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Our Reporter On "Governments"

Of course, today's big story is the Treasury's sale of $2,000,000,000 bonds, bearing a 2% coupon, due in 1951/49. . . . Issue was announced yesterday, books are staying open until midnight tonight. . . . There are no limits on subscriptions except the 10% deposit that must be put up by individuals. . . . Speculation, therefore, is as easy to manage as it has ever been—if not easier, for these days, Secretary Morgenthau is not interested in reform. . . . He is interested mainly and maybe solely in raising cash—billions of cash. . . .

The issue is going over and will go over, for the bonds are in the 10-year range and thus can be bought by banks and similar institutions without fear. . . . Insurance companies will subscribe too. . . . Many small banks around the country have been selling recently, preparing to use the cash obtained for subscriptions to this issue. . . . Portfolios within the market have been well cleaned out and dealers also are in position to take down securities. . . . As for subscription totals, guesses at this writing are useless, but informed sources expect allotments to be around 50%. . . . High but by no means disturbing. . . . And on premium forecasts, best guess is about ½ point—or $5 a bond. . . .

One big complaint about this issue is the fact that it's so "conservative." . . . Higher coupon was hoped for, was generally expected until afternoon of Tuesday when rise in long terms indicated that a short intermediate with a 2% rate was coming. . . . But the Treasury admits it is timid and its conference with New York City bankers might have increased its timidity. . . .

Next issue is coming in early August, will be additional offering of "taps." . . . Insurance companies are going to get the next lot apparently. . . .

Meanwhile, the market is holding and acting well. . . . So the conclusion is the Treasury got its money easily and the debt rise to the $80,000,000,000 mark was taken in stride. . . .

Last week, Morgenthau came to New York to lunch with leading city bankers for the first time since he assumed office as Secretary. . . . There were 19 top-ranking bankers at the meeting and no dealers—the omission being as significant as the guest-list. . . . The day after his visit, the Government market rallied slightly, gained a few 32nds after days of almost unbelievable dullness. . . . And that tells a story, for unless all our "smart interpreters" have gone awry, the advance meant the bankers were reassured by the Treasury as to the willingness and ability of the fiscal authorities to control interest rates and the price level. . . .

Do not skip that conclusion without consideration. . . . Had not the bankers been reassured, the news would have seeped through to the professionals and even the lack of institutional selling wouldn't have been able to prevent some marking-down of bids. . . . The fact that the opposite occurred—despite the slight extent of the rally—suggests strongly that the reaction of those attending the luncheon was favorable to the market. . . .

MONEY MARKET

There's really no significance in the Treasury's sale of $303,000,000 one-day certificates of indebtedness to the Reserve Bank of New York during the week of June 16. . . . No significance as far as actual amounts go, and no long-term significance as far as use of the Treasury's power goes. . . . But what this manipulation of the

(Continued on page 104)

NASD Minimum Capital Proposal Would Abolish Cherished American Tradition

As the deadline approaches for the balloting on the suggested amendments to the rules and by-laws of the NASD, it is appropriate to call a halt to the understandable desire to give full play to our emotions in considering the issues involved and to concentrate on fundamentals. It was to be expected, of course, that the matter of requiring minimum capital (Article 1, Section 1) would stimulate considerable heated discussion within the industry. This would likewise be true in the case of any other proposition calculated to abridge a fundamental American right and privilege. Furthermore, the right to protest, in print or otherwise, is a highly cherished American institution and should be vigorously maintained.

In any controversy, however, there is always the danger of too great emphasis being placed on some of the lesser considerations at issue, with a collateral dimunition in the consideration of the more fundamental aspects in question. This would appear to be somewhat true of the discussions centering about the minimum capital proposal. Perhaps, we, too, in our editorials on this question, have in some measure temporarily taken our eye "off the ball." If so, it was only because of the obvious necessity to dramatize, if need be, the serious implications contained in what, on the surface, appears to be a perfectly desirable objective. For this reason alone, it was to be expected that the "Chronicle" would diligently question the wisdom of the proposal under discussion. Indeed, it could hardly be expected to do otherwise in view of the long-standing reputation of the publication in consistently supporting and upholding the rights of a free capitalistic system. The "Chronicle's" record in this respect, particularly during the trying years of the past decade, calls for no defense in this instance.

Equally elementary is our reluctance to champion or support the cause of any particular group whether it represent the so-called majority or minority faction. Certainly as is patently true of the securities field it would be absolutely ridiculous for anybody or any publication, such as the "Chronicle," working in the best interests of the business to take any stand that would serve to add to the difficulties that now exist. There are already too many agencies and bureaus which, under the guise of self-righteousness have acted at various times with seemingly no regard for the best interests and welfare of the country. That the "Chronicle," by any stretch of imagination would even support, much less espouse any policy or program likely to injure the securities business, or any other, is patently ridiculous.

Getting back to Article 1, Section 1, no exception can be

(Continued on page 104)

OUR REPORTER'S REPORT

The nation's political sub-divisions have well-nigh withdrawn from the new money market partly in deference to the Federal Treasury, but largely it appears, in consequence of more basic economic considerations, not the least of which is inability to get materials essential to such new construction as may be involved in pigeon-holded plans.

As an example of the extent to which municipalities have curtailed their call on the investment funds of the country, the June figures are interesting. The volume of new municipals brought to market last month was $32,600,000, exceeding slightly the May figure of $28,600,000 but, constituting only a fractional part of the June, 1941 aggregate of $145,000,000.

The ratio, contrasted with a year ago, has fallen more or less steadily since Pearl Harbor, and for the first half of the current year the turnover, at $339,000,000 was equal to barely 46% of the

(Continued on page 100)

INDEX

Two New Governors Of N. Y. Stock Exchange

Henry P. Green of St. Louis, a partner in the firm of G. H. Walker & Co., and Henry Picoli, of New York, a partner in F. H. Douglas & Co., were elected members of the Board of Governors of the New York Stock Exchange to fill existing vacancies. They will serve until the next annual election.

Mr. Green entered the stock brokerage business as an employee of G. H. Walker & Co., in St. Louis in 1908. He became a partner of the firm in 1926. Mr. Green was born in St. Louis in 1880, and was graduated from St. Louis University in 1899.

Mr. Picoli has been a member of the Exchange since 1920. He became a partner of F. H. Douglas & Co. in 1929, prior to which he was a partner of Gwynne Brothers. During World War I he enlisted in the United States Army and served abroad with the ambulance company of the Fourth Division.

Harold Brown Joins Cohu & Torrey Dept.

Harold L. Brown has become associated with Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange, where he will be in charge of the Industrial Department. Mr. Brown was formerly manager of the industrial department for Hood & Co. and prior thereto was with Taylor and White for 12 years.

NYSE Suspends Post

The New York Stock Exchange announced on July 6 the suspension of George B. Post, under Section 5 of Article X (non-payment of dues) of the Constitution.

Dealers Continue To Register Unqualified Disapproval Of Minimum Capital Proposal

We are continuing to receive letters from dealers in various parts of the country expressing their views regarding the proposed NASD minimum capital proposal. In practically every instance the dealers are definitely opposed to the plan. Owing to space limitations, we are only able to give in this issue a partial list of the letters received this week. All of those omitted were opposed to the proposal. Mention should be made of the fact that where the name of the correspondent and the firm with which he is associated are shown, this is done with the express permission of the writer of the letter. In all cases, we scrupulously observe the wishes of our correspondents who prefer that their own identity and/or the firm in question remain anonymous.

DEALER NO. 26

There is one angle of the proposed NASD minimum capital amendment that has not yet received the attention it deserves:

If the feeling of disgust at this puerile proposal is laid aside and clear thinking prevails, we are reminded that the whole NASD setup is palpably unconstitutional since the Maloney Act under which it was brought into existence constitutes a delegation of legislative making functions just as much as did the NRA which for this reason was held invalid by the United States Supreme Court.

Any dealer who may be forced out of business by this amendment can obtain a restraining order against the NASD and thus prepare the ground work for a review of the Maloney Act by the highest court in the country.

Our firm will be glad to donate the equivalent of two years' dues to help defray the legal expenses involved in seeing the case through. If we members must pay our President $15,000 a year, plus the many other expenses, to put many of our fellow members out of business, there can be no doubt but that many will be only too glad to use their dues for legal expenses to further the cause of free enterprise for all.—(From a New York City Dealer)

DEALER NO. 27

We have been rather surprised at the vigor of the opposition to the $5,000 minimum capital requirement, as indicated by letters to the "Chronicle."

In Wisconsin we have had a similar requirement for several years. In Wisconsin no specific amount is mentioned, but the Department of Securities is required by law to see that each dealer has sufficient capital to conduct his business before his license is renewed. In practice this has worked out surprisingly well.

In Sheboygan there are five offices, three of local firms and two branch offices. Clearly the operation of the law has not reduced the number of offices. In fact, five offices in a town of 40,000 people, with no large investors, may be too many.

Locally the minimum capital requirement has had no effect except that the manager of one of the branch offices might be operating an independent shop if it were not for this requirement. He does not feel that he is being unfairly treated.

We recognize the validity of the theoretical arguments against the minimum capital requirement, but we believe that in practical operation it will prove to be thoroughly sound.—(A Sheboygan, Wis., Dealer)

DEALER NO. 28

I have followed with a great deal of interest the controversy raging in your publication regarding the proposed capital requirements for membership in the NASD. I note that a great deal of heat has been generated but it is my personal feeling that the whole matter is being handled backwards.

In my opinion, the NASD should expel any member who has AS MUCH as $5,000 capital left. After what the security dealers have gone through since 1933, anyone of them having $5,000 left can not have acted in the best interests of his clients.

The above suggestion, of course, is absurd, but to my mind it is no more ridiculous than the proposal offered by the NASD.—(From B. S. Lichtenstein, New York City)

DEALER NO. 29

I challenge the constitutionality of Amendment 1.

I challenge the right of the membership to vote on an unconstitutional amendment.

I and my firm are willing to dedicate at least one year's membership fee to the defraying of legal expenses in order to chase this amendment to its death, if necessary, before the Supreme Court of the U. S. A. In doing so, we will render a service of invaluable scope not only to our fellow brokers, but also to all independent merchants and businessmen in the country who are fighting for their lives, their right of existence and the freedom from regimentations and restrictions.

But what is more than surprising is the fact that, in spite of all the literature and legal precedents which prove the unconstitutionality of Amendment 1, the men in charge of the NASD do not know so. This is not at all surprising. The men in charge of the NASD seem to know very little about many other things the knowledge of which is very important to the members of the NASD. As a matter of fact, to get an interpretation or an opinion on this or that subject from the proper authorities within the NASD, is often more than trying, if not entirely impossible. It seems to me that the entire NASD has turned into a fossilized institution with (too) highly paid directors and an over-organized set-up whose publications and circulars are in most cases meaningless to a legally untrained mind and the majority of the members. Who has ever read them or tried to understand them? We have been flooded with all kinds of circulars dealing with internal organization, but we have not received one single circular which deals with the primary interests of the members as brokers and dealers in the Over-the-Counter-Market. Every labor union in the country is doing a better job for its members for smaller fees than the NASD is doing for its members. As a matter of fact, instead of doing something for them, it is now doing everything against them. It is time to get out and to form an organization which will truly represent the interests of the Over-the-Counter houses without selling them down the river and into the hands of their competitors.—(A New York City Dealer)

DEALER NO. 30

I am against this amendment. Anyone in their right mind would be against such a proposal.

The first member of my family who landed in this country in

(Continued on page 93)

Potter War Dept. Aide

A. C. Potter, President of Burns, Potter & Co., Inc., 202 South Seventeenth Street, Omaha, Nebraska, is on leave of absence from his firm and is serving in the War Department as Special Assistant to the Under-Secretary of War. Mr. Potter is handling the task of filling the commissioned officer needs of the various Army and War Department services and all inquiries and applications are directed to his desk.

Luminous Pigment May Revolutionize Outdoor Advertising; Many Other Uses

Proposed Stock Offering Should Appeal To Dealers And Investors

In 1934 Gilbert Schmidling created fluorescent lighting. After twenty years of research he has now discovered a luminous pigment with three times the radiance of any known luminous material. The August 4th issue of "Life" magazine carries three pages of pictures showing the many uses and qualities of this new discovery.

Now, for the first time it is possible to impregnate a plastic with a luminous material and the new patent worked out with Du Pont for use with their plastic "Lucite" opens a tremendous field both for "blackout" materials, highway markings and outdoor advertising.

The new phosphorescent dyes and pigments act as storage batteries for light and are being developed by Westinghouse for aid to pedestrians and traffic during blackouts. The pigment gives off a brilliant "moonlight glow" for ten hours after a twenty-minute exposure to light.

It is understood that Leigh Chandler & Co., Inc., 100 Broadway, New York City, have secured a contract for new financing of this company through the sale of capital stock. A good demand for these shares is anticipated.

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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. 3, 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.

Wade Lewin Merging With Henry Swift Co.

