlor, that was netting him about $100 per week, in order to go into the bond business. We think his answer was a masterpiece in logic—in fact, it seems to us that this story could be retold to any recalcitrant client who might be holding some securities that had reached "new highs" (and as many people do) refuse to take a profit. But to go on with our story, Charlie turned to his boss and said, "I sellum because business, she good. When business no good, no time to sellum. You no gitta da price. Now she good, I getta good price. Sellum!" That Charlie was eternally right is again revealed by the fact that there is no longer any shoe shine parlor on the once flourishing corner in this upstate city where Charlie lived. He knew how to be a good seller which is just as important as how to be a good buyer.

Probably another factor in his success was his mental attitude toward work. Having known nothing but long hours from the day he landed in this Country as an immigrant, he applied the same principles to his bond selling activities. He opened his shoe shine parlor about seven in the morning in order to catch the early morning trade that might be rushing past his door to the railroad station, and he kept his stand going until 11 o'clock at night. Fifteen to 16 hours work a day when he was in the shoe shine business was nothing unusual for him so when he went into the bond business he got up early in the morning and made his first call about six a.m. This he was able to do because his territory was located in the dairy-farming district of upper New York State and he would many times sit down at the same table with his clients, who usually did their early morning chores and then returned afterward for their breakfast. His last call of the day was normally made about nine o'clock in the evening. He thought he was the luckiest fellow imaginable because he could be out of doors all day talking to different people and moving around the country, instead of having to be closed up in a stuffy shoe shine parlor day in and day out.

It's true that not everyone in the securities business can put in such hours of work as these. Territories differ, individual clientes also require that specific parts of a salesman's day are devoted to certain interviews and less time is therefore available out of the working day for other customer contacts. But the important thing, we believe here, is shown by THE ATTITUDE TOWARD WORK, THAT THIS FELLOW ASSUMED. When he changed from his shoe shine stand to the securities business he didn't become a glorified financial genius who thought that because he no longer had the shoe-black stand on his hands that he could take life easy and only work a paltry eight hours a day. He was used to 16 hours work in one business and he didn't see why the same principle shouldn't hold good in another.

This column is not advocating 16 hours a day for bond salesmen. But we do feel that eight will bring about more success than two and there are some of us who think that even two hours work a day is a burden. Charlie didn't, he said, "I like talka to da people, 's-fun." We think he had something there.

Our Reporter's Report

(Continued from First Page)

Marketed to provide funds for the retirement of $24,700,000 of outstanding 3s, and thereby considerably lengthen the maturity of that part of the debt, the proceeds of the issue will permit also the clearing up of $3,000,000 of bank loans.

A sinking fund sufficient to take up about $20,000,000 of the total before maturity was one of the features lending attraction to the issue.

A Little More Sugar

Bankers who took over for resale a block of American Telephone & Telegraph Company 2¾s, due in 1970, part of a large issue sold last September to a group of insurance companies, are reported to have shaded the offering price on the bonds slightly.

The bonds were sold by the company to the insurance companies at a price of 101.842. Bankers making the secondary offering, some week ago, priced the issue at 100 with a ¼ point commission to dealers.

Now, it is understood, the bonds in the block are being made available to dealers at a price of 99¾ with the dealers' commission raised to ⅜ of a point.

Successful Secondary

One of the most successful of secondary offerings of recent vintage was completed over-the-counter after the close of the listed market on Tuesday.

In its initial undertaking the new firm of Paine, Webber, Jackson & Curtis, formed by consolidation of the two predecessor firms, headed a group which offered 16,229 shares of Scott Paper Company common stock.

Priced at 31½, with a discount of 90 cents a share to dealers, the block was readily disposed of and books closed in a short time.

Business Where You Find It

The dearth of new issues is giving underwriters ample time to turn their talents toward other, but none-the-less similar, means of eking out an existence.

Merrill Lynch, Pierce, Fenner & Beane, and the First Boston Corporation, for example, have registered as underwriters to devote their efforts toward facilitating the exchange of securities involved in the capital revision plan put forward by the Empire Gas & Fuel Company, subsidiary of Cities Service Company.

With their vast establishment—First Boston Corporation has 12 branches, while Merrill Lynch has only a few short of 100—the bankers should be able to turn in a real thorough job of solicitation. And it figures to return them, according to estimates, an average of 1½ points a share.

Brisk Demand For Canadians

Investment interests who have been handling a goodly portion of the business report that American investors are showing a real and growing interest in good Canadian securities.

They report that a sizeable business is going through daily involving securities of the Canadian Government, the Provinces and major private corporations of the Dominion.

One firm recently contacted a dealer in Canadians who was reported to have a block of 100 bonds for sale, but found that the block was priced a point above the market.

That was a little farther away than the firm was ready to pay. But a note was duly made and when, recently, the bonds got within a fraction of the potential seller's price, the banker went back.

He found that, instead of 100, there were 200 bonds which he proceeded to take up and turned over the same day at a profit.

SEC Applications For Broker-Dealer Registry

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

June 1, 1942—Investors Fund, Inc., 1016 Baltimore Ave., Kansas City, Mo., Simpson Yeomans, Alvin C. Ferris, Edward J. Stonner, W. Lloyd Garrett, Gus D. Welch and Delos C. Johns, officers.

June 2, 1942—C. F. Cassell & Co., 112 Second St., N. E., Charlottesville, Va., Clair F. Cassell, sole proprietor, Alexander J. von Thelen having withdrawn as partner; Eastnan, Kronen & Co., 1503 State Tower Building, Syracuse, N. Y., Drew G. Eastman & Hubert H. Kronen, partners.

June 3, 1942—Diehl & Kahn, 50 Pine St., New York City, Ludwig P. Kahn, sole proprietor, Geo. H. Diehl having withdrawn.

June 5, 1942—Institutional Investment Company, 108 South Main St., Fond du Lac, Wis., Irene S. Brenner, formerly a partner, Kenneth M. McLeod, Henry Washbush, officers (George N. Promen, a former partner, having withdrawn).

June 6, 1942—Harold Ginsberg, 1731 Harrison Ave., Bronx, New York, a sole proprietorship; Raymond N. Parker, 628 Circle Tower Building, Indianapolis, Ind., a sole proprietorship; Rufus G. Smith, 1707 Milam Building, San Antonio, Texas, a sole proprietorship.

June 8, 1942—Joseph Sibley Cover, 608 W. Fourth St., Roswell, N. M., a sole proprietorship.

June 9, 1942—Lewis Klein, 545 Fifth Ave., New York City, a sole proprietorship; Samuel Brothers, 2 Rector St., New York City, J. Erwin Samuel and R. Marden Samuel, Jr., general partners, Baroness Amedeo Cacace withdrawn as a limited partner; Thomas Whittemore, 72 Wall St., New York City, a sole proprietorship.

June 13, 1942 — E. Hirdler Greene, 1434 S. Cincinnati Ave., Tulsa, Okla., a sole proprietorship.

June 15, 1942—Devere W. Claus, Woolworth Building, Watertown, N. Y., a sole proprietorship; B. J. Johnson & Co., Rapid City Nat'l Bank Building, Rapid City, S. D., Bernard J. Johnson, sole proprietor; Mosle & Moreland, Inc., 824 American National Insurance Building, Galveston, Texas, J. Marvin Moreland, J. Ludwig Mosley, formerly partners, and Esther M. Hock, officers.

Sargeant, Malo Partner

DENVER, COLO.—William P. Sargeant becomes a partner in Sargeant, Malo & Co., Equitable Building, members of the New York Stock Exchange, as of today. Raymond E. Sargeant has withdrawn from partnership in the firm.

J. & W. Seligman Admits

J. & W. Seligman & Co., 65 Broadway, New York City, members of the New York Stock Exchange, are admitting Stayman L. Reed to partnership in the firm as of today.

Investment Trusts

Institutional And Fiduciary Investors

Generally speaking, investment company shares have not found the wide acceptance among institutional and fiduciary investors that would be natural to expect. As pointed out by the Keystone Corporation of Boston in its June 26, 1942, issue of "Keynotes," many professional trustees have two problems in common. The first is that of providing adequate supervision where compensation is not sufficient to cover the cost of complete supervisory facilities. The second is that of providing adequate diversification where the principal of the trust is moderate.

There are more than a few good investment companies whose shares would seem to afford the answer to both of those problems. And yet the fact remains that trustees have been hesitant to include such shares in trusts where such inclusion would have been entirely appropriate.

Again quoting from the aforementioned issue of "Keynotes," the question as to the propriety of their investing in the shares of investment companies is frequently raised by trustees—first, as to whether such an investment constitutes a delegation of duties, and, second, the question of added expense to the trust. Characterizing these questions as "secondary" and a matter of "common sense and degree," in an address before the Trust Division of the American Bankers Association, Mayo A. Shattuck, authority on trust law, stated:

It can be argued with a good deal of force that a trustee delegates no more of his authority in purchasing shares of these open-end investment companies than he delegates when he purchases, for example, the shares of a bank stock or insurance stock, or even of a stock like DuPont, whose earnings are dependent, in part at least, upon the earnings of another great industrial company. It can also be said that the management charge is no more open to objection than the salary account of a great public utility holding company, or the compensation which a trustee often pays to an expert in one or another of the fields of human enterprise—such fields, for example, as law, accounting, engineering or medicine.

Fortunately, this widespread apathy on the part of institutional and fiduciary investors toward the offerings of investment companies may be more accurately described as a past condition rather than a present one. There are growing signs of interest among institutional investors in representative open-end investment company shares. The Keystone Corporation, for example, reports a total of 586 institutional holders of the various Keystone Custodian Funds as of May 15, 1942. The five largest groups of holders were reported as follows:

	Number of Holders
Trustees	344
Estates	115
Corporations	46
Hospitals and charitable institutions	28
Churches	18

Other leading investment companies have recently published reports showing institutional and fiduciary acceptance of their offerings, and the figures have likewise borne out this encouraging trend.

Investment Company Briefs

Commonwealth Investment Company:

A memorandum comparing the market performance of 53 industrial groups since the fall of France (June 5, 1940, to June 3, 1942) shows that Commonwealth bettered the performance of all but 10 of the groups.

Dividend Shares, Inc.:

Calvin Bullock's "Bulletin" of June 25, 1942, points out that "if you owned 100 securities . . . you would have a long list of problems too." Some of these problems are discussed and a method by which they may be largely eliminated through ownership of Dividend Shares is outlined.

