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The COMMERCIAL and FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

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OUR REPORTER'S REPORT

The corporate new issue market remained absolutely dormant this week and with the best of reasons. The national Treasury stepped into the money market to draw down something like $2,500,000,000 of new money in furtherance of its war borrowing.

The operation was similar to that conducted in May when the Treasury tapped all institutional sources using the types of issues which would appeal to commercial banks and other institutions.

Secretary Morgenthau opened subscription books on another instalment of the 2½% so-called "tap" bonds which are available to all institutional buyers with the exception of commercial banks.

From the rush of subscriptions by the major insurance companies, it appeared that the call for this particular issue would substantially exceed the total taken down in May when some $880,000,000 were sold.

Several thousand bond salesmen were out "doing the town" on the new issue, and working down to the last reaches of groups which might have accumulated funds, including even fraternal organizations.

Meanwhile announcement was due from the Treasury today on the details of its $1,500,000,000 certificates of indebtedness which are aimed directly at commercial banks as the major outlet.

Banks' reserves are not nearly as substantial now as at the time of the May offering, but there is little doubt that the new certificate issue will be oversubscribed, even should the Federal Reserve find it necessary to enter the mar-

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SEC Proposal To Force Profit Disclosure By Revealing Bid And Asked Prices Is Unrealistic And Impractical :: Must Be Defeated!

By JOSEPH HAYNES

On Thursday, July 30, 1942, a little group of men, who now control the activities of the Securities and Exchange Commission, in effect contended that 166 years of American history have been all wrong.

It is their expressed desire to create a new set of rules to govern the way American citizens shall henceforth be allowed to buy a piece of property, to hold that property, and to sell that property. The amount of profit that shall be made whenever an American citizen sells his property to another American citizen shall no longer be his own private affair. According to this new proposal of the SEC it shall henceforth be everybody's business. It shall be his customer's business to know how much gross profit is involved in the transaction before the sale is made, AND IF HIS CUSTOMER thinks the profit is too large he will then be free to go to every one of this dealer's competitors and systematically attempt to persuade them to sell him the identical property for a price that is in keeping with what THE CUSTOMER THINKS SHOULD REPRESENT A FAIR PROFIT.

According to this new proposal of the SEC, an over-the-counter dealer in securities must disclose the amount of his gross profit to his customer before he consummates a sale. As far as the injurious effects on the over-the-counter securities markets and the financial industry itself are concerned, it is hard to conceive that anyone who has had any practical experience in either buying or selling securities would ever believe that such a step could lead to anything but further demoralization of the business. The very fact that this ruling would practically eliminate all retail selling of securities, which is now based upon the fundamental merchandising relationship which always exists between buyer and seller, is of vital importance to every one within and without the over-the-counter securities business. It is essential in order to maintain markets for unlisted securities that salesmen should stimulate a buying and selling interest. Without this stimulation the marketability of thousands of securities that are now traded without difficulty on the over-the-counter markets will be further restricted. Such a condition, should it lead to a point approaching near paralysis of these markets, would soon create a financial disturbance that would be detrimental to the welfare of the entire business and economic life of the Nation. If retail stimulation of the over-the-counter markets were curtailed to the point where this took place, it would be too late to look for scapegoats—the

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NSTA Plans Municipal & Corporate Programs Of Wide Interest To Members Attending Elections

Joseph W. Sener, of Mackubin, Legg & Company, President of the National Security Traders Association, Inc., has called a meeting of all officers, members of the Executive Council, Committee Chairmen and National Committeemen, to be held at the Palmer House in Chicago, on Friday and Saturday, Aug. 28 and 29. As has been the custom for the past few years, all members of the Association have been invited to attend these Committee Meetings. Under normal conditions these meetings would have been held during the course of the Annual Convention which has been cancelled for this year.