SAN FRANCISCO, CALIF.—Wade-Lewin & Co. has been merged with Henry F. Swift & Co., 490 California Street, members of the San Francisco Stock Exchange. Mertin Wade, Victor Lewin, and Joseph A. Johnson, San Francisco Exchange member, have become general partners in Henry F. Swift & Co. with Henry F. Swift and Don Blessing, also an Exchange member.

The merger of the two firms has been effected because of the expected entry of Mertin C. Wade, Jr. into the Naval Service; a graduate of the U. S. Naval Academy, he served in the Navy until 1922.

All books of Wade-Lewin & Co., with the consent of the firm's clients, are being transferred to Henry F. Swift & Co.

Almstedt Brothers To Get NYSE Membership

LOUISVILLE, KY.—With the acquisition by Richard H. Almstedt of the New York Stock Exchange membership of Charles A. Frankhauser, Almstedt Brothers, 425 West Market Street, will become members of the New York Exchange. The firm, founded in 1885, holds an associate membership on the New York Curb Exchange.

Partners in the firm are Fred L. Almstedt, Arthur H. Almstedt, Richard H. Almstedt, and J. R. Burkholder, Jr.

New Cotton Exch. Member

At a meeting of the Board of Managers of the New York Cotton Exchange held on July 2, Charles Newton Schenck, Jr., a partner of Mitchell, Hutchins & Co., of New York City, was elected to membership in the Exchange. Mr. Schenck is also a member of the New York Curb Exchange.

Municipal Clubs Give Honorary Memberships

Ex-officio honorary memberships were voted by the Municipal Bond Club of New York at its annual meeting to the presidents of the Municipal Bond Clubs of Boston, Philadelphia and Chicago.

D. M. Wood, president of the Municipal Bond Club of New York, and Dudley Smith, municipal secretary of the Investment Bankers Association of America, were elected ex-officio honorary members of the Municipal Bond Club of Chicago at the meeting of its board of directors on July 2.

J. S. Bache Co. Adds H. Devan And J. Matts

Howard G. Devan and James V. Matts, formerly of Seligsberg & Co. have joined the staff of J. S. Bache & Co., members of the New York Stock Exchange and other national exchanges, and will be located at the main office of the firm in New York, at 36 Wall Street.

Mr. Devan has been in the brokerage business since 1907, when he started as a statistician with a firm in Pittsburgh. Mr. Matts was a partner of Cohen, Wachsman & Wassall before joining Seligsberg & Co.

Comstock, Cummings With Cohu & Torrey

Cohu & Torrey, members of New York Stock Exchange, announce the opening of an office in the Metcalf Building, Orlando, Florida, under the management of Stanford E. Comstock. For the last eight years Mr. Comstock has been in charge of the Orlando office of A. B. Morrison & Co.

The firm also announces that Edward E. Cummings, formerly president of Cummings Brothers of Syracuse, N. Y., has become associated with them as sales manager of their St. Petersburg office.

Ontario Issues Attractive

In a booklet on the wealth and resources of the Province of Ontario, Wood Gundy & Company, Inc., 14 Wall Street, New York City, point out that the Province provided over one-half of all individual and corporation taxes collected by the Government of the Dominion of Canada in the fiscal year ended March 31, 1941. Forty per cent of the national income of the Dominion accrues to residents of Ontario, which comprises one-third of Canada's total population.

Assessed valuation of the property within the Province totals $2,941,000,000, while capital debt and contingent liabilities aggregate $840,706,169. This latter figure includes $345,000,000 for road construction and $315,071,446 self-sustaining investments. The above figures are after giving effect to new financing up to and including June 15, 1942.

An illustrated chart shows that the current yield from long term Ontario bonds in the United States is now approximately 3.65%, while that for comparable Dominion of Canada bonds is approximately 3.25%. This differential in yield of 0.40% in the United States market compares with a current differential of 0.11% in Canada. The chart, which covers the twenty-three year period from 1919 to 1942 also shows that prices of Ontario bonds in Canada have closely approximated prices of Dominion bonds.

Isaacs Visits

Henry G. Isaacs, Guaranty Underwriters, Jacksonville, Fla., returned home on July 7 after a flying trip to New York City.

Inflation In U. S. Sure Either During War Or In Post War Period Says Roger Babson

The United States will find that inflation is inevitable, declared Roger Babson writing in the "Christian Science Monitor" of June 27th. "There seems to be as much misunderstanding about inflation as there is about rubber and gasoline," Mr. Babson said. "Even the Washington Bureaus appear to issue contradictory statements. It may be that these departments gets their tenses mixed up, referring to the present or past rather than the future. Therefore, let me first straighten readers out on this subject.

"We most certainly will have inflation. If it doesn't come during the war, it will come after the war. Inflation is like a stream of water, you can't dam it up forever. Building a dam does not destroy the water in the stream. The dam holds back the water for only a limited time and then the water flows over it. The work of Leon Henderson, for whom I have great respect, is prevening inflation at the present time; but he is damming the water without destroying the flood. He is only postponing inflation.

World War I Trend

"All this talk about inflation is, however, accomplishing some real good of lasting importance. During World War I the Adminisration at Washington was friendly to business. Prices were allowed to take their natural course and go up. As a result, they went up too high and there was a tremendous decline in 1921. This sudden price decline ruined a great many people. Now with an Administration at Washington which is unfriendly to business, these prices are being kept down. This, however, should avoid a serious drop and deflation after the war is over.

"There are various kinds of inflation — money inflation, credit inflation, commodity inflation, etc., etc. Most of these forms are gradual and do not make or break people. The real dangerous form of inflation is when people get panicky as to the value of their paper money. Then, like a flock of crazy sheep, they suddenly turn to spending this money and putting it into real things. This is the inflation which may come after the war.

"When people lose confidence in the dollar and look about for real things, they all turn first to good furniture, wearing apparel, new autos, books, rugs, etc. People with money to invest turn to common stocks of companies with natural resources, good labor relations and whose stocks are selling at prices below their invested capital value.

"The middle-class group will put their money into good real estate. If you do not own a home, you had better buy one. If you own a home with a mortgage, you should pay off that mortgage. If you own a home without a mortgage, get it in good condition to go through the inflationary period without the need of further maintenance expenses.

Real Estate Situation

"In the war districts there now is very little vacant property; it must be less than 1%. Yet, I would not advise buying property in these booming war areas. It might be well to sell when getting a fair offer. When it comes to considering average property in an average community, I would divide it into five groups as follows:

"(1) Business Property. Now is the time to sell occupied city business property and the time to buy vacant suburban business property. The tire and gasoline shortages have temporarily reversed trading conditions. Where during the past few years trading has gone from the city to the suburbs, it is now returning from the suburbs to the thickly settled areas; but it will come back again.

"(2) Office Buildings. Most office buildings have been built in crowded sections. Hence, they should benefit during the remainder of the war, even if they may be used for purposes for which they were not intended. Those who own such property should keep down operating costs and keep the property well maintained. As no new office building property will be built during the war, I now see no probable slump in good office building property after the war.

"(3) Single Family Residences. Houses within walking distance of buses and railroad stations should hold up in value, but the subdivisions, dependent on automobiles, should suffer during the remainder of the war. After the war the large, old-fashioned city houses will again be a drug on the market, but the houses in new sub-divisions should readily again come back in demand.

"(4) Apartment Houses. These are mostly 100% occupied at the present time. Apartment houses usually are built in locations not dependent on private automobiles and hence are benefiting from the war. Furthermore, no new apartment houses are now being constructed so that the demand is gradually exceeding the supply. On the other hand, those who can now get their money out of apartment houses which have been a headache during the past ten years had better do so. The net income on apartment houses should remain at about present levels, at least during the war.

"(5) Vacant Land. Much depends on the location and quality of the land, growth of the community, etc. My preference is land just outside of small cities of from 10,000 to 25,000 population, especially college towns. Small farms that are near enough to a community to some day be cut up into house-lots should be attractive. Be sure to get such on the side of the city which is growing."

Situation Interesting

Amott, Baker & Co., Inc., 150 Broadway, New York City, has just prepared a brief report covering the common shares of Lionel Corporation, which offers an interesting situation at the present time. Copies of the report may be obtained from the firm upon request.

White, Weld Absorbs Farson, Son & Co.

White, Weld & Co., 40 Wall Street, New York City, announce that the business of Farson, Son & Co. has been merged with their municipal bond department as of July 1. Rudolph A. Avenius, formerly proprietor of Farson, Son & Co., will be in the White, Weld & Co. municipal bond department on and after that date. Farson, Son & Co. have discontinued business as of June 30.

Florida Bond Values

Allen & Company, 30 Broad Street, New York City, have prepared an interesting table of the assessed valuation and net bonded debt of various Florida cities for 1941-1942. Copies of this interesting tabulation may be had from Allen & Company upon request.

Cassels Dead

Robert Cassels died in Toronto after a brief illness at the age of sixty-eight. Mr. Cassels was president of the Toronto Stock Exchange in 1924 and 1925. He later became a partner in E. A. Pierce & Co., from which he retired in 1939 after an association of fifteen years, returning to Toronto.

Cecil Condit Now With Brailsford & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Cecil O. Condit has become associated with Brailsford & Co., 208 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange. Mr. Condit was formerly with Webber, Darch & Co. and prior thereto was manager of the Traction Securities Department of the local office of Paine, Webber & Co. and was in the Traction Department of Paul H. Davis & Co.

Mr. Condit has specialized exclusively in Chicago tractions since 1923 when he joined Lobdell & Co.

Elmer Hassman Joins Becker Municipal Dept.

CHICAGO, ILL. — Elmer G. Hassman has become associated with A. G. Becker & Co., Incorporated, 120 South LaSalle Street, in its Municipal Bond department. Mr. Hassman, who was formerly with Lazard Frees & Co., has been in the municipal field for more than twenty years and is a director of the Municipal Bond Club of Chicago.

L. E. Taylor To St. Louis

ST. LOUIS, MO.—Levering E. Taylor, formerly San Francisco correspondent of the Mercantile-Commerce Bank and Trust Company, Locust-Eighth-St. Charles, has been transferred from San Francisco to St. Louis and has joined the Trust Department.

As of June 15 the bank's San Francisco office has been closed.

Liberty Aircraft Products Corp.

Liberty Aircraft Products Corporation is engaged in the manufacture and processing of parts and equipment for aircraft to customers' specifications, upon order. This includes precision machine work, precision sheet metal work, heat treating, anodyzing, cadmium plating, sand blasting and doping. The greater part of its business consists of precision work upon the alloys of steel and aluminum used in aircraft. Among the products manufactured by the company are struts, propeller hubs, gear boxes, fuel pumps, vacuum cylinders, etc. In addition, the company also produces wings, pontoons, stabilizers, rudders, elevators, fins, flaps and bomb racks. Principal customer is the Grumman Aircraft Engineering Corporation which accounted for approximately three-quarters of its business during the fiscal year (11 months) ended Nov. 30, 1941.

As an investment, and in order to broaden the scope of its business in the post-war era, Liberty purchased 100,000 shares of the common stock of The Autocar Company at $15 per share on Sept. 12, 1941. On March 15, 1942, stockholders of Autocar voted the issuance of two new shares (5¢ par value) for each old share (10¢ par value). Liberty, therefore, now owns 200,000 shares of Autocar, or one share of Autocar for each share of Liberty outstanding. At the current market price of about 11½ for Autocar, Liberty has a profit of about $800,000 on this investment.

On Feb. 16 and on May 25, 1942, Liberty received a dividend of $100,000, or a total of $200,000, on its holdings of Autocar stock, and it anticipates receiving on this investment a total of $400,000 during 1942, which is equivalent to $2 on each share of Liberty. For the year ended Dec. 31, 1941, The Autocar Company reported net earnings of $1,493,000 after a charge of $800,000 as a reserve for contingencies. After preferred dividend requirements, such net earnings were equal to $3.63 per share after giving effect to the above-mentioned two-for-one split.

At the end of 1941, Liberty's current liabilities exceeded its current assets by approximately $768,000. This was due to the creation of bank loans totaling over $1,200,000, the bulk of which represented the remaining liability in connection with the $1,500,000 purchase price of the Autocar stock. Since then, notes payable to banks have been funded; at the end of May, term notes payable to banks totaled $600,000, payable $150,000 annually during 1943, 1944, 1945 and 1946. Consequently, at May 31, 1942, current assets exceeded current liabilities, which included $150,000 of notes payable in 1943.

The recent growth in volume of business and earnings of Liberty is shown by the following tabulation:

	Net Sales	Net Profits	Earned Per Sh.
1941	*$4,536,097	*$443,035	*$2.20
1940	1,892,545	239,705	1.20
1939	851,786	37,541	0.18
1938	483,817	33,028	0.16

*These figures represent 11 months audited and the month of December unaudited. During 1941, the company's fiscal year was changed from the calendar year basis to a fiscal year ending Nov. 30.

For the 12 months ended Dec. 31, 1941, Liberty reported net earnings of $443,035, in addition to which its equity in Autocar's net earnings for the period Sept. 12, 1941 (date of acquisition of 100,000 shares of Autocar common) to Dec. 31, 1941, amounted to $383,188. The net earnings of Liberty plus its equity in Autocar's earnings, therefore, equalled $4.11 per share for the period.