Hare's Ltd.:

Perhaps no other single group of securities has come in for such varied comment in recent months as have second grade railroad bonds. In a two-page bulletin dated June 15, 1942, Hare's, Ltd., makes an interesting contribution to this important controversy under the heading, "The Uncertain (Continued on page 12)

Municipal News & Notes

Reflecting the general improvement in the financial condition of most of the country's railroad systems, rail securities with a par value of more than $2,400,000,000 have been added to the list of securities considered legally eligible for investment by savings banks in this State, it was announced Tuesday by the New York State Banking Department. The new list, effective yesterday, was issued by William R. White, Superintendent of Banks.

Municipal obligations of nearly $74,000,000 and public utility obligations of $204,000,000 also have been added to the list.

Including Banking Board authorizations of eight miscellaneous issues with a par value of $445,072,000, total additions made to the legal list amount to $3,180,512,205. Against these, the Banking Department announced total removals of securities with a par value of only $281,755,500, leaving a net addition to the legal list of $2,898,756,705.

Removals from the list consist almost exclusively of obligations that have been called or have matured.

Among the municipalities added to the list and their outstanding debt are Norfolk, Va., $40,618,000; Tulsa, Okla., $13,000,000; St. Louis County, Mo., $8,376,000; Englewood, N. J., $3,639,500 and Woburn, Mass., $853,400.

State Sales Tax Collections Now Leveling Off, Study Shows

State sales taxes, which have been running at an all-time high, now are leveling off, the Federation of Tax Administrators said Tuesday in an analysis of collection figures from eight states. Except for taxes on food and services, however, declines may be anticipated in the near future though total collections are not expected to fall below those of 1941.

Price ceilings, stricter controls over installment purchasing and the cut in production of civilian commodities combine to reduce the revenues from sales levies at this point, the Federation said.

Totals covering the period from July 1, 1941, to May 1, 1942, showed taxable sales up 12% in North Carolina and Colorado, 17% in Michigan and Missouri, 22% in Kansas and Oklahoma and 25% in Arizona and Illinois.

In April, 1942, however, the rates of increase over 1941 slackened to 3% in Michigan, 7% in Kansas and 16% in Illinois. First reports covering May collections show the increase that month in Arizona fell to 15%, in Missouri to 8% and in Colorado to 4%; and that North Carolina collected 5% less in sales taxes than in May, 1941. Oklahoma, among the States reporting, maintained the highest rate of increase, collecting 20% more in April, 1942, than in the same month of 1941.

The study said that while retail sales will continue to level off, there should be no general slump in tax receipts for the next several months. Existence of record merchandise inventories, plus the generally heavy reliance on food sales, it was pointed out, probably will offset in part restrictions on purchasing and the imposition of price controls. States taxing services will continue to gain revenue from this source.

Congressional Bill Would Ease "Call" On Poorer States

Under the terms of a bill introduced in Congress last week by Representatives Hare of South Carolina, poorer States would not have to match Federal financial grants on a dollar-for-dollar basis and would get a greater share of such funds.

At present, Mr. Hare explained, social security, maternal welfare, crippled children, old age assistance and similar grants by the Federal Government are matched equally by individual States.

Thus, he said, one State may be able to get $1,000,000 from the Federal Government for Social Security payments, because it could match it with a similar amount, whereas a State not so financially strong could only put up less money and get less money.

Under his bill (HR7298) the per capita income of the individual State as compared with the national per capita income would be the determining factor in computing the amount of money the Federal Government and the State would put up.

Governors Adopt Plans To Protect States' Rights

Governors of 39 States closed their annual conference last week by adopting resolutions to halt Federal encroachment on State rights. One resolution condemned any future national legislation that might exempt war plants from State and local taxes. The other expressed opposition to proposals that State unemployment compensation systems be placed under Federal control. Any congressional act to remove war industries from local taxation, the resolution stated, would be the gravest threat to States and communities devoting themselves most heavily to the war effort.

President Approves Municipal bankruptcy Extension

President Roosevelt has signed the bill extending the Municipal Bankruptcy Act to June 30, 1946.

Municipal Officers Ask Postponing of Nonessential Works

Postponement of all "nonessential public works which compete directly or indirectly for materials or man power" with the national war effort was requested last week by the Municipal Finance Officers' Association of the United States and Canada.

In another resolution adopted at its thirty-seventh annual conference, the Association urged "the best possible use" of all man power and materials by Federal, State or local governments in order to "improve administrative management so as to increase the effectiveness of employes and to decrease the costs of government."

While suggesting the deferment of public building at present, the fiscal officers went on record as favoring the preparation in detail now of plans "for post-war public improvements."

The financing of the projected peace-time construction program was covered in a resolution calling for the progressive reduction of State and local government debts so that "credit will be available through improved borrowing power," and the exercise of operating economies so that "reserves or surpluses may be created."

The Association recommended that where needed legislation be enacted to accomplish the debt reduction and economy policy.

Mayors To Meet On Municipal Problems

Mayor La Guardia announced last Friday that he has called a meeting of the Board of Directors of the United States Conference of Mayors on July 9 at City Hall in New York to study the subject of assessments and other financial problems besetting American cities. He said that the financial plight of cities was becoming grave and that something had to be done.

Missouri Floods Exact Heavy Toll

The rapidly-rising Missouri River poured its muddy waters over thousands of acres of rich bottomland last Sunday, causing damage estimated in the millions of dollars, and three persons were drowned in floodwaters.

Thousands evacuated with their livestock, day and night, in the area extending from Boonville in Central Missouri to the confluence with the Mississippi above St. Louis. Some were marooned, rail and motor traffic was disrupted, and eight flotillas of coast guard vessels, aided by civilian patrol planes, engaged in rescue work and mail delivery.

An estimated 80,000 acres were covered in the St. Louis-St. Charles counties area alone, the hardest hit, and farm agents forecast damage at upward of $5,000,000 there.

Florida Municipal Bond Study Prepared

Heinzelmann & Ripley, Specialists in Florida Municipal Bonds, have prepared a study of the economic conditions in Florida, and their relationship to the financial status of the municipalities within that State, together with a tabulation showing progressive current yields of 18 different municipal refunding issues from the present low prices to the highs prevailing about six months ago.

Among various other statistics, the study points out that Florida has grown faster than any other State in the Union during the past decade, and that the growth of Florida's industrial and agricultural interests, together with its rapidly increasing war activities, is offsetting the diminishing tourist trade, and putting the State on an all-year-round income producing basis.

The tabulation shows that some Florida municipal bonds are available today at prices to yield tax exempt income of as high as 9%, and should prices return to their highs prevailing just before Pearl Harbor, capital appreciation from 21 to 72% is possible.

Copies of the study and tabulation are available upon request from Heinzelmann & Ripley, 40 Exchange Place, New York City, N. Y.

N. Y. Port Authority Earnings Exceed Requirements

Earnings of Port of New York Authority for May provided a wide margin of safety for interest requirements, notwithstanding advent of gasoline rationing. Last month's operating revenues, at $1,389,644, came within 14% of those for May, 1941. Income after expenses available for the $417,032 proportionate interest requirements on funded debt amounted to $1,059,486 for the month. Net available for sinking funds, reserves and debt retirement was $642,453, as compared with $796,970 in May, 1941. While the percentage decline for June may be greater, as compared with June of last year, all indications point to continued satisfactory coverage for interest requirements.

Specialists in transportation revenue bonds emphasize that the relatively strong position indicated for Port issues under existing restrictions derives from the fact that truck traffic accounts for an unusually large percentage of total gross income.

Birmingham Utility Acquisition Held Possible

The National Power and Light Company last week offered to sell to the City of Birmingham, Ala., all the utility and transportation properties owned in that city by its subsidiary, Birmingham Electric Company.

Paul B. Sawyer, President of National, announced the offer in a statement issued to deny published reports that the company already was negotiating for the sale of the Birmingham properties to the city or to Alabama Power Company, a Commonwealth & Southern Corporation subsidiary, which also operates in that area.

Mr. Sawyer admitted that Alabama Power recently had submitted an offer to buy these properties, but asserted that this bid was "so inadequate that it did not merit serious consideration."

The utility executive pointed out that the company is obliged to dispose of its Birmingham subsidiary under a Securities and Exchange Commission order issued in August of 1941.

Detroit Bonds Authorized

The City Council of Detroit, Mich., on Tuesday approved through its finance committee the issuance of a total of $17,143,000 of refunding bonds, the flotation of which would complete the city's huge refunding program that has been in progress for some time. The committee is understood to have set July 14 as the tentative date for the sale of the bonds, which will mature serially from 1944 to 1963.

Late in March, this year, the city sold $16,758,000 of bonds as part of its refunding program on a net interest cost basis of 2.7238%.

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.

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.

July 14 (tentative)

$17,143,000 Detroit, Mich.
On March 31, the city awarded a previous issue of refunding bonds to a syndicate headed by Bankers Trust Co. of New York. Second best bid was entered by the First National Bank of New York, and associates.

July 17

$2,976,000 Cuyahoga Co., Ohio
In March the county awarded bonds to a syndicate headed by A. C. Allyn & Co. of Chicago. Second highest bid was submitted by Prescott, Jones & Co., Inc., of Cleveland and associates.

Says Cessation Of Utility Advertising Would Be Sabotage Of Investment

The necessity of the continuance of advertising by public utilities during the war was stressed by Davis M. DeBard, Vice-President of Stone & Webster Service Corp. in an address on June 23 at a meeting of the Public Utilities Advertising Association at the Hotel Commodore in New York. Mr. DeBard was reported as stating in the New York "Herald Tribune that cessation of public utility advertising for the duration of the war would be a "deliberate sabotage" of an investment built up during normal times. From the same paper we quote his further remarks as follows:

"Any utility company which crawls into its shell and ceases to interpret itself to the public during a period of war is inviting the inevitable—serious impairment of prestige, political attack, and all the other ills associated with a policy of silence," Mr. DeBard declared.

Recently published data indicate that companies which dropped advertising during World War I, he said, "suffered severely" in the post-war period and some nationally known companies passed out of existence.

While urging continued advertising, Mr. DeBard warned, however, that economical coverage is the first consideration. "Any form of advertising which cannot justify itself from this point of view will tend to bring on the utility criticism of customers who will claim that money is being spent recklessly," he pointed out.

In answer to a question as to which type of media, excluding magazines, was the most essention for war-time advertising in the utility industry, Mr. DeBard said newspapers and bill enclosures headed the list.

In both England and the United States, said Mr. DeBard, according to the New York "Times," utilities regard newspapers as the most essential advertising medium. The utilities session was held in conjunction with the annual convention of the Advertising Federation of America. Another speaker at the utilities meeting was W. J. Weir, Vice-President in charge of copy of Lord & Thomas, who charged that advertising is not doing the job it should be doing at present "because of too much fear of the present and of the future." As to his remarks the "Herald Tribune" reported:

Mr. Weir urged a continuance of advertising to the public as the only way to maintain good will. "Advertising is business's last point of contact with the American consuming public," he continued. It's the last means it has for preserving its franchise as a free operating enterprise. And the longer it hesitates, the longer it puts off a resumption of its curtailed advertising, the more precarious becomes its position—the more it invites the very thing it fears."