The Committee on Arrangements which includes Edward H. Welch, Sincere & Co., Chairman, Leo J. Doyle, Doyle, O'Connor & Co., Larry Higgins, Hulburd, Warren & Chandler, Henri P. Pulver, Goodbody & Co., Ralph G. Randall, Mason, Moran & Co., and Thompson M. Wakeley, A. C. Allyn & Co., Inc., of Chicago has arranged the following program:

Friday, Aug. 29, 1942.
10:00 a.m. Registration.
1:30 p.m. National Committee Meeting.
3:00 p.m. Corporate Meeting—Patrick B. McGinnis, Speaker.
5:00 p.m. Cocktail Party.
7:30 p.m. Dinner.

Saturday, Aug. 29, 1942.
10:00 a.m. National Committee Meeting—Election of Officers.
1:00 p.m. Luncheon.
3:00 p.m. Municipal Meeting—Austin Tobin, Speaker.
5:00 p.m. Cocktail Party.

The Corporate Meeting on Friday will be conducted by Wm. Perry Brown, Newman, Brown & Co., New Orleans, La., First Vice President. The speaker at this meeting will be Patrick B. McGinnis of New York. Mr. McGinnis is an outstanding authority on Railroad Reorganizations and has conducted the course on Railroad Securities at the New York Stock Exchange Institute for the past two years.

James F. Musson, B. J. Van Ingen & Co., New York, Chairman of the Municipal Committee, will preside at the Municipal Meeting on Saturday afternoon. Austin Tobin will be the speaker at this meeting. A prominent individual will be presented at the luncheon who will speak on a topic that is of interest to all. The name of the speaker and his subject will be announced shortly.

The following have been proposed for office from Oct. 1, 1942, to Sept. 30, 1943:

President: Wm. Perry Brown, Newman, Brown & Co., Inc., New Orleans.

First Vice President: John C. Hecht, Butler-Huff & Co., Los Angeles.

Second Vice President: Benj. H. Van Keegan, Frank C. Masterson & Co., New York.

Secretary: Edward H. Welch, Sincere & Co., Chicago.

Treasurer: Earl M. Scanlan, Earl M. Scanlan & Co., Denver.

The Nominating Committee which named these candidates consisted of the following: Jerome F. Tegeler of Dempsey-Tegeler & Co., St. Louis, Chairman; Neil De Young, De Young, Larson & Tornga, Grand Rapids, Mich.; Clyde C. Pierce, Clyde C. Pierce Corp., Jacksonville, Fla.; Miles A. Sharkey, O'Melveney-Wagenseller

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Wm. G. Riley Joins T. J. Feibleman Staff

William G. Riley has become associated with the New York office of T. J. Feibleman at 41 Broad Street. Mr. Riley was formerly in the industrial issues department of Blair F. Claybaugh Co., New York, and prior thereto was with Kobbe, Gearhart & Co. In the past he conducted his own investment business in New York City, Wm. G. Riley & Co.

P. W. Zimmer Is Now With Gavin L. Payne

(Special to The Financial Chronicle)

INDIANAPOLIS, IND. — Peter W. Zimmer has become affiliated with Gavin L. Payne & Co., Inc., Insurance Building. Mr. Zimmer was formerly vice-president of Brentlinger & Hosea, Inc., and in the past was with A. J. Wichmann & Co., Inc.

Singer Welcomes Stork

Herbert Singer, partner of the over-the-counter house of Luckhurst & Company, 60 Broad Street, New York City, is the proud father of a baby daughter, Ellen Carol, born July 29, 1942, at the Lying-in Hospital.

THE BOND SELECTOR

REPUBLIC OF COSTA RICA
Outlook For Dollar Bonds

Although a good deal of external evidence might point to disappointing prospects for the near term economy of Costa Rica, there are sufficient other factors which, in an increasing tempo, tend to confirm a constructive attitude toward this country's bonds.

Costa Rican national economy depends primarily upon two exports—coffee and bananas, and in 1941 shipments of both were extremely well maintained. Coffee normally accounts for about 50% of total exports, while bananas, which are grown almost exclusively by United States fruit companies, usually contribute another 20% toward the total. The balance is represented by cacao and gold.

At the end of January, 1942, no surplus coffee stocks were being held and the entire 1941-1942 quota to the United States (172,424 bags) now has been exhausted, but there is no restriction against over-shipments which will be applied against the 1942-1943 quotas. Banana shipments in 1941 increased sharply, amounting to 5,167,000 stems, compared with 3,259,000 stems in 1940.