If Liberty had held the 100,000 shares of Autocar common during the entire year 1941, its equity in Autocar's earnings for 1941 would have been increased by an amount equal to $1.72 per share, making a total of $3.63 as its equity in the earnings of Autocar, or a total of $5.83 as its net earnings plus its equity in Autocar's earnings.

Liberty owns about 48% of the common stock of The Autocar Company. Autocar's line of motor trucks includes over 60 different models (derived from 10 basic models), both in conventional engine-in-front design and in engine-under-the-seat design, the latter permitting a shorter overall length and turning radius. The various models produced comprehend two, four, and six-wheel drives, gasoline and Diesel motive power, a specially designed line of dump-trucks, and pulling units known as "tractors." Practically all production at present is devoted to demands of the Government, which include scout cars, personnel cars, and heavy duty trucks and "tractors."

For the first six month of its fiscal year, ending May 31, 1942, Liberty's earnings approximated $3 per share after providing for Federal income and excess profits taxes on the basis of the 1941 Revenue Act. Sales for the six months were considerably larger than those realized during the entire 1941 calendar year. Earnings for the six months do not include the equity in Autocar's earnings, which have not been reported, but do include the dividends of $200,000 received from Autocar, previously referred to. On April 14, 1942, Liberty paid a dividend of 25c a share, and on June 30, 1942, paid 25c a share or a total of 50c a share. It seems reasonable to assume therefore that the company will be able to maintain a quarterly dividend of 25¢ a share. It is important to note that Liberty can reasonably expect to receive $400,000 or $2 a share in dividends from Autocar in 1942. Under present tax laws, only about 15% of this is subject to Federal taxation.

In view of Liberty's investment in Autocar and the present dividend policy and potential earnings of both companies, the common stock of Liberty at current levels appears to be attractive. For the duration of the war, both companies may be expected to report good earnings and Autocar's longer term aspects are extremely encouraging.

In Armed Forces

Spencer B. Koch & Co., 120 Broadway, New York City, announce that S. Marshall Kempner has retired from partnership in their firm and has entered military service.

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)

BEVERLY HILLS, CALIF.—**Ernest C. Maclean** has become associated with **H. R. Baker & Co.**, 6331 Hollywood Boulevard. Mr. Maclean was formerly local manager for Fewel, Marache & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Philip H. Kreisman** is now affiliated with **Adams & Co.**, 231 South La Salle Street. Mr. Kreisman was formerly with Duryea & Co. and its predecessor. In the past he was with Bond & Goodwin, Inc.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Ted Ayres** has been added to the staff of **Barcus, Kindred & Company**, 231 South La Salle Street.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **William P. Heyn**, formerly with the Federal Housing Administration, has become associated with **Enyart, Van Camp & Co., Inc.**, 100 West Monroe Street.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Joseph A. Babbert** has joined the staff of **Robert J. Phillips & Co.**, 141 West Jackson Boulevard. Mr. Babbert was previously with Hornblower & Weeks, F. H. Armstrong & Co., and Otis & Co.

(Special to The Financial Chronicle)

CINCINNATI, OHIO—**Edwin J. Wise** has become connected with **A. E. Aub & Co.**, Union Trust

Building. For the past ten years Mr. Wise has been in business for himself.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Horace J. Brown** has become associated with **H. R. Baker & Co.**, Bank of America Building.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Harold V. Blickensderfer**, formerly with Sutro & Co. and M. H. Lewis & Co., is now affiliated with **Davies & Co.**, Pacific Mutual Building.

(Special to The Financial Chron'cle)

LOS ANGELES, CALIF.—**William E. Lawson** has joined the staff of **Leo G. MacLaughlin Co.**, 54 South Los Robles Avenue, Pasadena, Calif. Mr. Lawson was previously with Transcontinent Shares Corporation and Swallow & Co.

(Special to The Financial Chronicle)

MIAMI, FLA.—**Albert S. Fish** has joined the staff of **United Securities Corporation**, Biscayne Building.

(Special to The Financial Chronicle)

ORLANDO, FLA. — **Edgar Arthur Densmore** is now with the **United Securities Corporation** of Miami. Mr. Densmore was formerly with Guaranty Underwriters, Inc. and prior thereto with Thomson & McKinnon.

(Special to The Financial Chronicle)

SACRAMENTO, CALIF.—**James C. Griffith** has become affiliated with **Bankamerica Company**, Bank of America Building. In the past he was with the local office of Mason Bros.

Jacobson Joins Dept. of Smith, Burris & Co.

CHICAGO, ILL. — R. Donald Jacobson has joined Smith, Burris & Company, 120 South La Salle Street, as assistant manager of their expanded trading department, it is announced. The firm, which has long been prominent in investment trust issues, has expanded its facilities to include service on all issues. Mr. Jacobson was formerly an officer of Lowell Niebuhr & Co., where he specialized in investment trust issues.

Oil Royalties Attractive

Oil royalites offer an interesting and particularly timely investment, according to Tellier & Co., 52 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association, since oil is vital for the successful operation of modern, mechanized warfare and new uses for oil are constantly being developed by modern research methods, including the manufacture of synthetic rubber. In addition, according to Tellier & Company, returns from oil royalties are based upon gross production of oil, rather than on net profits as in the case of preferred and common stocks, and also because this type of investment carries a substantial income tax deduction privilege. An interesting list of current offerings of oil royalties as filed with the Securities and Exchange Commission has been prepared by Tellier & Co., from whom copies of the list may be had upon request—ask for Schedule "A."

Steiner Rouse Add Three

Steiner, Rouse & Company, 25 Broad Street, New York City, members of the New York Stock Exchange, announce that Daniel Loeb, formerly of Newburger, Loeb & Co., John Gordohn, and Louis A. Finkelstein are now associated with them.

Lester Holt Joins Staff of Riter Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Lester H. Holt has become associated with Riter & Co., 134 South La Salle Street. Mr. Holt was formerly Vice-President of Duryea & Co., Inc. and prior thereto was with Brown, Bennett & Johns, Inc. and R. H. Smart & Co. In the past he was an officer of Kitchen, Holt & Co.

Holley Retires From Firm

CHICAGO, ILL.—John M. Holley, Jr., who is on active duty as a lieutenant in the army air force, has retired from partnership in Holley, Dayton & Gernon, 120 South La Salle Street. Lt. Holley will continue an inactive membership on the Chicago Stock Exchange. Holley, Dayton & Gernon will continue in the investment business as a non-member firm.

Anderson At Harris Upham

(Special to The Financial Chronicle)

CHICAGO, ILL. — William T. Anderson has become affiliated with Harris, Upham & Co., 135 South La Salle Street. Mr. Anderson was formerly with Swift, Henke & Co. for many years.

Dealers Continue To Register Unqualified Disapproval Of Minimum Capital Proposal

(Continued from page 90)

1732 had a musket, a Scotch claymore, three dirks and about two pounds "Scotts." To the first redskin who questioned his capital he presented the business end of the claymore. The capital question did not come up again. As I do not use the claymore at present I will be glad to offer a cash reward to any one who will get out an injunction for a court action.

Where is the SEC? I thought they were democratically inclined. Yours disgustedly.—(A New York City Dealer)

DEALER NO. 31

Your story of the trader who had little capital but plenty of "guts" and integrity is distinctly an American ideal.

What these clerical-minded statisticians lack is an understanding that while in Wall Street and other financial centers the amount of the contract may loom large, yet the chance of loss is only the difference between the bid and asked price.

That is a $100,000 contract may only involve a difference and liability of less than $50—possibly not over $50. $25,000 capital will not protect any plunger's contracts.

The only real factor is the character, experience and truthfulness of the contractor.—(From a Boston, Mass., Dealer)

DEALER NO 32

I like your aggressive attitude opposing the minimum capital proposal of the NASD (stands for "Now Assassinating Small Dealers." . . .)

I have spent several months devoting nearly 75% of my time as County Chairman of War Bond sales. It has cost me several hundred dollars for the time. My reward for unselfish patriotic work came in the form of a request from the NASD that I consider myself an undesirable citizen, without a free right to engage in my chosen business because I don't have enough capital. I think that's just dandy!

Why not raise the capital requirements so the RFC could be the only one to qualify? I'm hoping some of the firms with $25,000 capital who vote for this suddenly find a new ruling requiring $35,000 capital—ad infinitum.

I'm not accurately aware the NASD ever helped me earn a dollar—yet they wonder if I'll approve their move to put me out of business.

I guess they don't understand human nature very well.

Even the righteous who have sufficient capital may become alarmed at the demise of the small dealer when they have something slow and sticky to sell. Please do not quote name or CITY or STATE.—(From a Western Dealer)

Dealer No. 33

Let me take this opportunity to congratulate you on the fight you are putting up for the cause of the small dealer. We find ourself heartily in agreement with the attitude of your editor, and with the attitude of a vast majority of the small dealers with reference to the recently proposed NASD amendments.

We were particularly impressed with the story which has appeared in the issue of July 2, of the dealer who at a great sacrifice, raised a small stake to start in business. We believe that this story is typical of a vast majority of investment dealers.

We are confident that mature consideration of these amendments by the large trading houses and the distributors of shares of investment funds, will place these houses squarely against the passage of these amendments.

One or two dealers have suggested that there should be some organized opposition to these amendments. We are heartily in accord with this attitude, and would gladly join an organization to defeat this obvious plan to eliminate the majority of small dealers from the investment business. We would appreciate it if you would not use our name, should you see fit, to use any portion of this letter for publication.—(From a Cedar Rapids, Iowa, Dealer)

DEALER NO. 34

I have read with much interest the editorial in your issue of July 2nd by Joseph Haynes with regard to the proposed financial requirements for NASD membership. Certainly Mr. Haynes makes out an excellent case for sympathizing wholeheartedly with "John Bowman," but beyond that I cannot follow him.

The carrying-on of a securities business requires, in my opinion, considerably more than a reputation for honesty and a long experience, although these two are certainly among the requirements which I would lay down also. The handling of money and investments for customers needs also some organization for accounting, as well as for investigation, analysis, and service of various kinds. It needs the ability to carry a substantial amount of insurance; and it also requires, in my opinion, enough financial strength so that in the event of unforeseen difficulties or errors there is someone to whom his customers may look for recovery.

A man in business for himself who has not as much as $5,000 to protect his customers and to carry on his business has no more justification for being in business for himself than a bank or a trust company would be justified in accepting deposits and trusts without any capital to protect them. State and Federal laws have rigid capital requirements for banks and trust companies which handle money and securities for their customers and I doubt if anyone can be found who would seriously object to this, even though it might well be said that "John Jones," who has been twenty years an officer of a bank and whose reputation for honesty is of the highest, could do the work without any capital just as well as someone else who has a substantial capital.

You may say that "John Bowman" will clear all of his transactions through someone else, assuming no responsibility himself for anything except the actual sale, but, even if "John Bowman's" business is comparatively small as the securities business goes, he will, in the course of a year, do a very large amount of business in actual dollars. It is humanly impossible at times to avoid mistakes which have to be rectified, and to expect the public to do business with a man who has no resources is, in my opinion, very little different from asking the public to put money in a bank which has no capital of its own, or leave securities with a trust department under a trust agreement when there are no resources to protect it.

It is my own belief that, far from being an unreasonable or unduly onerous requirement, it is ridiculously low, and that the capital

(Continued on page 103)

RAILROAD SECURITIES

The unnecessary speculative risks inherent in following a rumor market were graphically demonstrated during the last few weeks by the sharp drop (about 50%) in quotations for the Wisconsin Central Superior & Duluth Division bonds in a span of two days following denials by Canadian Pacific of reports that they had been, or were contemplating, purchasing the bonds, or the property securing them. With this example of rapid price depreciation fresh in their minds, rail men have been adopting a more cautious attitude towards low priced bonds, and one recommendation being made is the sale of Missouri-Kansas-Texas Adjustment 5s in favor of similarly priced reorganization bonds where fundamental worth is more clearly discernible. It is felt that there could be little justification for higher prices for the "Katy" Adjustments except on rumors of an interest payment and that any such payment is not at all likely.

The "Katy" management has a hard row to hoe if the breathing spell afforded by the war induced earnings boom is to bring any permanent improvement in the company's chances of survival. The road's debt structure is obviously top-heavy, supportable only under the most auspicious circumstances. In seven of the 10 years 1932-1941 the company failed to cover its fixed charges, exclusive of interest on the adjustment bonds. The peak earnings, realized in 1936, showed fixed charge coverage of only 1.13 times while in the other two profitable years, 1932 and 1941, the coverage was a bare 1.01 times. Obviously such a feeble record was a serious drain on the company finances.

By the time the armament upturn got under way the company had exhausted all of its own resources and virtually, if not actually, all of its borrowing power. Had the upturn been delayed a matter of merely a few more months it is difficult to see how the road might have avoided recourse to court protection. If such a spectre is not to be raised immediately at the end of the war boom, all efforts of the management for some years to come will have to be devoted to strengthening of finances and reduction of debt.