Many advertisers have lost courage, he contended, and because "they can't see the possibility of selling a can of beans tomorrow morning, are simply twiddling their thumbs instead of continuing to tickle the public's curiosity and desire."

Nuveen, Jr., Salvage Mgr.

CHICAGO, ILL.—John Nuveen, Jr., partner in the municipal bond house of John Nuveen & Co., 135 South La Salle Street, since 1919, has been appointed regional salvage manager for the Bureau of Industrial Conservation. He will be in charge of the activities of the four sections of the bureau—general salvage, industrial salvage, automobile graveyards, and special projects. Mr. Nuveen is also Chairman of the Illinois Board of Public Welfare Committee.

Financial Librarians Hold Annual Meeting

At its annual business meeting on June 20 in Detroit, the Financial Group of the Special Libraries Association elected as its Chairman, Mary P. McLean, Librarian, American Bankers Association, New York. Other officers elected were: Vice-Chairman, Pamela C. Williams, Librarian, Federal Reserve Bank, Minneapolis, and Secretary-Treasury, Margaret Siegmund, Librarian, Bankers Trust Co., New York.

On June 19, there was an informal discussion of problems and methods for financial librarians, led by Eleanor S. Cavanaugh, Librarian, Standard & Poors Corp., and President-elect of the Special Libraries Association.

A joint meeting of the Commerce and Financial Groups was devoted to the problems created in libraries and research organizations by the discontinuance and alteration of statistical information sources during the war emergency. Graham Hutton, Director, British Press Service, Chicago, and Dr. Stuart A. Rice, Assistant Director in Charge of Statistical Standards, U. S. Bureau of the Budget, Washington, D. C., presented papers on this subject, Mr. Hutton detailing the experience of Great Britain and Dr. Rice outlining the plan of ours, which has just begun. Both men, it is stated, encouraged the feeling that the dislocation would be for the duration only, and stressed the importance of protecting our statistical information from enemy use. In the case of Great Britain, it is indicated, the series are effectively scrambled; in the case of the United States the statistics are compiled but kept either secret, confidential, restricted or unrestricted—all to be released for public consumption as soon as practicable after the war.

Enjoined From Selling Unregistered Securities in New York State

The Banner Oil Corporation of Shreveport, La., has been enjoined from selling its securities in the State of New York on the grounds that the company had neglected to file required particulars with the New York Secretary of State after notifying the Securities and Exchange Commission that it intended to sell securities in New York State.

This is the first case of its kind in which an out-of-State corporation has been enjoined from doing a securities business in New York State without qualifying the stock with State authorities, regardless of the fact that the stock had been properly registered with the SEC.

To qualify a security for sale in New York State is an extremely simple matter.

C. A. Thompson Dead

Carmi A. Thompson, Treasurer of the United States under President Taft, died on June 22 at his home in Cleveland. He was 71 years old. Mr. Thompson successively was named Assistant United States Secretary of the Interior, Secretary to the President and United States Treasurer under appointments by President Taft.

At the time of his death he was a partner in the law firm of Thompson & Smith and Chairman of the Board of the Midland Steamship Co.

Homer Potter Now With Metropolitan St. Louis Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Homer H. Potter has become associated with the Metropolitan St. Louis Company, whose main office is located at 718 Locust Street, St. Louis, Mo. Mr. Potter in the past was an officer of the Mercantile-Commerce Bank and Trust Company of St. Louis with headquarters in Chicago.

Evidence Accumulates Of Widespread Opposition To Minimum Capital Proposal

(Continued from page 2)

The industry as a whole should appreciate your efforts in this regard, because the membership of the NASD would be better kept intact, rather than to have a wholesale resignation of small firms because they could not meet the financial requirement.—(From a San Antonio, Texas, Dealer)

DEALER No. 15

Below we reprint a letter written by an underwriter of an Investment Fund located in Boston, Mass., to the NASD's Philadelphia Office:

I have just received a letter from the National Association of Securities Dealers together with a ballot suggesting some changes in the by-laws. I am disapproving the entire lot.

I do this not because I think they are all bad, I do it because I think they are all interwoven with a principle that is bad. The idea of legislating a minimum capital requirement for all dealers all over the United States seems to me to lack appreciation of the conditions in this great country of ours. What is adequate capital for a member of the Stock Exchange doing business in Wall Street has no connection with what is necessary for a small dealer in, shall we say, Minnesota or Vermont.

Where a man carries no inventory, he needs very little capital to do business and do it honestly. The question of whether the customers are being jeopardized is entirely a matter to do with the character of the dealer and not of his financial resources.

The National Association of Securities Dealers has built up a closed shop that must be the admiration of all union leaders, but even the most radical of union leaders have never dared to go so far as to arbitrarily legislate against the poor man.

It has always been said that character and not the balance sheet determine the character of the loan. I believe the same applies for the same reason to investment dealers. . . . The small dealers do not have either the time or money necessary to give to your work, but because of that you should lean over backward to look at matters from the point of view of the smaller dealers and see that they get their share of the breaks.—(From a Boston, Mass., Underwriter of an Investment Fund)

DEALER NO. 16

Henry Ford did not have $5 to start with and Abraham Lincoln could never have entered the law business if he had to show net financial worth of any consequence. Contracts are what we deal in and if we can deliver the goods that's all that should count.—(From a New York City Dealer)

DEALER NO. 17

I wish to congratulate you on the vigor of your editorials against the NASD minimum capital proposals. The anti-American principle involved in this request was well portrayed by your editorials.

If this question is defeated, your publication should receive the credit. (From a Milwaukee, Wisc., Dealer)

DEALER NO. 18

I would like to add my comments to the letters which I have read in the "Chronicle" relative to the NASD Minimum Capital Proposal.

I believe that the "Chronicle" deserves a great deal of credit for the stand it has taken and agree entirely with you. It so happens that I am expecting to be called for war work so I withdrew a sizable amount of money from my firm to provide our own home for my wife and family leaving me below the proposed minimum NASD requirement.

After having been in business for many years it would seem absurd to be compelled to resign from the association because of an arbitrary ruling. The smaller dealers have done a good job with their clients' accounts.

. . . His livelihood depends upon the strength of his clients' accounts—not upon a big money reputation. (From a New York City Dealer)

DEALER NO. 19

Reference is made to your recent article of comment on the current proposal of the NASD. Having been the security business for a great many years I wish to commend most earnestly both your courage for saying what you did, and the clarity with which you show the lack of any rational support for the purpose. Nothing, it seems to me, could have less support in actual observed fact than the moth eaten thesis . . . that bigness per se, or "adequate" capital in and of itself is the solvent for business illness. . . . This whole subject is so ably treated by Dewing in his well known book that it ceases to be a matter of debate among informed people. . . .

Personal observation over many years is persuasive that ignorance and stupidity have caused more loss by far than deliberate dishonesty or mere smallness of capital. Surely it could hardly be contended that the capacity to evaluate securities and understand the procedure for maintaining integrity and honesty are automatically inherent in the brain of a man having a hundred thousand dollars in the bank, and equally lacking in the brain of a man who has one thousand. If this were so, obviously a big business couldn't fail and a small one couldn't grow. The facts belie such a thesis. This was very well demonstrated here in Baltimore in 1933 when two of our four largest banks remained closed and perhaps two of all the others got into trouble.

Again I wish to contribute assurance that your points deserve most earnest consideration and that the criticism is amply supported by the facts. (From a Baltimore Dealer)

DEALER NO. 20

I want to commend you upon the stand taken in the June 18 and June 25 issues regarding the proposed NASD financial requirements for its members and other restrictions that they have asked the members to vote upon.

First, it seems unconstitutional and deprives the small dealer of his rights as an American citizen. The purpose is obvious . . . to force liquidation of all small investment houses throughout the country.

The position you people are taking is highly appreciated by the writer. (From a Louisville, Ky., Dealer)

DEALER NO. 21

May we express our full approval of your stand against the financial exactions proposed by the NASD.

If we expressed to you what we really think of all the regulations, restraints, restrictions, interference, meddling, snooping, poaching and policing upon the rights of the people and the rights of business, we would be prosecuted for indecent exposure of the American language.

Surely the high standard of ethics amongst broker-dealers and their integrity for the specific performance of contracts are the essential bulwarks for the conduct of this business, and the security of a mere $5,000 in capital would offer scant and inadequate assurance of added protection.

Should the rule pass, then the precedent would be established, and the possibility of raising and re-raising the ante would always be a threatening likelihood. We object to this purge—the purge of the small broker-dealer. We are opposed to the elimination of any honest man who is already in, and we object to keeping out any honest man who desires to come in.

We believe that no American who is morally and mentally qualified should be denied the right of making a living in the vocation of his choice. The freedom of individual enterprise has made America among the world's greatest. Has the modern Uncle Sam raped the Goddess of Liberty and debauched the virtues of freedom?

Surely broker-dealers should be restrained from all unfair practises and properly punished if guilty, but no one should be disciplined because he is too big or too small.

Please tell us, just what is the NASD anyway? Is it a broker-dealer organization, operated for their benefit, or is it a quasi-governmental bureau for the persecution of the broker-dealer? The broker-dealers pay the tariff to keep the organization going, so why should we vote to kill off the legitimate feeders of our own business?

We advocate more freedom in business—less restraint.

We vote No. (From a Washington, D. C., Dealer)

DEALER NO. 22

Words are futile in expressing one's sincere appreciation for the work you are doing in behalf of the little Security dealer.

This is unquestionably a matter of life or death for the dealer with insufficient capital to meet the demands made upon them by the Organization (NASD), originally organized (as the small dealer was lead to believe) and financed principally by small dealers, for protection of not only the investor, but the dealer as well. It might be a good idea if the NASD would check back their records and see how many of the firms, who today are howling for the elimination of the small dealer, ignored the NASD until these same small dealers built up the latter organization to such a strength that they were actually forced to sign up. The small dealers, if my own city is any criterion, will show the small dealer was in the majority in forming the original organization (now known as the NASD). . . . Some dealers are under the false impression that their business will benefit by eliminating the little fellow. It is high time all dealers got together to prevent this attempt to put across such a diabolical plan as the elimination from the Investment business of men who have, in many cases spent their 20, 30, and 40 years in this business. Many of these men even though the past 10 years has taken practically all their capital, are still able to at least make a living in the Investment business and benefit from the expected eventual upturn in this business, which the NASD CIRCULAR LETTER forecasts is close at hand. If the little dealer is so undesirable, why is it, we small dealers are receiving almost daily, literature, circulars, etc., from Government agencies requesting our assistance in selling Securities to the public?