In spite of these encouraging figures, Costa Rica probably realized another trade deficit in 1941. Trade with the United States produced an import surplus of $3,460,000; since the United States accounted for approximately 80% of the country's total trade, this figure may be taken as an indication of the trend.

This should not be considered alarming, however. While the country's trade has been marked by a series of deficits during recent years with an accumulated total of import balances of $20,000,000 between 1936 and 1940, inflated imports were, and still are, the result of new capital investments by foreign companies, mainly the fruit companies. Added to these private investments are the substantial credits from the Export-Import Bank for the purchase of American merchandise and for highway construction. Actually, foreign exchange has been available to pay for imports despite occasional delays.

After Costa Rica declared war on the Axis (before the United States did, in fact), the United States extended a lend-lease loan of $550,000 for the purchase of arms in order to equip the republic's first army. In addition, the U. S. allocated $8,000,000 for construction work on the Inter-American Highway. Costa Rica will put up an additional $4,000,000 from its own treasury toward the highway which, when completed, should prove an invaluable factor in the further development of the country. The Export-Import Bank has also advanced a $2,000,000 credit to be applied to the consolidation of floating debt and the financing of urgent public works.

For the current year, the prospects for Costa Rica's trade and foreign exchange depend upon the shipping situation. So far as coffee is concerned, Costa Rica is in a better position than many of the other growers, since it has become expedient to import more coffee from Central America because of the shorter water haul involved. The banana situation at present is not so encouraging since the northward movement of this fruit has become restricted on account of the diversion of east coast shipping to Gulf ports and the heavy strain on the railroads. However, the United Fruit Company is now planting a large acreage with abaca on abandoned banana lands in Costa Rica. This fiber is in great demand since the loss of Far Eastern sources of supply. These new developments may well solve the problems on hand.

For the three years through 1941, Costa Rican dollar bonds were serviced under the terms of the Coupon Purchase Offer of March 20, 1939. This offer provided for the purchase of such coupons at 30% of their face value. A new offer for purchase of subsequent coupons has been expected, but nothing yet has developed despite a recent visit to New York of Costa Rica's finance minister. When and if a new settlement is forthcoming, it is expected that the terms will be approximately the same as under the 1939 offer. The following list shows certain details of Costa Rican bonds:

	Outstg. Mil. $	Last Cpn. Paid	1942 Price Range
Republic of Costa Rica—			
Fund. 5s, 1951	1.1	11-1-41(a)	12-11
7s, 1951	5.4	11-1-41(a)	18⅝-12½
Pac. Ry. 5s, 1949	0.4	9-1-41	12-10
Pac. Ry. 7½s, 1949	1.2	9-1-41	15-13
Sterling 5s, 1958	1.4	7-1-36(b)	9-5

(a) Paid at 30% of face value.

(b) Coupons due 7-1-33 through 7-1-36 paid in 5% Sterling Funding bonds; nothing since.

SEC Rule Would Force Disclosure To Customer Of Best Independent Bid And Asked Prices

Under the provisions of a new rule proposed by the Securities and Exchange Commission on July 29, dealers would be required to disclose to their customers the best independent bid and asked prices (and thereby their gross profits) in transactions in over-the-counter securities. If the dealer is unable to give both bid and asked prices, after the exercise of reasonable diligence, he would be obliged to give one or the other. Should he be unable to give either a bid or asked price, it would be obligatory for him to reveal to the customer the price at which the dealer was able to acquire the security during the period of not more than 60 days prior to the proposed sale or purchase. If unable to give the customer any of this information, he must state that he was unable to obtain an independent bid and asked price. A draft of the proposed rule, known as X-15-c-1-10, has been submitted by the Commission to about 100 organizations in the securities industry. They have been asked to study the proposed rule and return their comments by Aug. 12. Text of the proposed rule is given in full herewith:

A—General Provisions. The term "manipulative, deceptive or other fraudulent device or contrivance," and the term "fraudulent, deceptive or manipulative act or practice" as used in Sections 15-C-1 and 15-C-2, respectively, of the [Securities] Act are hereby defined to include any act of a dealer designed to effect a sale to or a purchase from a customer, by such dealer, of any security, unless such dealer, at or before the completion of each such transaction, discloses to such customer in writing:

(1-A) The best independent bid and asked prices for the security at the time of the sale or purchase which the dealer is able to

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Initial Dealer Reaction To SEC Bid & Asked Rule

The immediate reaction of the securities industry to the new proposed rule of the Securities and Exchange Commission (text of which appears on another page in this issue), which would compel dealers to disclose to their customers practically everything except, possibly, their draft status, clearly indicates that they have decidedly definite views regarding this wholly absurd scheme. Some of the letters which were received in time for current publication are given below. As in the past, we are fully observing the author's request that neither the firm name or his own identity be revealed.

DEALER No. 1

A Massachusetts dealer furnished us with the following copy of a letter addressed by him to the Investment Bankers Association of America:

In answer to your circular letter of Aug. 1, 1942, asking for comment and suggestions regarding the proposed Securities and Exchange Commission rule on market price disclosure in over-the-counter transactions, I have the following comments:

1. It is one of the most outrageous acts ever proposed by a Government Commission and is more like the Gestapo—entirely un-American.

2. The Securities and Exchange Commission offered the olive branch from Philadelphia last week and it was accepted in good faith by the security industry; then this week the stab in the back.

3. History has shown that the finest drawn laws have never stopped a crook and never will.

4. Just how can any broker say truthfully what is the best independent bid and asked price of a security at the time of the transaction; for example, X stock is quoted by four or five different brokers at 24-24¾. It is more than reasonable to assume that on this particular stock there is someone willing to bid 24¼ or offer at 24½, because as a general rule that is the basis of the 24-24¾ market. The ques-

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William Raber Joins Merrill Lynch Firm

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—William J. Raber has become associated with Merrill Lynch, Pierce, Fenner & Beane, 221 Montgomery Street. Mr. Raber formerly conducted his own investment business, William Raber & Co., in San Francisco, for a number of years.

Retires After 61 Years

Martin Beckhard, 88 years old, Manager of the foreign department of Kuhn, Loeb & Co., is retiring after 61 years' service with the firm.

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In The Armed Forces

John H. Anderson, Vice-President of Charles K. Morris & Company, Inc., 135 South La Salle Street, Chicago, has been commissioned as Lieutenant (J. G.) in the United States Coast Guard Reserve and has reported for active duty in Washington, D. C.

Hubert M. (Barnie) Bernard of Schirmer, Atherton & Company, 50 Congress Street, Boston, Mass., has been commissioned a First Lieutenant in the U. S. Army Air Corps, eventually to be attached to Transport Carrier Command. Barnie took the week-end off, and when he returned Sunday evening found telegraph instructions to report in Miami on Tuesday. After being sworn in, he hastily bought two uniforms, and Schirmer, Atherton & Company almost suspended trading until they got Barnie on his way.

John W. Bunn, formerly manager of the trading department of Stifel, Nicolaus & Company, Inc., 314 North Broadway, St. Louis, Mo., has been inducted into the army. Mr. Bunn is the latest member of the Security Traders Club of St. Louis to join the armed forces.

Frank T. Kennedy, a partner in C. J. Devine & Co., 48 Wall Street, New York City, has been commissioned a Lieutenant in the United States Naval Reserve. He has received his orders and will report shortly for active duty with the Naval Air Force. Another partner, **Vincent H. Herrmann**, is already commissioned and in active service with the United States Army Air Corps.

James J. McLean has withdrawn from partnership in James J. McLean & Co., 11 Broadway, New York City, to enter the United States Army. The firm is continuing under the direction of Leo V. Ryan, a partner in the firm with Alice G. Ryan.

Howard S. Perry, Weston & Company, 10 Post Office Square, Boston, is serving with the U. S. Army and is at present stationed at Camp Devens. Mr. Perry served nineteen months overseas in the last war with Company "F," 101st Ammunition Train, 26th Division. He has been in the "Street" for twenty-five years and was formerly a partner of E. J. Kitching and associated with Crockett & Company, du Pont, Homsey Co., and G. A. Saxton & Co.