With the wide improvement that has been registered in earnings so far in 1942, the company's cash balance as of the end of last April amounted to $4,768,000. As against this, however, there is still an unpaid balance of $2,314,000 on the RFC loan and it is believed that substantial sums must still be spent on property rehabilitation. Net income for the full year will probably not run much, if any, above the amount of the RFC loan. It is hardly conceivable that any attempt would be made to pay interest on the Adjustment bonds at least until the RFC had been satisfied. After that has been accomplished, or perhaps before, if the RFC will wait, the management certainly should start buying in its own bonds.

Judging by past performances, the company should try and reduce its fixed charges at least by 50% through debt retirement in the high earnings period if it is to emerge into a possible post-war recession in a reasonably secure position. In this connection, the war earnings should not be taken too seriously as the road does not appear likely to gain any substantial permanent benefits from war construction, such as other territories (that of Western Pacific for instance) are doing. Too much of the war activity in the "Katy" territory consists of temporary factors such as army camps, shell loading plants, explosives, etc., and the movement of oil by rail. The fundamental weaknesses, including nonrail competition, will again arise, and may be accentuated, in the post war years when the company will also be burdened with the heavier wage costs.

One of the issues being recommended as a good exchange from the "Katy" Adjustments is the St. Louis-San Francisco Consolidated 4½s, 1978, selling more than five points lower. It is pointed out that during the war boom period the holders of the 'Frisco bonds are fairly well assured of at least some income return. Also, after the war, the commitment will represent a holding in a company soundly recapitalized with a realistic eye towards the deterioration in the railroad picture as a whole. If "Katy" is forced to go through reorganization at some time, the Adjustment bonds could hardly emerge with anything more than new common stock. The 'Frisco 4½s, on the other hand, are to receive $169.24 in a new First Mortgage 4% fixed interest bond, and $121.62 in Income 4½s in addition to some preferred and common stock. The present selling price of the bonds does not even represent the full face value of the sound First Mortgage bond they are to receive.

New SEC Volume Issued

The Securities and Exchange Commission announced on July 2 that Volume 8 of its Decisions and Reports has been printed and bound in buckram. The volume, which contains all findings and reports of this Commission, covers the period from Sept. 1, 1940, to March 31, 1941. In addition, the volume has an index-digest of the cases and a table of cases reported citing sections of the Acts involved, says the Commission, which adds:

"There were no individual paper covered parts printed for Volume 8 as in previous volumes. The volume is complete in itself and may be obtained from the Superintendent of Documents, United States Government Printing Office, Washington, D. C., for $2.00 per copy."

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; July 8 price—35.

Bank and Insurance Stocks

This Week—Insurance Stocks

Recurring questions from time to time on insurance stocks are what is their degree of activity, how well are they distributed, how good is their market, etc. No categorical answers can be given to these questions, since so much depends on the particular stock, the sponsorship of dealers, and the size of the block.

Much progress has been made in the past 20 years in the distribution of insurance stock ownership. Insurance stocks went through the boom years' process of capital increases and split-ups in connection with acquisitions, although not to the same extent that characterized the bank stocks, and since 1929 investment companies and dealers specializing in insurance stocks have done much to extend this diffusion of ownership.

It should be remembered, however, that capitalizations of most insurance companies are quite moderate. Among the larger companies, capitalizations of 1,000,000 shares or more are relatively rare. Despite the substantial recovery in surplus since the 1932 lows, most managements are disinclined to capitalize surplus that totals several times capital, although the possibility of profitable stock dividends remains a promising potentiality when more stable general conditions are restored. Also, with reinvested earnings providing steady internal growth in surplus, there is no general need to increase capital by means of rights to subscribe to additional stock, since capital funds are quite sizable in relation to even expanded premium volume.

Considering, therefore, the moderate capital structures of fire and casualty companies, distribution of their shares is relatively widespread. "Insider" interest, as measured by holdings reported for directors, is small. Some investors often ask why this should be so. If insurance stocks are such sound investments, they reason, why are directors' holdings so small?

Insurance stocks are sound investments, and the mere fact that reported holdings of directors are small should not be taken to mean lack of faith or support for insurance stocks as investments. The fact is, that insurance stocks are held by many directors' families, estates and interests with which they are identified, particularly investing institutions. The ratios of direct holdings, which do not include beneficial holdings, have their limitations as a guide to insider interest in the companies. If direct holdings by directors were much larger, thus narrowing the markets for insurance stocks and placing them on a negotiation basis for large blocks, marketability would suffer.

Then, too, in the case of some companies, the management's total interest is carried through identical stock ownership and holding companies organized for the purpose of assuring working control. In constructing group affiliations, parent companies, of course, use both direct ownership as well as holding companies in carrying affiliates.

It also does not necessarily follow that market activity of insurance stocks varies inversely with their average holding per stockholder—becoming more active as the average holding is lower. Actual experience shows that small holders are essentially investment minded, and that it is difficult to add to the floating supply from this source, in normal times. However, in the last depression, when various major companies got into difficulties with mortgage guarantees and market depreciation of securities, institutional holders undoubtedly had better ability to carry holdings through the times. One major company has since 1932 broadened its distribution of stock ownership to national proportions, by reduction in ratio of large local holdings, thus adding materially to marketability of the shares.

Because optimum results in insurance stocks are obtained by holding over periods of time, to allow the reinvestment of earnings process to compound values, some traders are inclined to avoid insurance stocks as too inactive for trading operations. The fact that only a very few insurance stocks are listed is also cited as evidence of inactivity. Actually, however, insurance stocks are quite responsive to general market movements. This must necessarily be so, since the major portion of liquidating values and current earnings depends on fluctuating open market values and investment income. Listing, it has been seen, does not mean increased marketability; in fact, some listed issues would probably be more active over-the-counter, where dealers could give them the sponsorship they lack at the inactive post on the exchange.

The following table shows the ratio of holdings of directors to total capitalization, as well as the average holding per stockholder, of various leading fire and casualty companies as of Dec. 31, 1941:

Stock Selling at:	Directors' Interest	Average Holding Per Stock-holder
Under $10:		
Firemen's (Newark)	1.8%	144
Maryland Casualty common	3.1	140
$10-$20:		
American (Newark)	2.6	167
Camden Fire	4.7	104
New Amsterdam Casualty	3.5	96
$20-$30:		
Continental Casualty	2.0	108
Great American Insurance	2.1	125
Hanover Fire	2.2	64
North River	7.0	239
Providence Washington	2.9	97
U. S. Fidelity & Guaranty	5.9	107
$30-$50:		
Aetna (Fire)	1.5	86
American Surety	5.3	76
Continental Insurance	1.5	121
Federal Insurance	10.1	396
Fidelity-Phenix	1.2	150
Fire Association	1.2	54
General Reinsurance	2.2	116
Hartford Steam Boiler	5.0	133
New Hampshire Fire	12.6	97
Seaboard Surety	4.7	125
U. S. Fire	2.3	310
$50-$100:		
Fireman's Fund	1.3	68
Hartford Fire	2.1	101
Ins. Co. of North America	0.8	90
Mass. Bonding & Ins.	14.3	70
National Fire	3.0	106
Phoenix	0.5	100
U. S. Guarantee	17.8	264
Over $100:		
Boston Insurance	0.3	23
Fidelity & Deposit	2.6	38
Northwestern National	5.4	64
St. Paul Fire & Marine	7.3	97
Springfield Fire & Marine	0.9	53

New York Stock Exchange Weekly Firm Changes

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

Transfer to Henry Rogers Winthrop of the Exchange membership of the late David V. Morris will be considered on July 16th. Mr. Winthrop will continue as a partner in Winthrop, Whitehouse & Co., New York City.

The proposal that W. Herbert Davis act as alternate on the floor of the Exchange for John H. Brooks, Jr. will be considered on July 16th. Both are partners in J. H. Brooks & Co., New York City.

Hugh Knowlton retired from partnership in Kuhn, Loeb & Co., New York City, as of June 30th.

Wilbur F. Smith & Co., New York City, dissolved as of May 19th, 1942.

Old Ben Coal Attractive

An interesting supplementary memorandum on the first mortgage 6% bonds of Old Ben Coal Corporation has been issued by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Copies of the memeorandum describing recent developments affecting this issue may be had from Scherck, Richter Company upon request.

Insured Investment For Investors And Trustees

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

Now Dargan & Co.

SPARTANBURG, S. C.—The investment firm of Dargan, Brannan & Co., Montgomery Building, has been succeeded by Dargan & Co. which will maintain offices in the same location. Officers of the new firm are Robert L. Dargan, President and Treasurer, and H. Julienne, Vice-President and Secretary.

Youths 18-20 Register

About 3,000,000 youths of 18, 19, and 20 years old were registered for possible military service on June 30 under the Selective Service System. The completion of the fifth registration increases the nation's pool of manpower to about 43,000,000.

There were approximately 40,000,000 men between the ages of 20 and 65 registered in the four previous drafts, of which about 27,000,000 between 20 and 45 are subject to military service.

No national lottery will be held for the new registrants since they cannot be called for induction until they have reached their 20th birthday. Local draft boards will simply classify them by the dates of birth.

Congress will first have to amend the law before the 18 and 19 year-olds can be drafted. An item regarding the postponement of such a request to Congress appeared in our June 18 issue, page 2301.

Tomorrow's Markets Walter Whyte Says—

Despite bad war news market makes new high. Secondary uptrend signal now given. Primary trend still not bullish. Market needs good news to resume advance, failing that look for minor reaction.

By WALTER WHYTE

The news is still bad. True, the Nazi march into Egypt appears to have been checked but the offensive against Russia seems if anything to have gained new momentum. In the interim the Japs have managed to take another island in the Aleutian chain.

* * *

Odd, how in the face of such news the market manages to not only keep its head above water but actually advance.

* * *

For example, last Friday when official word reached us that the inner defenses of Sevastopol had been breached the market advanced almost a point. On Monday with its accumulation of week end news highlighted by the German High Command communique that its forces had crossed the Don River, the market went up another two points. In fact its advance carried it across all recent resistance points to 106.34 in the Dow Jones industrial averages.

* * *

Why the market acts this way in the face of the news from abroad is hard to figure. Some market technicians claim it is getting its cue from domestic rather than from foreign developments. I don't believe it. It isn't what Congress does that will settle the fate of this war. More often than not what Congress doesn't do affects us much quicker.

* * *

Other sources claim that the reason for the market advance is the post war kickback clause that is supposed to keep business from foundering. Well, all I can say about that one is, if anybody buys securities solely for this reason he's going to have a pretty large aspirin bill.

* * *

No, the more I look at it the more I'm convinced that what happens on the different fighting fronts will determine the fate of American business and industry and its correllary, the American securities markets.

* * *

In spite of everything that may have been said against them the averages are, if anything, frank; more so than the inspired communiques from authoritative quarters. In making a new high in the beginning of this week they said the market was going higher. This doesn't indicate however that the advance will take place immediately. On the contrary, the very fact that an advance to such a new high was seen is indicative of a nearby setback. If that seems paradoxical remember that the stock market is full of paradoxes.

* * *

If you don't like riddles just take a look at the market and see how in the past two or three months the market made three attempts to go through but each time after managing to crawl up to a new high it sagged back.

* * *

The most recent advance began about July 1, when the Dow average was at about 102. In four trading days it managed to cross 106. This latest move carried it slightly above the highs made first in the beginning of June and second in the middle of June. Under ordinary conditions a three time attempt to carry across previous obstacles with the third try successful would be indicative of a powerful nearby move. This would be further emphasized if interim declines held above previous lows. This is the case today. live up to its technical prom-

(Continued on page 100)

UP-TOWN AFTER 3

ABOUT-THE-TOWN . . .