As one of the so-called small dealers, with insufficient capital to meet the $5,000 requirement, my books will show I handle $25,000 transactions and very frequently $10,000 trades. What protection is this $5,000 to the Investor who turns over to my firm $25,000 for the purchase of securities? . . .

The proposed plan as submitted by the NASD is so ROTTEN with hidden objectives along with those rules made public, that it smells to the high heavens, and demands that all dealers with and without capital get together and fight this injustice to a finish. To do this, it undoubtedly will require financial assistance, I have no doubt the response by the majority of the dealers to finance such a fight would be tremendous, and I also believe, that your Editor, after showing his very sincere interest in the welfare and future of the small dealer, would undoubtedly be the one man to organize and get this fight started.

Something should be done and done immediately. Personally I am of the opinion that this Un-American plan was planned and plotted by someone in the NASD; and the SEC has had very little if anything at all to do with it.

It would not be a bad idea if the small dealer had some representation at the counting of the votes, otherwise you small dealers can expect to be advised by this underhanded group who will supervise the voting results that Article ONE was approved by a large majority of the NASD members. My ballot will show disapproval of all amendments.

You have my permission to publish any part of this letter in your next issue, however, I would ask that my name be omitted, the reasons are obvious.

With sincere appreciation of the good job your doing. (From a Buffalo, N. Y., Dealer)

DEALER NO. 23

As one of the smallest investment dealers, who is a member of the NASD, I wish to congratulate you on your article in the June 25 issue entitled: "NASD Minimum Capital Proposal Asks For 'Blank Check' To Rule Members—Would Hurt All, Help None." I have also read every one of the reactions of Security Firms to this proposal in this same issue.

I subscribe heartily to all your opinions. I can readily see that Dealer No. 1 has a decided difference of respect for the NASD and their rule that no member can deal with non-members except at prices that would be applied to the general public customer.

I joined the NASD because of this rule as undoubtedly Dealer No. 8 did. I have, however, not regretted my decision and wish very strongly to continue as a member.

One point that has not been mentioned as yet is the following which I make:

I wonder if it has ever occurred to those advocating this rule for Minimum Requirements for Membership that it would be far better for the general investing public to allow the smaller firms that might have to drop out of the association to stay on as members and continue to have the supervision of the business conduct committees and the ever present obligations to abide by these rules than to force them out of the association, some of them giving up as Dealer No. 8 would or continue in business as Dealer No. 1 would, subject only to the very far removed supervision of the SEC and incurring still more his derision for the cooperative efforts of the Investment Banking Business to instill self discipline among its members. (From a Danbury, Conn., Dealer)

DEALER NO. 24

Your article on June 18 regarding the proposed financial regulations by National Association of Securities Dealers on its members has been read with much interest by the members of our organization. Before seeing your article we had already decided to vote against these changes because the majority of these were certainly not for the benefit of security dealers.

I am convinced that the adoption of the rules prescribed by the National Association of Securities Dealers will be the beginning of the elimination of small dealers who are rendering a distinct service to their communities.

I heartily commend you for the stand which you have taken in this matter.

N. B. I do not wish my name used in connection with this letter which may or may not be published at your discretion. (From a Charlottesville, Va., Dealer)

DEALER NO. 25

We have read the parts of the last two issues of your publication regarding the proposed NASD minimum capital requirements with great interest. We are 100% against the amendment.

Have you heard of any organized opposition? We would like to join in a good cause. If this amendment is passed it should be taken to court. We would be glad to contribute a year's dues to help with the legal expenses of anyone who wants to test what is so obviously illegal. We would save money in the long run as with the certain decline in membership the NASD dues are sure to go up a couple of hundred dollars per year.

Why have this expensive association anyway?

Yours for a free country. An American. (From a New York City Dealer)

Columbia Summer Session Offers Special Courses

An extensive six weeks' instruction program in accounting, economic geography, personnel administration and economics will be given in the 1942 Summer Session of Columbia University, it is announced by Robert D. Calkins, Dean of the School of Business. It is pointed out that many of the classes, which are designed to meet the current shortage of trained persons in these fields, have been planned as refresher courses to assist graduate and undergraduate students, both men and women, to qualify for more responsible participation in the war effort. "It is felt," Dean Calkins states, "that current and anticipated shortages of professional and technically trained personnel can in some measure be met promptly by retraining those who are engaged in less critical occupations." The sessions, scheduled for day and evening, will begin on July 7 and continue through August 14.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 5)

develop when we establish a second front. For it will be then that our productive powers (assuming our powers of distribution keep step) will be felt in the field of battle.

* * *

It seems that instead of writing about the market I was sidetracked into a discussion of the war. But even if it seemed incongruous it has its place in a business where market interpretations depend on so many outside factors. But to get back to the market as a market and its technical signals the following still applies.

* * *

So long as the averages (Times) stay above the 69-70 range the danger of immediate sharp reactions is negative. But if this average breaks through, then subsequent rallies, unless fed by really good news, will be merely technical.

* * *

Meanwhile you are still long of four stocks, Air Reduction, Allis Chalmers, International Harvester and Union Carbide. All four are still above their critical levels and so long as they stay there I see no reason to sell them. For those unfamiliar with the critical points under which the stocks should not be held I repeat: Air Reduction 27¾ (now about 30); Allis Chalmers 21 (now about 24); International Harvester 41½ (now about 46) and Union Carbide 62 (now about 65½).

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.]

Commercial Bonds & War

What the U. S. war expenditures mean to the commercial banks of the nation from the standpoint of profit and loss and their ability to absorb a record volume of Government bonds is the subject of a study, "Commercial Bonds and the War," just completed by Ernest Schwarzenbach of Smith, Barney & Co., 14 Wall Street, New York City, and released in booklet form by the firm today.

Pointing out that probably $25,000,000,000 to $30,000,000,000 of Treasury obligations will have to be taken up by the member banks in the Treasury's 1942-43 fiscal year; another $30,000,000,000 to $35,000,000,000 in the 1943-44 fiscal year; and that deposits may increase nearly 35% in the coming fiscal year as a direct result of the war effort, Mr. Schwarzenbach says in part:

"All of the commercial bankers with whom we have had an opportunity to discuss the outlook, believe that the banks with the cooperation of the Treasury and the Federal Reserve System will be able to absorb the large amount of additional government securities which will have to be issued during the war. They think that by and large the Treasury will be successful in financing its long-term bonds on a 2½% interest level and the intermediate and short-term maturities on the present or a fractionally higher basis. If necessary, the maturities of the long-term 2½% securities might later on be shortened to from 15 to 17 years. They feel that it will be necessary to maintain interest rates at a fairly steady level since serious fluctuations in rates would cause concern and interfere with the maintenance of a broad and active market. The latter is necessary as a means for effecting adjustments between individual banks and other institutions and taking care of the flow of funds through the market incident to the enormous transactions of the war period. . . . All of the new government securities of course, will be taxable, which means that a five-year issue will have a net yield of only around 1% based on normal and surtaxes of 40%. This has additional significance for banks with large nearby maturities or call dates, the income from which has in past been fully or partially tax exempt."

Since Dec. 31, 1941, total loans of reporting member banks have decreased about $526,000,000, the study says, adding that most bankers expect this trend to continue for some time due to the lower volume of instalment credit financing, lower inventories in certain branches, repayments of regular commercial loans through long-term funding operations such as those carried out by the American Tobacco Co., etc. However, it is pointed out that on June 10, 1942, total loans of reporting member banks were still $606,000,000 higher and the total of loans and investments $3,605,000,000 higher than the year before. This means higher gross earnings than a year ago, and the balance sheet position of most of the large banks is described as probably sounder today than at any time in history.

Brown 5s Interesting

Charles King & Co., 61 Broadway, New York City, are distributing an interesting circular on the current situation in Brown Company 5% bonds, due Dec. 1, 1959. Copies of the circular may be had from the firm upon request.

Triumph Bulletin

Sweetser & Co., 65 Broadway, New York City, members of the New York Stock Exchange, are distributing a bulletin on Triumph Explosives, Inc., copies of which may be had from them upon request.

Again SEC Chairman

The Securities and Exchange Commission announced on June 30 that Ganson Purcell has been reelected Chairman for the fiscal year ending June 30, 1943.

Chairman Purcell was appointed a member of the Commission by President Roosevelt on June 11, 1941, to fill the unexpired term of Jerome N. Frank, and was reappointed by the President on May 25 for a term expiring on June 5, 1947. The Senate confirmed the reappointment on June 4; referred to in our issue of June 11, page 2208. Mr. Purcell was elected Chairman of the Commission last January.

Investment Trusts

(Continued from page 7)

Position of Second Grade Rail Bonds."

Lord, Abbett & Co., Inc.:

The July, 1942, issue of "Background," the monthly publication of this sponsor, contains a timely discussion of "The Economics of Thrift in Our War Effort." In the face of such huge expenditures for war, the great devourer of materials, the old proverb, "Waste not, want not," is re-emphasized.

A composite summary of the seven Union Trusteed Funds under Lord, Abbett sponsorship has been prepared including data for June, 1942, under the following headings: Current Information, Objectives, Portfolio, Price, Dividends, Yield.

Massachusetts Investors Trust:

"Friday, June 12, was a red-letter day in the history of Massachusetts Investors Trust. On that day the number of shares outstanding passed the 6,000,000 mark. Every year since 1924 the number of shares outstanding in the hands of investors has increased and today, as the end of the 18th year of continuous operations draws near, over 6,000,000 shares of the Trust are owned by more than 50,000 shareholders in every State in the Union and in many foreign countries."

This column joins in extending well-wishes to MIT, one of the oldest and best-known of the investment companies—a virtual "Daddy" in the field!

National Securities & Research Corp.:

With the June 25, 1942, issue of "Investment Timing," this organization's widely-known weekly service, an eight-page summary of intermediate trend advices appearing in the service since April, 1941, is furnished. The record is set forth clearly and unequivocally. For those who wish to study the past performance of this timing service, a copy of the summary would provide the answer. In case you are interested, it is suggested that you write direct to the sponsor at 120 Broadway, New York.

Republic Investors Fund, Inc.:

"From time to time over the past few years we have pointed out the better-than-average performance of Republic Investors Fund common shares. But during the past seven weeks the performance has been below average. We wish to point this out as well and to discuss the reasons for it." So begins a letter from the sponsor, Bull, Wheaton & Co., to affiliated dealers under date of June 19, 1942. This frank statement is followed by an equally frank discussion of investment policy with respect to the fund.

Dividends

Manhattan Bond Fund, Inc.:

The Board of Directors has declared Ordinary Distribution No. 16, amounting to 11 cents per share, payable July 15, 1942, to holders of record as of the close of business July 6.

Massachusetts Investors Trust:

The Trustees have declared a quarterly distribution of 24 cents a share, payable July 20, 1942, to holders of record June 30. This payment represents net income for the quarter ending June 30 from dividends and interest on securities owned, and compares with 18 cents per share for the previous quarter and 21 cents a share for the corresponding period last year.

UP-TOWN AFTER 3

NEW MOVIES

"The Magnificent Dope," starring Henry Fonda, Lynn Bari and Don Ameche; with Edward Everett Horton, and others. . . . An amusing bit of nonsense of the boy-meets-girl variety with a dash of "Mr. Deeds Goes to Town" thrown in. There's nothing in the story to give you any trouble to understand or give you any doubts as to its outcome. You know that the boy will make good and the girl will understand and go for him. What little misunderstandings arise are just the small obstacles to prove the course of love doesn't run smooth or something. It's that kind of a plot. It all begins when Don Ameche, who runs a Dale Carnegie-ish kind of success school, finds himself with a sumptuous establishment, a staff of luscious female clerks, but no enrollment to sustain it. So his eye-filling secretary, Lynn Bari, suggests a Nation-wide contest for the laziest man in the country. The winner to get $500 and a free course in Mr. Ameche's school that will make him a success. Henry Fonda, a boat keeper and small town philosopher, of Vermont, is the winner. But all he wants is the money to finance the home town fire department, not the course. Obviously, that won't do. Without a central figure, around whom to build all the expectant publicity, the contest will be a dud. So the blonde secretary goes to work on the reluctant Fonda to make him stay. She is instructed to show him the town. "Everything from the aquarium to the zoo" are her instructions. She is a smart girl and has evidently been around. She knows where the queer fish and the wolves are. So she takes him on a round of New York night clubs. But here the plan comes a cropper. Fonda falls for Miss Bari not knowing she is engaged to Ameche, but in order to prove worthy of her, remains in the Big City. There are some amusing sequences. Fonda confiding in Ameche about how he feels about Miss Bari, a confidence that Ameche encourages so his star pupil (who has since become a national figure) won't drop out. So there's the plot. You can see there is nothing to strain your imagination; nothing to think back on. It's just what it is supposed to be—hot weather fare for the escapist (20th Century). . . . **"United We Stand,"** a documentary film made up of clips of newsreels taken over the past 20 years or so. As a newsreel it has its points. As a documentary film it falls considerably short of its objective. The narrator, Lowell Thomas, or rather the people who wrote the commentaries for him to read, either are lacking in political acumen, don't know what the war is about, or if they do, have ignored it. Much of the dialogue sounds like the kind of pap we read in our grade school histories; it describes events rather than gives basic causes. The underlying factors that brought this war on; its objectives on the basis of the "Four Freedoms" and the consequences of appeasement are scarcely touched on. Instead it goes in for either straight military scenes; German re-armament, Maginot fortifications or for fun-poking of a Mussolini or a Hitler. As a straight newsreel that doesn't editorialize it is all right. But this is supposed to be more than a job of reporting. It is a retrospective picture of events that brought on this war and as such, particularly with the facts now available, it could have explained how it was possible for a Hitler or a Mussolini to come into power (20th Century-Fox).

AROUND THE TOWN

Almost every night club in New York is busy today thinking up ways to increase business. One method that all agree upon is this business of "Pan-American good will." The one night spot that doesn't have to start plowing up new fields is **Benito Collada's El Chico** down in Greenwich Village. For Collada has been doing that for nigh onto 15 years. As a matter of fact almost every Spanish or Latin entertainer who today has reached fame got his or her first start at El Chico's. The food and the entertainment is still in keeping with Collada's policy. Everything about it is authentic Spanish or Pan-American, though the menu also includes American dishes. . . . If Latin entertainment isn't what you want try **Cafe Society Downtown** (it's right around the corner from El Chico). Its policy of boogie-woogie, barrel house and jitterburg type of music keeps the place filled. Right now its entertainment is headed by **Eddie Mayhoff**, a satirist and impressionist, whose caricatures of familiar types will have you limp with laughter. . . . **Night Club News. . . . Mother Kelly's** on the site of the Beachcomber opens this weekend. . . . **Danny Kaye** will sell war bonds at a $1,000 per musical note this Sunday evening, July 5, at the **Lido Beach Club** on Long Island. . . . **Bobby Parks** and orchestra opens in the **Glass Hat** tonight, Thursday, July 2. . . . **Notes From and About People You See and Hear. . . .** The three Charlies, **Ruggles, Winninger and Martin,** took an overnight trip to the Catskills to work on a radio adaption of "Friendly Enemies." They got into sparsely inhabited territory and Ruggles said, "I'll bet they haven't even heard of the tire shortage here." "That's a bet," agreed Martin. So they stopped at a combination general store and gas station to settle it. "Listen, buddy," whispered Winninger to the attendant, "have you got anything in the shape of tires to sell?" "Yes, sir," was the answer, "nice fresh doughnuts!" . . . **Maxene Andrews,** of the sister team, tells the one about the girl who visited a fortune teller. "Do you want to know about your future husband?" "No," was the answer. "I want to know about the past of my present husband for future use."

SHOULD THIS MAN BE BARRED FROM NASD?

(Continued from First Page)

he was again—in the same old spot he had been in several times before.

Finally he got up from his chair, put on his hat and started for home. All the way to the subway his mind was working on an idea. He hardly noticed the people around him and as he finally arrived at his door his mind was made up. As he looked at his wife he was more certain than ever that he could make good. She had helped him all these years and he knew she wouldn't fail him now. That night these two courageous people decided to borrow the last penny they could rake and scrape together on John Bowman's sorely depleted life insurance SO THAT HE COULD GO INTO BUSINESS FOR HIMSELF. For the benefit of the record, we can attest to the fact that this sum was a great deal less than the proposed minimum amount to be required under Article 1, Section 1, for membership in the NASD.

Three years have now passed. Today John Bowman can readily qualify for the minimum requirements of this NASD proposal. The little twenty-five dollar a month office with its borrowed desks and furniture, that kind friends were good enough to lend him, has grown to four times its original size. He is now a member of the NASD. Most of his children are grown up. Three of his boys are with Uncle Sam's Marines, and, remember, this was only made possible because their dad could earn enough to continue to give them the physical and mental start in life that fitted them for this great privilege. The life insurance loan has been repaid and there is money in the bank. But even now, everything is not roses, for his good wife has contracted an illness that needs somewhat prolonged care. But today she is receiving the best of care in a private institution instead of becoming a public charge—and all this is possible because this American family was granted their Constitutional heritage that has been handed down to them through all these years of American history. THE RIGHT OF AN AMERICAN CITIZEN TO GO INTO BUSINESS FOR HIMSELF, WITHOUT MEETING ANY ARBITRARY FINANCIAL REQUIREMENTS, AND WHERE THE ONLY REQUISITE FOR SUCCESS ARE THE SAME AS THEY HAVE ALWAYS BEEN—CHARACTER—BRAINS—ABILITY AND WORK!

There are numberous "John Bowmans" in the securities business, also in other lines of American enterprise. It was their initiative, fortitude and perseverance that has made this great nation of ours a shining symbol of equality of opportunity for all those willing to make the necessary sacrifices in the endeavor to make their "place in the sun." Are we going to abolish this priceless privilege in the securities field by establishing an arbitrary financial barrier such as that proposed by the NASD? There can be but one answer. A resounding NO! If you have already voted yes on Article I, Section 1, recall your ballot and vote NO.

Boston Traders Party; Service Honor Roll

BOSTON, MASS.—The annual summer outing of the Boston Securities Traders Association, in spite of the weather, was pronounced a success by the members attending.

The Thornton Cup in the golf tournament was won by Sumner Wolley of Coffin & Burr with a score of 85-18-67. R. M. Murray of Tucker, Anthony & Co., won the grass with an 81.

The softball game between the "Spankers," captained by Lewis McDowell of Weston & Co., and the "Spunkers," under Edward Opper of Elwell & Co., was won by the "Spankers" with a score of 16 to 11.

Special prizes were won by William May of May and Gannon, and Henry Larson of the First Boston Corporation.

N. Howard Peckham of H. C. Wainwright & Co., appeared at the outing in a gasless gig motored by an elegant hayburner.

Committee in charge of the outing consisted of Francis P. Walsh, A. G. Walsh & Son, Chairman; William Prescott, Carver & Co., Inc.; Frank Lynch, Hunnewell & Co.; Paul Scribner, Philip M. Tucker Co.; Charles Stevens, Arthur Perry & Co., Inc.; Herbert E. Hurley, Hornblower & Weeks, and Gilbert M. Lothrop, W. E. Hutton & Co.

The Association has made public the honor roll of its members in the service of the country. (Their former connections in Boston are given in parenthesis.)

Ensign Edward S. Amazeen, U. S. N. R., Portsmouth, Rhode Island (Coffin & Burr, Inc.);

Pvt. Albert W. Baker, Co. B. 25th Battalion, Fort McClellan, Ala. (F. Brittain Kennedy Co.);

Lt. Francis R. Cogghill, Headquarters Co., War Service Group, 2115 C Street, Washington, D. C. (F. L. Dabney & Co.);

Lt. Russell Dean, c/o Bausch-Lomb Optical Factory, Rochester, New York (Sears Corp.);

Pvt. Alvin A. Dykes, Army Air Base, Medical Corp., Houlton, Me. (Elwell & Co., Inc.);

Capt. James H. Goddard, Officers' Training School, Miami Beach, Fla. (J. H. Goddard & Co.);

Pvt. David A. Haley, Fort Michie, New York, Via New London;

Lt. Frederick L. Harson, U. S. N. R., Quonset Point, R. I. (MacColl, Fraser & Co.);

Lt. Edward Herlihy, Spence Field, Moultrie, Ga. (Edward Herlihy & Co.);

Capt. Samuel G. Jarvis, Army Air Base, Columbia, S. C. (Bond, Judge & Co.);

Pvt. Carl A. Levine, Squadron 594, Flight 263, Kessler Field, Miss. (R. H. Johnson & Co.);

Pvt. William Lundy, A-5, A. F. R. T. C., Fort Knox, Kentucky (Draper, Sears & Co.);

Corp. J. Russell Potter, Headquarters Co. C. A. S. U., Camp Edwards, Mass. (Arthur W. Wood Co.);

Pvt. Joseph M. Rinaldi, Company C, 167 Infantry, 31st Division, Camp Bowie, Texas (H. D. Knox & Co.);

Lt. Joseph F. Robbins, A. V. (S). U. S. N. R. On Furlough.