Hotel George Washington (Lexington at 23d St.). A family kind of hotel set in the heart of a commercial neighborhood. A pleasant pine-paneled dining room serves good food at moderate prices. Service is only fair, but general atmosphere makes up for it. Right now the hotel is pointing proudly at its **"23" Room.** This is on the main floor. It's a largish low-ceilinged kind of a place, devoted to song and drink. No dancing. Entertainment comes from **Dorothy Ross,** who is supposed to play boogie-woogie better than Hazel Scott. She is a pert dark eyed little thing who discovered her talents while selling sheet music at a Kresge music counter. Doesn't sing badly but knows her ready wit and personality are stocks in trade. She uses both to good advantage bandying witticisms with her audience. Funny, too. Then there is **Johnny Andrews,** a storehouse of the song hits of away back. Remarkable for one so young. Both entertainers accompany themselves on the piano. Another feature of the "23" Room is the willowy attractive **Phyllis Sage.** She is a reader of palms with a Washington following that is awe-inspiring. Understand that the wives of our national pooh-bahs make special trips to New York at regular intervals to consult this oracle. When Miss Sage reads your palm she reads them both at once. This forces you to keep both hands on top of the table, a distinct drawback to Lotharios on the prowl. According to Miss Sage our traits are both admirable and plentiful, a condition that we have long labored to convince our wife of with but mediocre success. Oh, yes, the "23" Room also features a "23 Cocktail" that sells for 23 cents. Sorry, don't know its ingredients. . . . **SCENES IN THE NIGHT. . . .** New York's ex-honorable **Jimmy Walker** walking up Madison Ave. hatless and arguing out loud with himself. . . . **George J. Nathan** and prolific playwright, **William Saroyan** at the **Penthouse Club** talking loudly while **Nayara** tries to sing. And **Paul** (piano, solovox, organ) **Taubman** shrugs his shoulders helplessly for (1) he can't tell guests to shut up and (2) Saroyan just offered him part in next show. Aside to Paul Taubman: Bill Saroyan offers parts all over town but few offers materialize. . . . **Earl Rodney,** ex Merrill Lynch, etc., etc., partner, outside of **Fefe's Monte Carlo** with the cast of **"Chocolate Soldier."** He's backing the show. . . . **Judy Garland** dining at the **Cafe Pierre.** Looks just as attractive in person as she does in pictures. . . . **Vick Knight,** CBS executive producer, displays congratulatory wire from MGM star **Kathryn Grayson.** Story behind the wire: Few years ago Knight discovered talented girl. Her name was Selma Hendrick. He spent $700 to give her singing and acting lessons but couldn't sell her to radio. So he arranged screen tests and sent her to Hollywood. She clicked but the studio changed her name. It's no longer Selma Hendrick. It's Kathryn Grayson.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on July 6 that the tenders for $300,000,000, or thereabouts, of 91-day Treasury bills to be dated July 8 and to mature Oct. 7, which were offered on July 3, were opened on July 6 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for, $646,058,000.
Total accepted, $300,056,000.
Range of accepted bids (except for three tenders totaling $75,000):
High 99.925 equal rate approximately 0.297%.
Low 99.906 equal rate approximately 0.372%.
Average price 99.908 equal rate approximately 0.365%.
15% of the amount bid for at the low price was accepted.

Maria Hays Joins Staff Of Berwyn T. Moore Co.

(Special to The Financial Chronicle)

LOUISVILLE, KY.—Maria M. Hays (Mrs. E. W. Hays) has joined the staff of Berwyn T. Moore & Co., Inc., Marion E. Taylor Building. Mrs. Hays has been active in the securities business in Louisville for the past thirty years. Recently she had been associated with Dering & Co.

Investment Trusts

Confirmation Of A Trend

Last May this column had the temerity to suggest that the long-awaited turn in the ebb tide of security prices was at hand. A number of "indicators" which supported this viewpoint were cited—and among them were some of the leading investment company managements and their sponsors.

But there was one indicator which we did not mention. And when we tell you what it is, you will undertsand why we hesitated to discuss it. Briefly, this indicator is a series of mathematical formulas which have been developed by a man of our acquaintance.

Anyone who has had experience in buying and selling securities either for investment or for speculation is likely to look askance at any and all mechanical "systems" for indicating changes in the market trend. Yet we must confess that we have come to give considerable weight to the "signals" which our friend from time to time derives from his work. This attitude on our part springs not only from the record of his forecasts, but also from his personal investment results. When a man can show a steady though not spectacular increment to his investment capital in each of the past three years, it becomes difficult to argue with his methods. Moreover, his own estimate of the worth of his device is made clear by the amount of time and money he spends on it, as well as by his firm insistence that it is "not for sale." (Incidentally, he has an excellent background as a security analyst and he uses great care in the selection of individual issues.)

To make our point, this man confided in us on April 28, last, that his "intermediate" (longer term) trend indicator had turned upward for the first time in nearly a year. In view of this background, we thought it might be of interest to report that a confirmation of the upward trend was indicated the early part of this week.

Investment Company Briefs

National Securities & Research Corporation:

Having "called the turn" in the preceding week, this organization in its "Investment Timing" bulletin dated July 2, 1942 sums up as follows: "There are some signs of the beginning of a deterioration in the market structure. This condition may be only temporary, but its present existence warrants caution by those on the long side of the market. Somewhat higher prices may and probably will be seen in the next few days, but the action of the market registers danger, and a downward movement could begin at any time."

Portfolio changes during June in the various Funds sponsored by National Securities & Research Corp. involved National Preferred Stock Series, National Low-Priced Common Stock Series and First Mutual Trust Fund. *Additions:* Curtiss-Wright "A"; Tennessee Corp.; Warner Bros.; American Gas & Electric; Detroit Edison; Dow Chemical; Montgomery Ward; Standard Oil (Ind.); Owens Illinois Glass; Rayonier, Inc.; Underwood Elliott Fisher; Westinghouse Electric. *Eliminations:* Glen Alden Coal; Woolworth; N. Y. Central & Hudson RR. "A" 4½s, 2013; N. Y., Chicago & St. Louis RR. 5½s, 1974; Southern Pacific Co. 4½s, 1981.

* * *

Hugh W. Long & Co., Inc.:

In the July 1 issue of the "New York Letter," recent earnings of the railroads represented in the Railroad Series of New York Stocks, Inc., are tabulated as follows:

FOUR MONTHS ENDING APRIL 30, 1942

	Net Income Per Share 1942	Net Income Per Share 1941
Atchison	$4.22	$ .60
Atlantic Coast Line	8.30	4.96
Great Northern	.20	†.56
Illinois Central	3.75	2.26
Kansas City So. pfd.	5.82	2.69
Kansas City So. com.	1.85	.56
Louisville & Nashville	3,59	3.63
New York Central	1.15	1.06
N. Y., Chicago & St. L., pfd.	7.32	7.18
Northern Pacific	.54	†.29
Pennsylvania	*.66	.74
Southern Pacific	4.00	1.69
Southern Ry. pfd.	8.98	7.33
Union Pacific	2.66	.44
Averages	3.79	2.31

*After retroactive revision of railway tax accruals. †Deficit.

(Continued on page 98)

Municipal News & Notes

Financial reports of many States which closed their fiscal year periods last week were very good, as evidenced by subsequent news items gleaned from various sections of the country. However, the impact of the war on State finance is not to be discounted, a point that was stressed by Governor Lehman in submitting New York's findings. Gasoline and tire rationing are reducing sharply collections from motor fuel and motor vehicle taxes. Even if income tax receipts should increase heavily from expanding national income, it is to be assumed that total tax collections could decline materially during the fiscal year just begun.

The financial outlook in New York and other States is clouded on the expenditure side also. During the past fiscal year, the States expended $8,487,000 less than budget estimates, reflecting increased employment and prosperity. Priorities and other restrictions limit public works, outlays. But the war could, at any time, force the State Government to make special outlays reaching substantial proportions for the evacuation of civilian populations and similar extraordinary measures.

The sound fiscal policy for all State and city governments, under such conditions, is to proceed cautiously in reducing taxes, for budget results could change for the worse at any time. Emphasis should be placed rather upon the elimination of unnecessary outlays, the retirement of indebtedness and the building up of reasonable reserves that would permit these governments to tide themselves over a period of deficits which could occur because of a drying up of some sources of revenue or unexpected emergency outlays. A policy of reducing taxes because a surplus is reported for one or two years could lead to real embarrassment at any time, but in a war emergency it is particularly perilous.

N. Y. State In Strong Financial Position

New York State began its fiscal year last week with an operating surplus of $47,098,163 and an accumulated surplus of $54,127,419, Governor Lehman stated. It is the largest surplus the State has had since 1931 and was accomplished in spite of the repeal of the 1 per cent emergency tax and a 25 per cent reduction in the personal income tax, which alone had saved the taxpayers $45,000,000.

The Governor warned, however, that in spite of the gratifying surplus, strict economy must continue, stating:

"There are many problems and uncertainties on the horizon. Gasoline and tire rationing are reducing sharply collections for motor fuel and motor vehicle taxes."

It will be remembered that when Governor Lehman took office in 1932, a depression year, he faced a deficit left by Governor Roosevelt of about $100,000,000. This deficit was reduced gradually and last year the State showed a surplus of $7,029,256, which was added to the $47,098,163 at the end of the fiscal year.

Answering an inquiry by reporters, the Governor estimated relief spending in his administration at "around $700,000,000" of which, he said, $215,000,000 was raised by bond issues. All but $50,000,000 of the bonds have been retired, he added.

N. J. Bonded Debt Reduced

New Jersey on July 1 reduced its bonded indebtedness by $6,820,000.

State Treasurer Robert C. Hendrickson announced that the issues retired included $6,000,000 in road bonds, $700,000 in highway improvement bonds, and $120,000 in institutional construction bonds.

Mr. Hendrickson said in a statement "the average reductions in debt service charges in the next eight years will approximate $8,000,000 annually."

The $6,820,000 reduction will leave New Jersey with a gross debt of $98,850,000, which, less $38,000,000 in the sinking fund, would make a net debt of $60,850,000, Mr. Hendrickson asserted.

Va. Local Debt Study Shows Many Decreases

Detailed study of the bonded debt of cities in Virginia as of Dec. 31, 1941, made public recently by the League of Virginia Municipalities, discloses that only four of the 18 cities studied showed an increase in the per capita total net indebtedness compared with records 10 years ago the same date.

Largest percentage decrease for any city was that for Martinsville over the 10-year period, 40%, while the greatest increase, that for Roanoke, 65%.

In the case of Roanoke, the report expressed belief that the increase was caused by utility indebtedness that will be paid for out of earnings.

The report showed for Richmond a 13% decrease in per capita total debt from Jan. 1, 1931, to Dec. 31, 1941, dropping from a per capita total net debt of $156, 10 years ago, to $136 this past December. Total net debt for Richmond as of the last day of 1941 stood at $26,297,724—the largest in the State, with Norfolk ranking next with $23,745,903.

Population of the cities studied increased 11% from 1930 to 1940, the report showed, while the total gross indebtedness increased only 3% during the period, and the total of sinking funds increased 55%. The total net indebtedness reported decreased 9% during the 10 years, and the per capita total net indebtedness decreased 17%, or from $157 per capita as of Jan. 1, 1931, to $130, Dec. 31, 1941.

Mass. Legal List Issued

Joseph Earl Perry, Commissioner of Banks, has issued as of July 1, a list of investments considered legal for savings banks in Massachusetts. Inquiries should be directed to Mr. Perry at the State House, Boston, Mass.

Fla. Cities' Financial Data Prepared

Allen & Co., 30 Broad Street, New York City, have prepared a sheet which presents the assessed valuation and net bonded debt of various Florida cities for the years, 1941-1942. Copies may be obtained by interested parties upon request and without obligation.

New Orleans Bond Retirement Plan Upheld

The Louisiana Supreme Court has upheld New Orleans' right to reduce interest rate on $12,000,000 of public improvement bonds and call them before maturity.

This affirmed a lower court decision which denied application for an injunction to restrain the City Council and Board of Liquidation from carrying the plan into effect.

The bonds, bearing date of July 1, 1900, mature July 1, 1950, and carry interest at 4% per year. Under the statute authorizing the issuance the city after July 1, 1942, was given the right to call the entire issue, paying par and accrued interest.

Resolutions adopted by the council and board in June specified the plan would not be carried out unless approved in writing by 90% of the bondholders.

Those approving the retirement plan must surrender bonds to New Orleans banks designated as depositories by Dec. 1, 1942, and refunding bonds will be issued them at 2%. Those not in accord with it will be paid off at par and accrued interest not later than Dec. 1, 1942.

Detroit Requests Bond Bids

Formal call for bids on $17,143,000 Detroit, Mich., refunding bonds, the final step in the city's refunding program, was issued

Tuesday by Controller Charles G. Oakman, the opening to take place next Tuesday morning.

A program involving the sale of some $33,000,000 of new bonds to refund outstanding higher coupon issues was discussed earlier this year. The original plan was revised, resulting in the marketing of a $16,758,000 issue March 31, on an interest cost basis to the city of 2.7238 per cent.

The bonds, which will be general obligations of the city, will mature in varying amounts from July 15, 1943 to 1962. Interest rates not to exceed 3½ per cent are specified for all maturities through July 15, 1961, and not to exceed 3¼ per cent for the final maturity.

"In the event that prior to the delivery of the bonds the income received by private holders from bonds of the same type and character shall be taxable by the terms of any Federal income tax law, the successful bidder may, at his election, be relieved of his obligations under the contract to purchase the bonds and in such case the deposit accompanying his bid will be returned," according to the controller's announcement.

FPHA Temporary Loans Offered

Sealed bids will be considered by 39 Local Housing Authorities in the near future for the purchase of temporary loan notes aggregating $83,299,000. Offers will be opened on $50,459,000 next Tuesday, on $28,675,000 July 21, and on $4,165,000, July 24.

More than one billion dollars of similar short-term obligations have been sold heretofore by various housing units around the country, all at competitive bidding. These notes usually go direct to banks which purchase them for their own portfolios, although certain dealers have competed for this business. While the note issues are obligations of the various local housing authorities or agencies, the Federal Public Housing Authority (formerly USHA) plays an important part in arranging for periodic offerings of groups of issues, all of which to date have sold readily at extremely low rates of interest.

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 14

$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 15

$15,378,000 Atlanta Housing Authority, Ga.
Of the above total, not more than $12,500,000 will be allotted to public bidders, the remainder to be taken by the FPHA, as Series B bonds.