Eugene J. Ryall, U. S. N. R., Quonset Point, R. I. (C. J. Devine & Co.);

Lt. John L. Shea, Jr., U. S. N. R., Quonset Point, Rhode Island (Sears Corp.);

Major Paul D. Sheeline, Officers' Training School, Glades Hotel, Miami Beach, Fla. (Paul D. Sheeline & Co.);

Pvt. Wm. T. Skinner, Jr., Co. A 25th Battalion, Fort McClellan, Ala. (Walter J. Connolly & Co.);

Capt. Perry J. Smith, Jr., Camp Niantic, Co. B. 707 B. N. M. P., Niantic, Conn. (Brooks-Smith & Co.);

Sgt. Paul Sughrue. On Furlough (W. A. Thorndike & Co.);

Sgt. Frank E. Voysey, Headquarters Co., 40 Armored Regiment, Camp Polk, La. (Kidder, Peabody & Co.);

Capt. Charles H. Wilkins, Army Air Force, Annex No. 1, Room 1736, Gravelly Point, Va. (F. S. Emery & Co.).

The Bond Selector

(Continued from page 3)

H.P. are now in operation. Brown Co. and Brown Corp., with a combined annual capacity of about 285,000 tons constitute one of the largest producers of high grade wood pulps on this continent.

Under the terms of the reorganization effected late last year, holders of the $21,000,000 of old 5½s, due in 1946 and 1950, received for each $1,000 bond, $600 in new general mortgage 5s, 1959, and voting trust certificates for 6½ shares of new preferred and 28 shares of new common stock. In settlement of unpaid interest on the old bonds, holders of the Series A (1946) bonds received $1.37 in cash and a vtc for 1/20 share of new preferred; holders of the Series B (1950) bonds received $1.25 in cash and 1/10 share of new preferred. Capitalization now consists of the following:

R. F. C. 4% collateral note	$4,500,000
Retired as of March 31, 1942	1,750,000
Balance	$2,750,000
General mortgage 5s, 1959	12,849,300
6% cum. conv. pfd. v.t.c. shares	144,483
Common v.t.c. shares	1,999,659

The RFC loan is secured by a first lien on substantially all assets of the company and its subsidiaries except current assets, and is repayable serially in prescribed monthly instalments bearing interest at the rate of 5%. By agreement with the RFC, however, interest for the period ending Mar. 31, 1942, was paid at 4%. Standby Provisions of this loan, in addition to stating its senior position over the general mortgage, provide that interest on the general mortgage bonds may be paid only out of consolidated net earnings for the preceding fiscal year over and above amortization payment on the RFC loan plus $1,000,000—except that interest may be paid for one year even though earnings are insufficient therefor. No interest may be paid until 1944, if after such payment the next consolidated working capital is less than $8,500,000, or after 1944 if it is less than $7,500,000.

The general mortgage bonds are authorized in the amount of $25,000,000, of which $12,849,300 have been issued. They are dated Dec. 1, 1939 and mature Dec. 1, 1959. Interest at the rate of 5% per annum is payable June 1 and Dec. 1 of each year, but is subject to the Standby Provisions referred to above. Any interest, the payment of which shall be deferred pursuant to the Standby Provisions, shall accumulate and shall be paid after the payment of current interest at the earliest interest dates permitted by the Standby Provisions. Any unpaid interest shall become due and payable at maturity.

The general mortgage bonds are secured by a lien, subject to the prior lien of the RFC loan, on all of the property securing the latter. After the retirement of the RFC loan the general mortgage bonds will have a non-cumulative sinking fund amounting to 33⅓% of net income, but not to exceed $1,000,000 in any one year. No interest has been paid on these bonds. Interest having accrued from Dec. 1, 1939, the accumulations now amount to 10%, or $100 per $1,000 bond.

Net sales of Brown Co. and subsidiaries for the year ended Nov. 29, 1941, totaled $32,198,000 compared with $24,958,000 in 1940, an increase of 29%, representing the largest volume of business on record. Income available for fixed charges amounted to $6,298,000 compared with $3,304,000 in 1940. Pro-forma interest coverage on the basis of annual requirements on the debt outstanding as a result of the reorganization — $867,000 — was therefore 7.25 times. Since, however, the reorganization did not become effective until Dec. 1, the company's income account at Nov. 29 did not reflect the new interest charges. Applying pro-forma interest charges of $867,000, including annual interest on the RFC loan and on the general mortgage bonds, the earnings statement for 1941 compared with 1940 as follows:

	Year Ended Nov. 29, 1941	Year Ended Nov. 30, 1940
Net sales	$32,198,000	$24,958,000
*Costs include depreciation	24,957,000	20,615,000
Other expenses	1,716,000	1,663,000
Operating profit	5,525,000	2,680,000
Other income	773,000	625,000
Available for fixed charges	6,298,000	3,304,000
Interest—pro-forma	867,000	867,000
Times interest earned—pro-forma	7.25	3,80

*Depreciation: 1941, $1,542,000; 1940, $1,546,000.

Net working capital at the end of the 1941 fiscal year stood at $12,887,000 compared with $4,283,000 a year previously. Cash and government bonds alone amounted to $4,471,000 and a special deposit (subsequently applied largely toward RFC loan) to $1,790,000. Current liabilities totalled $3,975,000 and did not include unpaid interest of $1,285,000.

The mortgage bonds of this company appear to have attractive speculative possibilities at current levels and any further reduction of the RFC loan should result in higher prices.

Calendar of New Security Flotations

OFFERINGS

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

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)

In an amendment to its registration statement covering $35,000,000 3½% debentures, due July 1, 1962, filed with the Securities and Exchange Commission, the Celanese Corp. of America lists underwriters and the amounts they have agreed to purchase as follows:

Name	Amount
Dillon, Read & Co.	$4,740,000
Glore, Forgan & Co.	2,560,000
A. C. Allyn & Co., Inc.	300,000
Baker, Watts & Co.	125,000
A. G. Becker & Co., Inc.	350,000
Blyth & Co., Inc.	1,400,000
Alex. Brown & Sons	500,000
Central Republic Co. (Inc.)	350,000
Coffin & Burr, Inc.	100,000
R. S. Dickson & Co., Inc.	200,000
Equitable Securities Corp.	200,000
Estabrook & Co.	250,000
First Boston Corp.	2,100,000
Goldman, Sachs & Co.	900,000
Graham, Parsons & Co.	250,000
Harriman Ripley & Co., Inc.	1,400,000
Harris, Hall & Co. (Inc.)	350,000
Hawley, Shepard & Co.	150,000
Hayden, Miller & Co.	250,000
Hayden, Stone & Co.	350,000
Hemphill, Noyes & Co.	700,000
Hornblower & Weeks	500,000
W. E. Hutton & Co.	350,000
Illinois Co. of Chicago	125,000
Kebbon, McCormick & Co.	200,000
Kidder, Peabody & Co.	900,000
W. C. Langley & Co.	1,000,000
Lee Higginson Corp.	700,000
Lehman Brothers	1,650,000
Laurence M. Marks & Co.	300,000
McDonald-Coolidge & Co.	150,000
Mellon Securities Corp.	1,650,000
Merrill Lynch, Pierce, Fenner & Beane	1,250,000
Merrill, Turban & Co.	150,000
F. S. Moseley & Co.	300,000
Maynard H. Murch & Co.	150,000
Otis & Co.	300,000
Putnam & Co.	125,000
Reinholdt & Gardner	125,000
Riter & Co.	700,000
E. H. Rollins & Sons, Inc.	450,000
L. F. Rothschild & Co.	150,000
Salomon Bros. & Hutzler	250,000
Schoellkopf, Hutton & Pomeroy, Inc.	100,000
Schwabacher & Co.	125,000
Shields & Co.	1,400,000
Smith, Barney & Co.	1,400,000
Stein Bros. & Boyce	125,000
Swiss American Corp.	100,000
Tucker, Anthony & Co.	350,000
Union Securities Corp.	700,000
G. H. Walker & Co.	125,000
Wells-Dickey Co.	125,000
White, Weld & Co.	600,000
Whiting, Weeks & Stubbs, Inc.	200,000
Wisconsin Co.	450,000
Dean Witter & Co.	200,000

Offered—July 1, 1942 at 99½ and int.

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

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)

In an amendment filed June 25 to its registration statement covering 90,000 shares of cumulative preferred stock $100 par value, G. C. Murphy Co. states that dividend rate on the new preferred will be 4¾%.

The amendment lists the underwriters and the percentages of the unsubscribed stock to be purchased by each as follows:

Name	% to be Purchased
Merrill Lynch, Pierce, Fenner & Beane	12
Lazard Freres & Co.	6
Blyth & Co., Inc.	6
A. G. Becker & Co., Inc.	5
Goldman, Sachs & Co.	5
Harriman Ripley & Co.	5
Kidder, Peabody & Co.	5
Eastman, Dillon & Co.	4
Hadyen, Stone & Co.	4
Hemphill, Noyes & Co.	4
Hornblower & Weeks	4
Moore, Leonard & Lynch	4
Shields & Co.	4
Singer, Deane & Schribner	4
Spencer Trask & Co.	4
Riter & Co.	3
L. F. Rothschild & Co.	3
Tucker, Anthony & Co.	3
Baker, Watts & Co.	2
Frank B. Cahn & Co.	2
Emanuel & Co.	2
A. E. Masten & Co.	2
Scott & Stringfellow	2
Merrill Lynch & Co., Inc.	5

Company offered to sell to the holders of its outstanding 5% cumulative preferred stock, on a share for share basis, at the public offering price of $105 per share, a total of 40,000 shares of the new 4¾% preferred stock. Such rights expired 3 p.m. on July 1. The company is calling the old 5% preferred and holders of latter may use the proceeds from such redemption to purchase the new shares. The underwriters will purchase 50,000 shares of the proposed new preferred plus the shares not subscribed for by the present preferred stockholders

Offered—June 29, 1942 at $105 per share

Registration Effective 5:15 p.m. EWT on June 26, 1942.

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

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

Offerings will rarely be made before the day following.

SATURDAY, 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

UNION TRUSTED FUNDS, INC.

Union Trustee Funds, Inc., filed a registration statement with the SEC for 125,000 shares Union Bond Fund "C" at $5.61 per share or total of $701,250

Address — One Exchange Place, Jersey City, N. J.

Business—Investment trust

Underwriting—The issuer appoints Lord, Abbett & Co., Inc., the exclusive selling agent for its shares of capital stock

Offering—Maximum public offering price of all classes of the corporation's capital stock (with the exception of the class designated Union Fund Special) is 1000/915ths of the net asset value per share appertaining to the class in question, adjusted to the nearer one cent, except single orders from one customer amounting to $25,000 or more to be sold at 1000/950ths of asset value

Proceeds—For investment

Registration Statement No. 2-5017. Form A-1. (6-23-42)

MONDAY, JULY 13

BREWSTER AERONAUTICAL CORPORATION

Voting trustees of Brewster Aeronautical Corp. filed a registration statement with the SEC for voting trust certificates for 566,551 shares of capital stock, par value $1 a share

Address—Address of voting trustees care of Arthur A. Ballantine, 31 Nassau Street, New York

Business — Manufacturere of airplanes and parts

Proceeds — Voting trust agreement between certain stockholders of Brewster and voting trustees executed as of May 20, 1942, expiring Nov. 20, 1944. Voting trustees: Arthur A. Ballantine, James G. Blaine and C. A. Van Dusen. Certain holders of Brewster stock, including James Work, owner of 100,000 shares, Alfred J. Miranda, Jr., owner of 16,667 shares, Ignacio J. Miranda, owner of 16,667 shares and F. William Zelcer, owner of 16,666 shares, or a total of 150,000 shares or about 27% of stock outstanding, have deposited their stock under voting trust. Pennsylvania Co. for Insurances on Lives and Granting Annuities, Phila., Pa., is depository for trustees

Offering—By its express terms, the voting trust agreement terminates on the 20th day of November, 1944. Due to censorship probably no specific information is contained in registration statement

Registration Statement No. 2-5018. Form f-1. (6-24-42)

TUESDAY, JULY 14

THE MEAD CORPORATION

Mead Corporation filed a registration staement with the SEC 8,000 shares of $5.50 cumulative preferred stock, Series B, with warrants for the purchase of common stock (Series of 1937) attached; 8,000 warrants for the purchase of common stock (Series of 1937) attached to certificates for $5.50 cumulative preferred stock, Series B and 97,200 shares common stock, without par value

Address—Chillicothe, Ohio

Business—Present business in which the company and its subsidiaries are engaged consists of the manufacture and sale of products falling into three main groups, namely, white papers, chestnut corrugating and other paperboards, and wood and bark extracts for tanning

Proceeds — To acquire all outstanding stock of Escanaba Paper Co.

Underwriting—This offering is not being underwritten

Offering—The company offers to all holders of first preferred stock, irrespective of series, and all holders of common stock of Escanaba Paper Co. one-half share of the company's $5.50 cumulative preferred stock, Series B, with warrants for the purchase of common stock (Series of 1937) attached, and 4½ shares of the company's common stock, without par value, for each share of Escanaba preferred stock, and 1/10th share of the company's common stock, without par value, for each share of Escanaba common stock, in each case with all dividends paid or payable thereon during the period of the offer. Statement notes that 24,000 shares of the common stock registered will not be separately offered, but are reserved for issuance solely in satisfaction of the warrants for the purchase of common stock

Registration Statement No. 2-5019. Form A-2. (6-25-42)

NATIONAL SECURITIES & RESEARCH CORPORATION

National Securities & Research Corporation filed a registration statement with SEC for 49,800 shares of an aggregate offering price of $250,494

Address—120 Broadway, New York City

Business — Investment trust fund, restricted management type. Present trust known as First Mutual Trust Fund

Proceeds—For investment

Registration Statement No. 2-5020. Form C-1. (6-25-42)

WEDNESDAY, JULY 15

SONOCO PRODUCTS COMPANY

Sonoco Products Company filed a registration statement with the SEC for $1,000,000 serial debentures, $1,000 denominations, maturing serially, in amounts of $30,000 on July 1, 1943, and on first day of each July thereafter until and including July 1, 1966; the remaining $280,000 maturing July 1, 1967. Debentures of July 1, 1943, will bear interest of 1.5% and of July 1, 1944, 1.75%, with interest rate increasing fractionally on succeeding maturities and amounting to 4.25% on July 1, 1967, maturity

Address—Hartsville, S. C.

Business—Company is engaged in the manufacture and sale of paperboard, tissue paper, paper cones and tubes and other paper products, as well as in the manufacture and sale of impregnated and special tubes for the electrical and allied trades

Underwriting—The names of the underwriters and the amounts underwritten are G. H. Crawford Co., Inc., Columbia, S. C.; R. S. Dickson & Co., Inc., Charlotte, N. C.; McAllister, Smith & Pate, Inc., Greenville, S. C., and A. M. Law & Co., Spartanburg, S. C., each for $250,000

Offering—Offering price to the public will be at face value or principal amount thereof, plus accrued interest on the debentures from July 1, 1942

Proceeds—Of the proceeds $670,820 will be used for additional working capital and $294,350 for retirement of outstanding 5% cumulative preferred stock of registrant—of which $290,000 is outstanding—callable at 101½

Registration Statement No. 2-5021. Form A-2. (6-26-42)

THURSDAY, JULY 16

EQUIPMENT FINANCE CORPORATION

Equipment Finance Corporation has filed a registration statement with the SEC for 5,000 shares of common stock, no par value

Address—Chicago, Ill.

Business—Short term financing etc.

Underwriting—No underwriter named

Offering—Issued prior to registration for cash and property 2,007 shares at $100 per share, and 2,993 shares are to be publicly offered at $100 per share

Proceeds—For trucks, land, building additions, improvements and garaging facilities

Registration Statement No. 2-5023. Form S-2. (6-27-42)

NATIONAL SECURITIES & RESEARCH CORPORATION

National Securities & Research Corporation filed a registration statement with SEC for 1,211,500 shares of an aggregate offering price of $7,827,380

Address—120 Broadway, New York City

Business—Investment trust fund, open-end, diversified management type

Underwriting—Name of trust is National Securities Series. National Securities & Research Corporation is sponsor

Offering—At market

Proceeds—For investment

Registration Statement No. 2-5022. Form C-1. (6-27-42)

SATURDAY, JULY 18

CENTRAL MAINE POWER CO.

Central Maine Power Co. filed a registration statement with SEC for $14,500,000 first and general mortgage bonds, Series M, maturing July 1, 1972; $5,000,000 ten-year serial notes, maturing serially on July 1 from 1943 to 1952, and 261,910 shares of common stock, par value $10 per share.

Address—9 Green Street, Augusta, Maine

Business—Company is an operating public utility and engages in the electric, gas and water business, entirely within the State of Maine

Underwriting—The bonds and the notes will be sold under the competitive bidding rule of the Commission. Names of underwriters and amounts and offering price to public will be supplied by amendment

Offering—Public offering price of the bonds and notes will be supplied by amendment. The 261,910 shares of common are first to be offered to the holders of the company's outstanding common stock and 6% preferred stock for subscription at $10 per share in accordance with their preemptive rights. New England Public Service Co. has subscribed for and agreed to take the 261,910 shares, less any shares as may be subscribed for by stockholders, and to pay therefor in cash at $10 per share provided the proposed merger becomes effective

Proceeds—Statement says that prior to the issue of the securities now registered, Cumberland County Power & Light Co., a public utility incorporated in Maine in 1909, will be merged into the company and Central Maine will thereupon acquire, pursuant to an agreement of merger, the business and all the rights, powers, etc., of Cumberland. After the merger has become effective, the business of the company will include also the business, franchises and properties of Cumberland, the separate existence of which will have ceased

Net proceeds from the financing in accordance with the merger plan recently filed with the commission will be used as follows:

Net proceeds of the series M bonds will be used to pay principal and premium in the redemption at 105% on Oct. 1, 1942, of $1,494,000 face amount of first mortgage, 4% series, due 1960, of Cumberland Power, $1,538,060; to pay principal and premium in the redemption at 105½% on a date in 1942 to be announced of $9,275,000 face amount first mortgage bonds, 3½% series, due 1966 of Cumberland County $9,784,348 and to pay bank loans made by the company which were incurred for the purchase and construction of facilities $2,650,000.

Net proceeds of the serial notes and the common stock will be used to pay par and premium in the redemption on a date to be fixed in 1942 of an unspecified number of shares of 6% preferred stock and an unspecified number of shares of 5½% preferred stock of Cumberland County at 130% and 110%, respectively, all of which shares are to be called for redemption by Cumberland County prior to the proposed merger and converted under the agreement of merger into an obligation of the company to deposit the redemption price therefor in trust for the holders of such shares. The amount to be utilized in such redemption will be supplied by amendment.

Additional net proceeds from the sale of serial notes and common stock will be used to acquire 300 shares of the common stock and $6,000 face amount of 5% debentures of Aug. 1, 1936, due Aug. 1, 1956, of Nepsco Services, Inc., and 10 shares of common of Nepsco Appliance Finance Corp. $9,100 and to acquire all of the 650 outstanding shares of the no par capital stock of New England Pole & Treating Co. $110,000.

Balance of net proceeds of the series M bonds, the serial notes and common stock will be used to redeem at $120 per share or otherwise retire on or before Oct. 1, 1942, an unspecified number of shares of 7% preferred stock of the company and for the purchase and construction of facilities for the carrying out of the company's business.

Registration Statement No. 2-5024. Form A-2. (6-29-42)

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.

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 29, 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 June 26, 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 outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

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

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

Amendment to defer effective date filed 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 to public for account of certain selling stockholders

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

Public offering price is $9.50 per share

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

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

Amendment filed June 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 Alspai St., Honolulu, Hawaii

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

Underwriting—None

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

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

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

HUNTER MANUFACTURING CO.

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

Address—Croydon, Pa.

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

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

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

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

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

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

LONE STAR STEEL CO.

Lone Star Steel Co. filed registration statement with SEC for $500,000 5% debentures, due 1948; 1,000 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

Proceeds—Payment of bank loan

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

In an amendment filed by the Lukens Steel Co. covering the registration of $2,200,000 4¾% sinking fund debentures the underwriters and the amounts to be purchased are given as follows:

Name	Amount
E. H. Rollins & Sons, Inc.	$874,000
Allen & Co.	600,000
Pistell, Wright & Co., Ltd.	186,000
Stroud & Co., Inc.	150,000
Graham, Parsons & Co.	100,000
Biddle, Whelen & Co.	100,000
Vallance & Co.	100,000
Boenning & Co.	50,000
Bond & Goodwin, Inc.	40,000

Offering price to the public will be 100 plus accrued interest from June 1, 1942.

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)

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 tne 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)

Standard Aircraft Products, Inc., has filed an amendment to its registration statement which modifies the offering terms of the statement as originally filed. The 1943 maturity ($48,105) will be offered to the public at 100.50. The other maturities will be offered in exchange for 33,586 shares of $7.50 par 40 cents cumulative preferred stock on a par for par basis, and may be resold through underwriters as follows: 1944 maturity at 100; 1945 maturity at 99.50, 1946 maturity at 99.00 and 1947 maturity at 98.00

Amendment filed June 9, 1942, to defer effective date

UNION ELECTRIC CO. OF MISSOURI

Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

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

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

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

Amendment filed June 18, 1942, to defer effective date

UNITED GAS CORPORATION

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

Address—2 Rector Street, New York City

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

Underwriters—None

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

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

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

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

Amendment filed June 29, 1942, to defer effective date

Stillman, Maynard Merger Is Effective

Consolidation of Evans, Stillman & Co. and Maynard, Oakley & Lawrence under the name of Stillman, Maynard & Co., became effective July 1.