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.

July 20

$480,000 Akron, Ohio
Although slightly under the required amount, this offering is included because of general reader interest. Prior award, on June 1, went to syndicate headed by Fox, Reusch & Co. of Cincinnati. The Ohio Co. of Columbus, and associates, second best bidder.

July 21

$4,000,000 South Carolina (State of)
Similar highway certificates of indebtedness were awarded last March 31 to a syndicate headed by the Chemical Bank & Trust Co. of New York. Second highest bid entered by Halsey, Stuart & Co., Inc., and associates.

Treasury Promoting Payroll Savings Plan

Following a broad program to put the power of an organized promotional campaign behind the Payroll Savings Plan, the United States Treasury Department has made available to nearly every business firm in the country a complete set of promotional material. All this material is designed to help business firms achieve more quickly the goal of at least 10% of payroll invested in War Savings Bonds, says the Treasury announcement of July 3 which adds:

"Nearly 100,000 of the nation's business firms have already installed, and are operating under, this plan which permits systematic purchases of War Bonds by employees through voluntary allotments from each worker's pay envelope. In most cases the management of the company absorbs the entire cost of administration and bookkeeping—and the plan is so simple in its operation that this expense is normally quite modest.

"Experience has proved that the Payroll Savings Plan is most effective when stimulated by a well planned, fast-moving program to explain the operations and benefits of the plan and see that it is properly sold to each employee.

"Accordingly, the War Savings Staff, with the voluntary assistance of some of the nation's ablest advertising and merchandising men, has prepared and made available complete sets of material that will assist every company in putting on a sustained and successful drive.

"This material is distributed through the offices of the War Savings Staff's State Administrators. Any company desiring to get a plan rolling at once is invited to call their local State Administrator's office and request quantities as needed."

The Securities Salesman's Corner

Determining Customer's Preferences In Securities An Important Sales Factor

There is an old familiar saying, "It is a difference of opinion that makes a horse-race." Securities buyers, the same as any other group of people, also have their individual likes and dislikes for various kinds of investments. A salesman who disregards these pet leanings on the part of his customers may often suggest a timely purchase only to be rebuffed because of some particular prejudice for, or against, a certain security.

Some years ago, the writer had a client with whom he became quite friendly. One day at luncheon, we happened to mention that a certain stock of an alcohol manufacturer appeared to be attractively priced and suggested that this individual might take on a few shares. For the next half hour, it was our task to sit quietly and absorb one of the best lectures on the evils of everything from moonshine to gin that we have ever heard in our life. The more our friend talked, the more heat he generated—a half dozen highballs couldn't have had a greater effect on his blood pressure. Of course, we didn't make the sale and several months passed before we did business again. This was an unusual case but it illustrates the point. Here was a man, who had a strong prejudice. He hated liquor in any form—he hated it so that he couldn't conceive how anyone could ever put their money into a company that manufactured the stuff. He also didn't like the idea that we suggested it. Maybe he was unreasonable, biased and bigoted, but these are the things that salesmen get paid for finding out and evading when they go out to do business.

There are people who buy only bonds. Others lean to preferred stocks. Others like common stocks as a long-term investment. Some only care for speculations of the most hazardous type. Rails appeal to one man and they are poison to another. We once knew a man who only bought public utility holding company securities after these companies had been cited under the so-called "Death Sentence" act. Some people are only interested in income. Others like the highest yield situations whether they are stocks, bonds, royalties or what have you. There are people who watch the market—if they have a half a point appreciation they want to take a profit. Income means little to them, dividends are secondary to market action. These predelections on the part of many individuals are the things every salesman must know about before he can successfully do business with his prospects and clients.

This information can be secured very easily without ever giving anyone the least offense. During his interviews a salesman normally should be able to discover these leanings just from the types of securities discussed. Oftentimes a direct question like this should be asked, "Mr. Smith, do you have a preference for any particular kind of investment. That is, bonds, stocks, preferreds or any special industry or class of securities?" The answer should be noted with care and if there is a prejudice it should be recorded by placing this information on the customer's card or any other permanent reference in use by the office.

There may be some who say that it is not to the best interest of a securities firm to sell securities that people want to buy, but rather to sell them the ones they should have. This is a debatable point, but it is probably more important for a salesman and his firm to do business than to put themselves up as investment reformers. After all, there are people who can be led into the paths of prudence and care when it comes to investing, and no doubt, every salesman has the obligation to lead them as wisely as possible. The others who wish to buy what they like, when they like, we also believe should be sold what they like, when they like it. As an example, if you ever tried to sell some of these very attractive appearing traction bonds during the past year or so to some of these people who haven't ridden in a trolley in 20 years you'll know what we mean. You had better sell them what they like or you won't sell them at all. And that's important—isn't it, brother?

Walter Moore II Is Now With Reynolds Co.

Walter Moore II is now associated with Reynolds & Co., members of the New York Stock Exchange and other leading exchanges, as a member of the advisory staff of the New York office, 120 Broadway. He was formerly for a number of years associated with Shields & Co., as manager of the statistical department.

Investment Trusts

(Continued from page 95)

"Net income figures for May are not yet available for all roads. Those which have been published, however, show, in most cases, gains proportionately greater than those of the four months record.

"It becomes increasingly clear that this year the railroads as a class should show common stock earnings even larger than the very satisfactory 1941 figures."

The Keystone Corporation of Boston:

The July 3 issue of "Keynotes" recalls the good old days when a man could invest his surplus and receive 5% with peace of mind. "Perhaps the best way to get 5% and peace of mind in these troubled times," suggests the bulletin, "is to start with a return of more than 5%." How this can be done through a broadly diversified portfolio of "discount" securities is discussed.

* * *

The George Putnam Fund:

Total liquidating value of this fund on June 30, 1942 exceeded $4,913,000 as compared with $4,686,000 on March 31. The total number of shares outstanding increased during the past quarter from 455,539 to a new high total of 473,270. Liquidating value was equal to $10.39 a share on June 30, after providing for the July dividend of 15 cents, compared with $10.29 on March 31.

Bond purchases during the June quarter included $50,000 U. S. War Savings Bonds, Series "G," $38,000 U. S. Treasury 2s, 1949 and $25,000 Continental Gas & Electric debenture 5s, 1958. In the common stock field the Trustees report the purchase of 1,000 shares of Atchison, a new addition to the portfolio, and the following increases in stocks already owned: 1,000 American Gas & Electric, 600 International Harvester, 200 Montgomery Ward, 1,000 North American, 800 Phelps Dodge, 500 Standard Oil of California.

The Fund's entire investments in 2,500 shares of Indianapolis Power & Light common and 700 shares of S. H. Kress & Company common were eliminated during the period.

On June 30 the Fund had approximately 7% of its assets in cash, 41% invested in bonds and preferred stocks and 52% invested in common stocks.

* * *

Commonwealth Investment Company:

"It is time to look for evidences of sound financial condition and the ability to earn and pay a satisfactory minimum dividend, come what may, and to forget about trying to predict the unpredictable pattern of the war," writes D. R. Fuller of this company in a commonsense memorandum entitled "War Stocks vs. Peace Stocks." He makes the point that, "Shifting policies back and forth as the news changes is not only difficult and often costly but is hard on the nerves, both of investment advisers and of their customers."

* * *

The Knickerbocker Fund:

In the sponsors' semi-annual report to shareholders net assets of the fund as of May 31, 1942 are listed at $758,899.76—equivalent to $4.72 per share on the 160,740 shares outstanding as of that date. This compares with net assets of $677,163.49—equivalent to $5.37 per share—as of Nov. 30, 1941.

Dividends

Incorporated Investors:

The Board of Directors have declared a dividend of 20 cents per share out of current earnings for the quarter ended June 30, 1942, payable July 30 to stockholders of record July 11. This compares with a dividend of 17 cents in the previous quarter, and of 17 cents for the corresponding quarter a year ago.

Contractors Quarterly Reports Modified

Emil Schram, President of the New York Stock Exchange, in a statement issued July 1, announces that following discussions between representatives of the Stock Exchange and Headquarters Army Air Forces, Washington, the latter's Policy Bulletin No. 5 has been amended to read as follows:

"War Department requests that contractors to the Army Air Forces engaged in the manufacture and/or assembly of military aircraft, whose contracts with the Air Forces amount to 33⅓% or more by dollar value with relation to their total dollar value of all war contracts refrain from making public quarterly financial reports.

"Nothing in Paragraph 1 shall be construed as prohibiting any contractor to the Army Air Forces from furnishing the Securities and Exchange Commission financial information required by law. When the information required conflicts with current War Department security policies the pertinent information which so conflicts should be marked confidential. (See Rule X-24B-2, General Rules, Securities and Exchange Commission)."

The original Policy Bulletin No. 5, now amended, read as follows:

"War Department requests that contractors to the Army Air Forces refrain from making public quarterly financial reports."

Mr. Schram adds that the War Department was most cooperative when its attention was drawn to the possible implications of the original Policy Bulletin No. 5.

With respect to the amendment, the New York "Times" of July 2 said:

"This is the result of discussions between representatives of the Exchange and Headquarters of the Army Air Forces. The War Department originally took the position that all Army Air Force contractors must refrain from making public quarterly financial reports.

"The aircraft manufacturing industry therefore will not be allowed to issue quarterly reports, but a multitude of other industrial concerns which are subcontractors assemblers or suppliers to the aircraft companies will be able to resume the practice, which the Stock Exchange has recommended and sought to enforce in the interests of security holders for a long period of years."

San Paulo Bond Payments

J. Henry Schroder Banking Corp., New York, as special agent, is notifying holders of State of San Paulo (United States of Brazil) 15-year 8% sinking fund gold bonds external dollar loan of 1921, 25-year 8% secured sinking fund gold bonds external loan of 1925, and 40-year 6% sinking fund gold bonds external dollar loan of 1928 that it has received funds to pay on or after July 1, 1942, 15.05% of the face amount of the coupons due Jan. 1, 1940 appertaining to these bonds. From the announcement we also quote:

"Payment will be made in accordance with the provisions of Presidential Decree No. 23829 of Feb. 5, 1934, promulgated by the Federal Government of Brazil, as modified by Decree-Law No. 2085 of March 8, 1940. The amount of payment wil be as follows: $6.02 for each $40 coupon with respect to the 8% loan of 1921 and the 8% loan of 1925, and $3.01 for each $20 coupon of these loans; and $4.515 for each $30 coupon and $2.2575 for each $15 coupon, with respect to the 6% loan of 1928.

"The acceptance of these payments is optional with the holders, but pursuant to the terms of the decree payment if accepted must be for full payment of the coupons and of claims for interest represented thereby.

"Holders of Jan. 1, 1940 coupons may obtain payment of the amounts prescribed upon presentation and surrender of the coupons for final cancellation at the office of the special agent, 48 Wall Street, New York.

"No present provision has been made for the unpaid interest on coupons which matured prior to April 1, 1934, but holders are advised to hold them for future adjustment."

Danish 6% Loan Interest

For the information of holders of Kingdom of Denmark 20-year 6% external gold bonds, due Jan. 1, 1942, Henrik Kauffmann, Danish Minister in Washington on July 1 made the following statement:

"Arrangements have been made whereby, until further notice, interest for the six months' period ended June 30, 1942, on bonds of the Kingdom of Denmark 6% loan will be paid to holders, other than residents of Denmark, at the rate of 6% per annum on the principal amount. In the absence of coupons covering this payment, bonds should be transmitted at owner's risk and expense direct (or through a local bank) to the fiscal agent, The National City Bank of New York, Coupon-Paying Department, 20 Exchange Place, New York, N. Y. Each of the bonds will be stamped with the notation that the holder thereof acknowledges receipt in full of all moneys due or payable on account of interest on the principal amount for the six months' period ended June 30, 1942. Thereupon the bonds will be returned by registered mail insured, at the owner's risk and expense, together with remittance for interest.

"The interest payment will be subject to such licenses as may be granted to the fiscal agent by the United States Treasury."

Our Reporter's Report

(Continued from First Page)

$734,800,000 floated in the corresponding period last year.

It is clear from the trend of things that States and cities are sidetracking many routine projects until the end of the war either by choice or by necessity.

The natural sequence should be the building up of a backlog of construction of this sort for the inevitable period of transition which comes with the return to peace, involving as it does complete reorientation of industry and unemployment which is certain to be a problem as business shifts from war to normal production.

Work now being put over by the States should consequently serve to help in taking up the strain which the transition to normal pursuits must involve.

Celanese 3½s Moving

The 20-year 3½% sinking fund debentures of Celanese Corporation of America brought out last week have been moving out satisfactorily, as expected, judging by comment in dealer circles.

Brought to market in the amount of $35,000,000 the issue, despite its appeal, was recognized as an undertaking which would require some selling effort due to prevailing conditions marketwise.

Latest indications are that the debentures are in the neighborhood of about 90% sold, indicating about $4,000,000 remaining available.

But from the firmness ruling the market there is little to suggest that tail-end bargain-hunters are going to find any appreciable opportunity for the talents here.

Housing Authorities Active

The dearth in new municipal issues is being filled in partially at least by the rather steady efflux of paper for the account of various Public Housing Authorities.

Consisting largely of short-term notes, financing of this type appeals chiefly to large institutional investors, primarily the banks. Early next week offerings footing up to a total of some $66,000,000 will be open for bids.

The largest of the issues to be sold by 12 Authorities around the country consists of $20,200,000 notes for the Detroit Housing Authority. The Chicago Authority is next with a $16,300,000 issue. Atlanta, Ga., Authority is calling for bids up to next Wednesday on new bonds to provide for the retirement of $15,378,000 now outstanding.

Treasury Rings Bell

Terms worked out by Secretary Morgenthau and his advisers for the current $2,000,000,000 offering of War Bonds hit the "bull's eye" from all indications and big oversubscription appeared certain.

With outstanding 2s commanding a premium, the demand for the new issue carrying a similar coupon, and a nine-year maturity, subject to call in seven years, was all that could have been desired. Some selling of the old issue was indicated for the account of subscribers to the new bonds.

Banks were reported as very substantial buyers with the new issue designed to fit quite comfortably into institutional portfolios.

Backing The Play

Real teamwork between the Treasury Department and the Federal Reserve Board, designed to facilitate the nation's war financing, is indicated.

The Reserve, through its open market committee, has been active on the buying side of the Government market according to trade reports and its operations were expected to reflect in the weekly statement due out today.

It was calculated that purchases intended to bolster the reserve positions of member banks would be shown to have run again in the vicinity of $100,000,000 during the week.

Meanwhile the Reserve Board is now empowered, under legislation just signed by the President, to reclassify banks in the New York and Chicago districts and accordingly reduce their current reserve requirements.

Tilghman & Harvey To Be Edwards Partners

ST. LOUIS, MO.—Allen B. Tilghman and Joshua A. Harvey will become partners in A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and St. Louis Stock Exchanges and other leading national Exchanges. Both have been associated with the firm for some time, Mr. Tilghman as manager of the investment department.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 95)

ises must have news to feed upon. Failing to get such news the market marks time by either going sidewise or reacting. If it reacts it must not violate previous basic levels. In this case the level is approximately 102 in the Dow average.

* * *

From a strict technical viewpoint the market according to Dow's theory, has already signalled a secondary uptrend. To the academic it might be interesting to point out that this is the first such signal since almost a year ago. But before you dive overboard remember that the primary trend is still down. In order to get a primary bull market signal (according to Dow) both averages, rails and industrials, have to decline to the lows of April and then advance to new highs. On the decline the averages cannot break the April lows.

* * *

It is obvious to anybody that to wait until the market completes such a cycle is not only tedious but means that of plenty profit opportunities must be missed.

* * *

If you want news from the home front here is a couple of items I don't think you'll find elsewhere. Southern Pacific will pay $1 in September and N. Y. Central 50c in October. Meanwhile the advice of this column is to continue holding all long position but always remembering the stops.

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

Buy War Bonds

Halsey, Stuart Surveys Mid-Year Municipal Trend

Summarizing a comprehensive analysis of the present status and outlook for municipal bonds, Halsey, Stuart & Co., Inc., says in its annual "Mid-Year Review of the Municipal Bond Market" that while conflicting factors make difficult any effort to anticipate trends, the following three conclusions seem warranted:

1. Activity in the municipal bond market will continue at low ebb for the duration of the war. 2. The price level will be well maintained for tax supported bonds of good quality. 3. Price advancement is probable for both revenue and general obligation bonds if, and when, a solution is found for rubber and gas rationing, and if a favorable and reasonably final decision is arrived at on the tax immunity question.

The "Mid-Year Review of the Municipal Bond Market," which has been published annually by Halsey, Stuart & Co., Inc., for a number of years, was distributed Tuesday to insurance companies, banks and large private investors throughout the United States. Analyzed in its text are both the positive and negative factors currently affecting investment opportunities in municipal bonds.

Special factors presently affecting the quality of municipal bonds are cited, on the favorable side, as the rise in the national income and the decline in both outstanding and new state and municipal indebtedness.

Potentially unfavorable factors cited are: the static or declining incomes among the higher income group; potentially decreasing local tax revenues to be obtained from sales and gas taxes, because of rationing and priorities; and the high tax requirements of the Federal government, which may render more difficult the collection of local taxes.

"The dislocations of the war situation," the "Mid-Year Review" states, "already have adversely affected certain revenue issues. The situation of such securities will, no doubt, continue somewhat clouded until the necessity for gas and rubber rationing is alleviated or removed, though in the case of good quality general obligation bonds indirectly payable from gas revenues there would appear to be little cause for concern unless the situation continues for a longer time than there is now reason to anticipate that it will. The Arkansas Advisory Tax Study Commission, for instance, estimates that even with a 50 per cent reduction in Highway Fund revenues, debt service on all Arkansas Refunding Bonds could be met for eight years—and this without recourse to other sources of revenue which, since these are general obligation bonds, would presumably be made available if circumstances required."

Other factors presented affecting the quality of municipal bonds, which merit scrutiny in the period ahead, are: the slowing down of national population gains; the trend toward decentralization of finance, commerce and industry; and the centralization of political authority in the Federal government.

Discussing interest rates, the "Review" states that "with controls now available to the government and with itself the chief borrower, the effort will be made to maintain interest rates at substantially their present levels at least for the duration of the war." Supply of and demand for municipal bonds are seen as declining. Reasons for the declines are analyzed in detail.

Discussing the price outlook for municipal bonds with particular regard to recent efforts of the Federal government to have removed the tax-immunity that municipals have enjoyed, the "Review" says: "Recent proposals are not new except that they go somewhat beyond the earlier suggestions, principally in that administration proponents of the change seek now to include outstanding as well as newly issued bonds.

"The House Ways and Means Committee under a heavy barrage of objections which came principally from spokesmen for the state and municipal governments, recently rejected the proposals to tax such bonds. Informed opinion is, moreover, to the effect that passage of the enactment over the committee's objection is not only unlikely this year, but will meet with bitter objection if subsequently introduced. The objections, in so far as attempts to tax outstanding issues are concerned, revolve principally about the breach of faith involved in subjecting to taxes investments for which the purchaser paid a higher price in order to obtain this feature, which feature was assured to him by the issuer and, tacitly at least, agreed to by the Federal government. In so far as new issues are concerned, while the opposition is less general—assuming that procedure in subjecting them to taxation is that prescribed in the Constitution, namely, by amendment of the Constitution—there are nevertheless those who object to it on these grounds: first, though it is advocated as a war measure to produce new revenue, it would fail of this purpose because of the restricted volume of new municipal issues in prospect; second, that it would further infringe on the prerogatives of local government; third, that with resumption of more normal conditions it would impose heavier burdens on borrowing communities, particularly those in newly developing sections whose requirements would be relatively greater and whose credit might be less well established than those of older and more developed sections. The validity of those arguments provides sound reason for believing that the changes will not be quickly or easily made; in fact, unless the necessity for added Federal revenues becomes so pressing as to over-ride their justice and logic, that the changes may not be made at all. Until the issue is fairly met, however, and decided with some finality, it is likely to remain as a price deterrent in the market for municipal bonds."

May Exchange Sales Market Value Down 3.9%

The Securities and Exchange Commission on June 25 announced that the market value of total sales on all registered securities exchanges for May, 1942, the Commission reports, amounted to $357,292,786, a decrease of 3.9% from the market value of total sales for April, and a decrease of 29.1% from the market value of total sales for May, 1941. Stock sales, excluding right and warrant sales had a market value of $265,443,967, a decrease of 2.7% from April. Bond sales were valued at $91,837,654, a decrease of 7.3% from April. The market value of right and warrant sales totaled $11,165.

The Commission further reported:

"The volume of stock sales, excluding right and warrant volume, was 12,585,365 shares, a decrease of 7.4% from April. Total principal amount of bond sales was $179,689,900, a decrease of 11.4% from April. The volume of right and warrant sales was 39,375 units.

"The two New York exchanges accounted for 93.6% of the market value of total sales, 91.4% of the market value of stock sales and 99.7% of the market value of bond sales on all registered securities exchanges.

"The market value of total sales on all exempted securities exchanges for May, 1942, amounted to $428,850."

NYSE Borrowings Up

The New York Stock Exchange announced on July 2 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business June 30 was $340,061,834, a decrease of $15,650,958 from the May 29 total of $324,410,876.

The following is the Stock Exchange's announcement:

"The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges reported by New York Stock Exchange member firms as of the close of business June 30, 1942, aggregated $340,061,834.

"The total of money borrowed, compiled on the same basis, as of the close of business May 29, 1942, was $324,410,876.

Calendar of New Security Flotations

OFFERINGS

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)

Registration effective 4 p.m., EWT, on June 30, 1942

Offered by Baker, Simonds & Co. at $2 per share

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 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 — Manufacturer 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 statement 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 unspecifed 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 thereof 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)

SUNDAY, JULY 19

EMPIRE GAS & FUEL CO.
Empire Gas & Fuel Co. has filed a registration statement with SEC for $21,534,800 3½% sinking fund debentures, due Jan. 1, 1962

Address—One Exchange Place, Jersey City, New Jersey

Business—Company owns securities of subsidiary and other companies together primarily engaged in substantially all phases of the petroleum and natural gas businesses in the United States other than retail distribution of natural gas. The company is not an operating company

Underwriting—Company has entered into an agreement with The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane, as dealer managers who have aided and are aiding in preparing the exchange offer and plan of recapitalization to form and manage a group of security dealers which shall include the dealer managers, for the purpose of obtaining agreement to exchange under the company's proposed exchange offer

Offering—Company is offering to the holders of its preferred stock (other than Cities Service Co.) the opportunity to exchange their preferred shares, with all dividend arrears thereon, for the 3½% sinking fund debentures now registered of an aggregate principal amount equal to the par value of their preferred shares and accumulated unpaid arrears thereon to Jan. 1, 1942. The basis of exchange per share of preferred stock, showing face amount of debentures to be received by each class of preferred stockholder follows: 8% cumulative $176.66; 7% cumulative $167.08; 6½% cumulative $162.29, and 6% cumulative $157.50

Proceeds—The debentures are to be offered for exchange to the preferred stockholders of the company.

Registration Statement No. 2-5025. Form A-2. (6-30-42)

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 July 2, 1942, to defer effective date

Withdrawal request filed July 6, 1942

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.

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)

Amendment filed July 2, 1942, to defer effective date

COLUMBIA GAS & ELECTRIC CORP.
Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 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 30, 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

Eastern Cooperative Wholesale, Inc., in an amendment filed July 1 to its registration statement, states that bonds maturing 1944-1956 exclusive of 1950 and maturity date to be specified on face of each bond $50,000 is maximum principal amount which shall mature in 1944 and $30,000 is maximum principal amount which shall mature in any one of the other years.

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

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

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

Amendment to defer effective date filed July 3, 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 July 6, 1942, to defer effective date

Withdrawal request filed July 6, 1942

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

WEST INDIES SUGAR CORP.

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

Address—60 E. 42nd St., New York City

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

Underwriters will be named by amendment

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

Proceeds will be received by the selling stockholders

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

Amendment filed April 21, 1942, to defer effective date

Dealers Continue To Register Unqualified Disapproval Of Minimum Capital Proposal

(Continued from page 93)

requirements for the securities business should be more closely comparable to those of a bank than anything that has been suggested thus far.

Mr. Haynes makes out a good case for sympathy for "John Bowman," but if "John Bowman" has no resources of his own I think he has no justification for starting out in business for himself and assuming additional responsibilities. I would say that "John Bowman" either ought to remain as an employee of some other firm until he has accumulated sufficient funds to go into business for himself properly or possibly he would be qualified to act as an investment advisor for some of his accounts on a fee basis, leaving the buying and selling of securities to be done on a commission basis by some other firm better fortified to protect the public against errors.

It is my belief that anyone who votes against the proposed amendment to the NASD rules is doing a distinct disservice to the whole financial community.—(From a New York City Dealer)

DEALER No. 35

We wish to congratulate you for the article appearing in your paper on Thursday, June 25, concerning NASD Minimum Capital Proposal.

There is no use of our adding anything to what has already been said except to say that we are in full accord with the views expressed by you and the dealers whose letters you published.

We think that you have rendered Security Dealers a real service. —(From a Greenville, S. C., Dealer)

DEALER No. 36

We find that our views and most of the dealers' views in Denver agree with yours.

We feel that the amount of your capitalization does not insure the honesty of the individual dealer. We also feel that it is a step in the wrong direction, which might have disastrous consequences for a lot of the smaller dealers.—(From a Denver Dealer)

DEALER NO. 37

The proposed NASD amendment basing membership upon capitalization is almost indefensible. If dealers were required to make bond for $15,000, $25,000 or an amount proportionate to their average current business it might make some sense, but in the securities business the amount of $5,000 is comically inadequate. It is excused as a "cushion," but if so has very little padding. The effect of the proposed amendment will be mostly to force out of business a large number of the smaller houses who are probably possessors of equally as good records as the big houses. The latter forget that the small houses are their feeders, and must be maintained in order that the bond and stock business will render it's maximum service.