All of the general partners of both firms will continue as partners of the consolidated firm. They include Walter N. Stillman, Richard S. Maynard, R. Lawrence Oakley, Charles C. Lawrence, J. Gould Remick, James McMillen, Robert W. Morgan, Arvid Eaton Taube and William W. Dean. Howard A. Plummer, who has been a limited partner of Evans, Stillman & Co., is retiring but will continue to have his office with the enlarged firm.

Although both firms serve a national clientele, neither have branch offices, and the only office of the combined firm will be at 61 Broadway, New York City.

Evans, Stillman & Co., established 30 years ago, on July 1, 1912, have acted as stock and bond brokers, participating distributors and dealers in general market issues, and underwriters, wholesalers and retailers of railroad equipment trust obligations. The firm also acts as agents in New York for several Australian, New Zealand, and South African stock and sharebrokers. Major J. Gould Remick of that firm, now on leave of absence for the duration, was a Governor of the New York Stock Exchange, and President of the Association of Stock Exchange Firms last year.

Maynard, Oakley & Lawrence, formed on Jan. 1, 1925, have conducted the same type of business as Evans, Stillman & Co., with the exception of railroad equipment trust obligations. Arvid Taube, now a Captain in the Army Aviation Service, is on leave of absence for the duration. R. Lawrence Oakley was formerly a Governor of the New York Stock Exchange and also of the Association of Stock Exchange Firms.

Associated with Stillman, Maynard & Co. will be William N. Beebe, Manager of the Bond Department; Philip J. Dwight, who will be Office Manager; and Messrs. William McK. Barber, G. Wyman Carroll, Everett Dominick, Thomas M. Dowling, Robert Minshall, Harold C. Strohm, Piero G. Trevis and Throop M. Wilder.

Opposes Increased Postal Rates For Publications

With the conclusion in Quebec on June 25 of a three-day convention of the National Editorial Association, Associated Press accounts stated that a resolution noted reports that the Ways and Means Committee of the United States House of Representatives had adopted a resolution authorizing an increase in postage charged on publications entered as second-class mail matter. The resolution instructed the legislative committee to oppose the proposal. The same advices reported that the Association at the same time pledged its "continued support to, and cooperation with, the government in the prosecution of the war to final and complete victory."

Chicago, North Shore & Milwaukee RR.

(Continued from page 4)

300,000 compared with 11,686,000 in 1940.

Funded debt in the hands of the public totals $22,512,000, of which $17,385,000 represents First Mortgage and First and Refunding bonds outstanding. Funded debt is summarized as follows:

FUNDED DEBT

	In Hands Of Public
First mortgage 5s, 1936	$3,887,800
First and refunding 6s, 1955	7,946,300
First and refunding 5½s, 1956	2,162,500
Collateral loans held by RFC and others	2,295,980
Equipment trusts	1,666,900
Real estate mortgage	422,795
Unsecured debentures and notes	4,166,613

The first mortgage 5s, 1936, are secured by a first lien on the Shore Line, extending from Wilmette to Milwaukee, and on the Branch Line, extending from Lake Bluff to Mundelein. The First and Refunding 6s, 1955, and 5½s, 1956, are a first lien on the Skokie Valley Route, extending from Chicago to North Chicago Junction, and in addition are collaterally secured by deposit of $5,500,000 of the First Mortgage 5s, 1936. There are $3,388,000 of the First and Refunding bonds pledged under the collateral loans.

Income available for interest in 1941 of $219,416 was the largest since 1931 and was equivalent to about $12.50 per $1,000 of mortgage debt outstanding (not including real estate mortgages). Total operating revenues in 1941 of $4,-517,000 represented a gain of 19% over 1940. Although interim earnings have not been released in 1942, it has been estimated by unofficial sources that for the first four months, the company realized some $270,000 available for fixed charges, compared with a loss of $4,000 in the same period of 1941. These same sources estimate that if current earnings are maintained throughout 1942, full interest requirements on the company's mortgage debt will be close to being covered.

The recent rate increase of 10% in passenger fares means far more to this property than to most railroads, since better than 75% of revenue are derived from passenger traffic. This increase became effective Feb. 10, 1942, on all fares except commutation tickets. An application is now before the Illinois Commerce Commission for a 10% increase in these rates.

On April 7, 1942, a petition was filed in Federal Court, Chicago, asking reorganization of the company under Federal bankruptcy laws. The petitioners filed two petitions which proposed that reorganization be carried out under either Chapter 10 of the bankruptcy laws governing corporation reorganizations, or under Section 77 governing railroad reorganizations.

Under any ultimate reorganization plan, it is obvious that the First Mortgage and First and Refunding mortgage holders would receive the bulk of the new securities, including new First Mortgage bonds issued. At current prices, the First Mortgage and First and Refunding Mortgage bonds, in toto, represent only about 5% of the balance sheet carrying value of $40,570,000 for gross property. There is ample margin, consequently, for price appreciation even under the most drastic reduction of funded debt in any proposed recapitalization.

Stany Buffet Supper to Replace Summer Outing

The Board of Directors of the Security Traders Association of New York has voted, due to the shortage of gasoline, to replace the regular summer outing of the Association with a Buffet Supper Party to be held July 15 at the New York Luncheon Club, starting at 6 p.m. In view of the fact that the treasury is in good shape, the directors decided that the party would be for members only and would be paid for by the Association out of the treasury.

The Association requests that members entering the armed forces of the country notify Chester deWillers, Schoonover, deWillers & Co., Inc., Secretary of the Association, in order that a complete Honor Roll of those in the service may be had.

Harry Hammond Joins W. Wallace Lyon Co.

Harry L. Hammond, member of the New York Stock Exchange, will become a partner in W. Wallace Lyon & Co., 120 Broadway, New York City, on July 9. Mr. Hammond for many years was a partner in Belden & Co.

New York Stock Exchange Weekly Firm Changes

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

Transfer of the Exchange membership of the late Erickson Perkins to Edgar Widin will be considered by the Exchange on July 9.

The proposal that William J. Doyle, Jr., act as alternate on the floor of the Exchange for William D. Scholle, will be considered by the Exchange today. Both are partners in Scholle Bros., New York City.

Interest of Albert B. Wright, who died on June 22, in Goodbody & Co. ceased as of that date.

H. Herbert Oltman, member of the New York Stock Exchange, retired from partnership in Francis I. du Pont & Co. and Chisholm & Chapman, New York City, on June 30. The firm continues as an Exchange member.

J. Marshall Booker, member of the New York Exchange, formerly a general partner in Corlies & Booker, New York City, became a limited partner effective July 1, 1942.

Charles M. Clark, Jr., member of the New York Stock Exchange, general partner in Charles Clark & Co., New York City, became a limited partner in the firm effective June 24, 1942.

Whaley & Potter, New York City, dissolved on June 30, 1942.

M. E. Lawrence To Be A. M. Kidder Partner

Milton E. Lawrence will shortly be admitted to partnership in A. M. Kidder & Co., 1 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges. Mr. Lawrence will act as alternate on the floor of the Exchange for Amos M. Kidder.

F. J. Warne To Be Partner

Frank J. Warne today becomes a partner in the New York Stock Exchange firm of Hewitt, Lauderdale & Co., 39 Broadway, New York City. Mr. Warne will act as alternate on the floor of the Exchange for J. Robert Hewitt.

Our Reporter On "Governments"

(Continued from First Page)

they had purchased—in 1942 alone—more than $1,060,000,000 Government obligations against purchases of $353,000,000 in same 1941 period. . . . To put it simply and succinctly, they didn't have the funds on hand to buy huge amounts of the June issue. . . .

So the commercial banks came in and made up the difference. . . . And this isn't just a recording of past happenings. . . . It's an indication of movements to come. . . .

The fact is the insurance companies already have invested more than $2,000,000,000 in various types of securities in 1942. . . . They get so much money, build up so much reserve, then invest it. . . . Their power to buy can't be expanded at will by the authorities as can that of the banks. . . . So, the odds are banks will gain in importance as supporters of the financing program as the calendar year rolls on and the insurance companies will dwindle in importance. . . .

Translated into specific predictions, informed sources expect the tap issue to be opened up in August or September, when the insurance companies will have more cash accumulated for buying. . . . And other bond issues will be designed for purchase by the really important open market buyers—the banks. . . . That means intermediate maturities plus repeated offerings of various types of shorts. . . .

NO SERIALS YET

Secretary Morgenthau's assertion that he had "no tricks up my sleeve" has killed rumors that the Treasury was going to imitate the financing tactics of municipalities and try distributing a one to ten-year serial issue to banks. . . . Decision to issue a serial obligation with special sale privileges has not been made as yet, according to informed sources. . . . Move still is a possibility, maybe a probability for fall. . . . Sentiment favors it, but if we are to accept Morgenthau's statement at its face value, there will be no attempt at unorthodox borrowing until September. . . . And that means continuation of the sale of certificates, notes, bonds and, of course, discount bills. . . .

Here's the way the timing shapes up at this writing:

(1) The July borrowing, probably due shortly after the 4th, in the form of bonds. . . .

(2) Some move on excess reserves, minor but significant of policy. . . . Market expects step and has looked forward to it for so long that any marked price fluctuation would be highly unlikely. . . .

(3) A steady, quiet market following the financing and efforts at another build-up. . . .

(4) The August borrowing, this one designed to appeal more to insurance companies and corporations. . . .

(5) Then, maybe plans for unorthodox financing systems may take shape. . . .

INSIDE THE MARKET

Prices lower in recent sessions but trading has been exceedingly quiet. . . . "Dull as I can remember" was one trader's comment. . . . "Never been as quiet as this" was another's. . . .

Failure of prices to respond to certificate offering was due to fact that issue had been completely discounted. . . . Dealers held bonds in anticipation of price rise on issue of shorts. . . . They sold on sale. . . . And so market didn't go up although the expert and natural opinion was in that direction. . . .

Latest report on banks' responsibility this year places buying of banks at $28,000,000,000, buying of individuals through war bond purchases, at $12,000,000,000. . . .

Cut in deposit requirements for bank subscriptions to certificates, fact that books were kept over two days indicated more realistic, war-time attitude on part of Treasury. . . . Free riding on short-term issues is an impossibility, for there just isn't enough profit in shorts to warrant taking time for subscription. . . . Making buying as easy as possible for real investors, therefore, is only a sensible move. . . .