If this amendment carries there will always be the suspicion that the movement was fostered in order to suppress competition. The effect of its approval would not be in the public interest; it would be comparable with the requirement of heavy initiation fees by labor unions, and the policy of the bricklayers union in recent years not to train apprentices. Capital is no substitute for character. Those proposing the amendment should recognize how short-sighted it is. The situation could best be dealt with by Westbrook Pegler.—(From a Fort Worth, Texas, Dealer)

DEALER No. 38

The letter below was sent by the writer to the National Association of Securities Dealers, Inc., and is self-explanatory.

We are enclosing our ballot. You will notice that we have voted "no" to Article One, Section One.

The laconic "No" will not do in this case. We feel it imperative to tell you WHY.

You rest your case on the following premises:

1. Correcting what you term a too easily achieved eligibility for membership.

2. Limiting such membership to facilitate "enforcing the Association's rules among members."

The syllogism is completed by the conclusion that you will then have "standards for the securities business which would secure for it recognition as a profession operating on a high plane of public service."

What you propose to do, Gentlemen, is to measure a man's integrity and ability by his pocketbook. As long as he is able to show a certain bank balance, you propose to consider him persona grata in "a profession operating on a high plane."

You plan to shake your members through a sieve whose mesh will retain only the financially elect. To be sure, a "pick-pocket" will fall through your sieve now and then along with the scores of capable and honest dealers who are unable to meet the capital requirements, but what about the erstwhile pick-pockets who have risen to the "bank robber" class—as measured by your new scale of evaluation? (At this point, we feel bound to remind you of the difficulty of getting a camel through a needle's eye.)

In our opinion, many of the dealers and brokers expelled by the SEC from our association would have no trouble qualifying for the proposed minimum capital requirements. Signifcant too, is the fact that the SEC did the expelling in many cases, which raises the question: "Are we fighting with wooden swords?"

If, as you imply, the budget of our Association does not permit us to scrutinize the business practice of our members carefully enough, why not admit frankly that the task is too great? The SEC has done excellent work in this direction, and a duplication of effort is both expensive and unnecessary for our members.

In any case, reducing the membership reduces the available budget, and "enforcing the Association's rules" would remain proportionately expensive.

The conclusion is inescapable: either the objective or the reasons with which you sustain this objective are insufficiently stated.

We have several pounds of paper in one of our drawers, listing the various changes in the committees and sub-committees of the NASD. These represent, so far, the only tangible evidence of our membership; nevertheless, we are eager to see our organization evolve along sound lines. Unless you can give us logical reasons for this proposal, some of us will conclude that those you state are not the vital ones.

This letter is an open one and we have sent a signed copy to the Financial Chronicle who are free to publish it.—(From Leslie B. d'Avigdor Co., New York City)

Savings-Loan League Fiftieth Anniversary

Plans in the making for the past two years to celebrate the first half century of the United States Savings and Loan League with a 50th annual convention in 1942 in Chicago have been abandoned to help lighten the war transportation burden, according to an announcement made on July 1 by Fermor S. Cannon, president of the League. He said that the June 19 request of Director Joseph B. Eastman of the Office of Defense Transportation had confirmed the opinion developing among League directors the past few months that in war time the usual type of convention travel in the savings, building and loan business should be sacrificed. Mr. Eastman requested that all conventions not closely related to the war effort be suspended and those more closely related to it be skeletonized. From the League's announcement we also quote:

"The Savings and Loan League head indicated that plans are being discussed for a skeletonized annual meeting which will permit the functioning of the governing bodies of the League. This would provide opportunity to further implement the business in its sales of War Bonds, which has been undertaken by 2,600 institutions, and in the financing of needed war housing which in April derived $20,000,000 from this source.

"Original date and place scheduled for the 50th annual convention was the second week of November in Chicago, and the skeletonized annual meeting will probably be called for the same time and place, Mr. Cannon said. It will probably be arranged for such savings, building and loan executives as are available at that time to confer with officials of the Treasury Department, the National Housing Agency, the War Damage Insurance Corporation and whatever other government officials by that time may be related to savings and loan war responsibilities."

The cancellation of the annual convention of the American Bankers Association which had been scheduled for Sept. 27-30 in Detroit was noted in our June 25 issue, page 2386. The action was taken as a result of the request of Mr. Eastman which was prompted by the wartime transportation needs of the nation.

The War & Stock Prices

Newburger & Hano, 1419 Walnut Street, Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges, have just issued an interesting circular entitled "Higher Prices Despite the War News—Why?" Copies of the circular may be had from the firm upon request.

Sondheimer Co. Formed

The investment business of E. S. Reinthaler & Co., which was dissolved as of June 30, has been taken over by the newly formed firm of E. Henry Sondheimer Co. with offices at 331 Madison Avenue, New York City. Mr. Sondheimer was formerly a partner in E. S. Reinthaler & Co.

NASD Minimum Capital Proposal Would Abolish Cherished American Tradition

(Continued from first page)

taken to any effort to improve the standards of business conduct within the industry. We say, however, that minimum capital requirements will not be effective in attaining this laudable objective. Moreover, we say that should the members of the NASD establish the precedent that only a person with a given sum of money is to be privileged to engage in business for himself they will neither be serving the best interests of the securities business nor the cause of capitalism and our system of free enterprise. For this reason, we urge NASD members to vote no on Article 1, Section 1, just as they would reject any similar proposal that would jeopardize the cherished American tradition of equal rights to all men which made possible that first meeting under the buttonwood tree.

Offer $2 Billion of 2% Treasury Bonds

Secretary of the Treasury Morgenthau announced on July 8 the offering through the Federal Reserve Banks, for cash subscription at par and accrued interest, of $2,000,000,000, or thereabouts, of 2% Treasury Bonds of 1949-51. In order to insure full participation of banks, corporations and others who may be interested in the offering, the subscription books will remain open two days. There will be no restrictions as to the basis for subscribing to this issue. The Treasury Bonds of 1949-51, now offered for subscription, will be dated July 15, 1942, and will bear interest from that date at the rate of 2% per annum payable semi-annually with the first coupon due Dec. 15, 1942, for a fractional period. The bonds will mature Dec. 15, 1951, but may be redeemed, at the option of the United States, on and after Dec. 15, 1949. The bonds will be issued in two forms: bearer bonds with interest coupons attached, and bonds registered both as to principal and interest. Both forms will be issued in denominations of $100, $500, $1,000, $5,000, $10,000 and $100,000.

Other details of the offering were given as follows in the Treasury announcement:

"Pursuant to the provisions of the Public Debt Act of 1941, interest upon the bonds now offered shall not have any exemption, as such, under Federal Tax Acts now or hereafter enacted.

"Subscriptions will be received at the Federal Reserve Banks and Branches, and at the Treasury Department, Washington. Banking institutions generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Subscriptions from banks and trust companies for their own account will be received without deposit, but subscriptions from all others must be accompanied by payment of 10% of the amount of bonds applied for.

"All subscriptions for amounts up to and including $25,000 will be allotted in full; other subscriptions will be received to allotment, and the basis of their allotment will be publicly announced. Payment for any bonds allotted must be made or completed on or before July 15, 1942, or on later allotment."

This $2,000,000,000 offering is part of the Treasury's July-August "new money" financing, which Secretary Morgenthau said on June 22 would be between $3,750,000,000 and $4,500,000,000 (referred to in these columns July 2, page 23.)

Mr. Morgenthau announced on July 6 that either in late July or early August the Treasury will reopen its books for an undetermined offering involving the 2½% registered bonds of 1962-67 (so-called "tap" issue.) This is expected to make up the other half of the two-month financing. These "tap" bonds were sold in May to an aggregate of $882,078,700, the books having been open for 10 days. They are designed especially for investment by other than commercial banks.

L. Ford Forms Own Firm

(Special to The Financial Chronicle)

BOULDER, COLO. — Louis R. Ford has opened offices at 1935 Thirteenth Street to engage in a general securities business. Mr. Ford for the past ten years has been local manager for Sargeant, Malo & Co. of Denver.

Buchanan, Ellithorpe Are With Sutro & Co.

(Special to The Financial Chronicle)

SAN JOSE, CALIF.—Herbert Harris Buchanan, Robert Carl Ellithorpe, Raymond E. Denhart and Howard Miller have become associated with Sutro & Co., members of the New York Stock Exchange and other national exchanges, whose main office is located at 407 Montgomery Street, San Francisco. All were formerly of H. H. Buchanan & Co., of which Mr. Buchanan and Mr. Ellithorpe were partners.

Albert Chatfield Is With Westheimer Staff

CINCINNATI, OHIO—Albert B. Chatfield has become associated with Westheimer & Company, 322 Walnut Street, members of the New York Stock Exchange. Mr. Chatfield, who has been in the securities business for twenty-eight years, was formerly with Edward Brockhaus & Company.

To Form Snedeker-DeBard

The New York Stock Exchange firm of Snedeker & DeBard, with offices at 61 Broadway, New York City, will be formed as of July 16. Partners will be Charles V. Snedeker, member of the Exchange and Edward DeBard. Mr. Snedeker has recently been in business as an individual floor broker and prior thereto was a partner in Charles V. Snedeker & Co.

Our Reporter On "Governments"

(Continued from First Page)

money market over the quarterly tax date did indicate was that Morgenthau intends to use his new authority to sell securities direct to the Reserve with extreme caution. . . . His action was highly conservative, decidedly warranted. . . . His repayment of the certificates immediately was surely reassuring. . . . And perhaps most important, the move revealed that the Treasury and the Reserve have their eyes focused on the money and bond markets, are well aware of difficulties, are prepared to take steps at any time to ease a tightening situation. . . .

As matters stand today, we may expect:

(1) Similar sales of short-term certificates to the system over coming tax dates to make sure that withdrawals by out-of-town banks do not affect bank balances seriously and create unnecessary stringent situations in the money markets. . . .

(2) Highly conservative use of the power to sell securities to the system by the Treasury. In fact, sales may be delayed until a really dangerous moment in the market, when open market borrowing might be hurt by news beyond the control of the fiscal agents. . . .

TAX-EXEMPTS

Municipal bonds, which move with the tax-exempts among Governments, have been acting well in recent weeks. . . . Have in fact, been leading a recovery movement. . . . Yield of representative State and city issues, according to Dow-Jones index of 20 issues, is down to 2.28%, indicating an advance of $6 per $100 bond in the average price of long-term municipals since late February, when fears of an end to the tax-exemption privilege were widespread. . . .

For months, this column has urged calm appraisal of the tax-exempt picture, has begged investors to consider the fundamentals during days of official threats to the privilege and selling by fear-struck holders of high-grades. . . . To date, its stand has been confirmed by all developments. . . . Investors who have held on to their tax-exempts and switched against rather than with the tide are way ahead of the game. . . . There's no certainty that this will remain true, of course—but as of this writing, the story still holds—if your portfolio position warrants it and your tax position permits (and these things only you or your best adviser can tell) hold and buy the tax-exempts. . . . You'll find them valuable in the market as well as at the tax dates as the months go on. . . .

The rally in municipals is based on returning confidence in the tax-exemption status of local government securities, of course. . . . It couldn't be based on anything else. . . . Similarly, tax-exempt Treasuries are firm to strong, even in the dullest and most undirected markets. . . .

FEDERAL LAND BANKS

And that leads right into a discussion of the seldom mentioned, oft-neglected Federal Land Bank list. . . . There are six issues of these outstanding, carrying rates ranging from 3 to 4%, bearing maturities ranging from 1946 to 1964, call dates ranging from 1944 to 1946 and prices ranging from 106 to 108. . . . Yields to call are the only ones to consider and they're low—from 0.60 to 0.84%. . . . But the bonds are exempt from all State and Federal income taxes and both Federal excess profits taxes. . . . And they're equivalent to the Government obligations, are Government obligations in all but name. . . . You may consider them as indirect or direct securities, as you will, but as long as a direct Government bond is worth par, the Land Bank issues will remain right up there. . . .

As far as comparisons go, it seems that the Land Bank 3s and 3¼s are more attractive than similarly-maturing Government notes—the notes being fully taxable and yielding from 0.93 to 1.41% while the Land Bank high-coupons are fully tax-exempt and yield up to 0.84%. . . .

Trading in these is minor, almost infinitesimal. . . . The small amount of bonds outstanding has helped stabilize the market to an extraordinary degree. . . . But if you want some short-terms, carrying high coupons and tax-exempt, check the Land Banks. . . . They're worth attention. . . .

INSIDE THE MARKET

Switches these days are useless, unless you know exactly the tax position of your institution and have a varied portfolio. . . . Recommending any major moves without this knowledge is dangerous, but the taxable tax-exempt lists still hold the best moves. . . .

Insurance companies bought another $26,000,000 of Governments in week of June 20, bringing total holdings to $1,088,000,000 and indicating 50% of investments so far this year have been in Treasuries. . . . Companies probably bought some ⅝% certificates. . . .