Lieut.-Commander William P. Shea of Amott, Baker & Co., 150 Broadway, New York City, has been ordered to active duty with the U. S. Navy.

Walter Todd, partner in B. V. Christie & Co., Houston, Tex., has entered the Volunteer Officers Corps of the United States Army and is now at Fort Knox, Ky., for preliminary training.

SEC To Hold Public Hearings On Minimum Capital Proposal

Ganson Purcell, Chairman of the Securities and Exchange Commission, has advised Frank Dunne, President of the New York Security Dealers Association, that the Commission will conduct public hearings at its offices in Philadelphia, at 10 a.m. on Aug. 13, on the recently approved amendment to Article 1, Section 1, of the by-laws of the NASD, which would require a dealer to have a specified amount of minimum capital in order to be eligible for membership in the Association.

In a resolution adopted on July 23 (text of which appeared on page 368 in the "Chronicle" of July 30), the Board of Governors of the NYSDA decided, "after mature consideration," that the amendment, which was approved in a vote conducted by the NASD, "is in conflict with the spirit of the Securities and Exchange Act of 1934 and detrimental to the investing public and registered Broker-Dealers." The Board also expressed its desire, "providing the majority of its members concur," to notify the SEC of its opposition to the proposal and to petition for an opportunity to make known to the Commission the reasons for its disapproval. A copy of the resolution was sent to each member of the Association and the resultant vote showed that it was approved by a vote of 2 to 1.

In view of the obvious widespread opposition to the NASD amendment in question, as was evidenced in the fact that it was disapproved by approximately 700 of the members of the Association who voted and the further highly significant circumstance that practically a similar number of other dealers declined to participate in the balloting on the question, it is to be expected that numerous other dealers throughout the country will avail themselves of the opportunity afforded by the coming public hearing, on Aug. 13, to make known to the SEC the harmful and dangerous nature of this far-reaching proposal.

Dealer Group Meets To Fight SEC Profit Disclosure Proposal

A spontaneous meeting was held yesterday by over 40 security dealers to discuss the proposal of the Securities and Exchange Commission to make it obligatory for dealers to reveal the bid and asked prices (and thereby their profits) to a customer when accepting a buy or sell order.

At this meeting, a committee was formed to crystallize the views of those attending and to present them to the proper authorities. The committee is comprised of Nathaniel F. Glidden, Chairman, Clarence E. Hale, Clare M. Torrey, A. W. Benkert, Joshua A. Davis, G. A. Saxton, Albert E. Kelly, Fred Young and James B. Greene.

Further sessions will be held to map plans to prevent the bid and asked proposal from becoming effective.

Among those attending the meeting were:

Nathaniel F. Glidden, Glidden, Morris & Co.
F. J. Young, F. J. Young & Co.
R. F. Herdeg, Neergaard, Miller & Co.
Morris Cohon.
Herbert Dilg, H. G. Dilg Co.
Walter C. Johnson, T. L. MacDonald & Co.
Lee M. Stubner, Stubner & Co.
Louis H. Whitehead, Whitehead & Fischer.
T. F. Kliesrath, Craigmyle, Rogers & Co.
L. Richard Kinnard, Van Alstyne, Noel & Co.
P. J. Steindler, P. J. Steindler & Co.
John C. Mickle, Berdell Bros.
C. V. Price, Price & Co.
G. A. Saxton, G. A. Saxton & Co.
Albert E. Kelly, E. H. Rollins & Sons, Inc.
D. A. Lomasney, D. A. Lomasney & Co.
Carl Stolle, G. A. Saxton & Co.
F. T. Sutton, F. T. Sutton & Co.
C. D. Robbins, C. D. Robbins & Co.
James B. Greene, Du Bosque & Co.
Howard Morris, Glidden, Morris & Co.
Clarence E. Hale, P. W. Brooks & Co.
George M. Appleton, G. A. Saxton & Co.
A. F. Beringer, P. W. Brooks & Co.
G. M. McCleary, Florida Securities Co.
Chester C. Burley, Burley & Co.
Arthur W. Bertsch, G. A. Saxton & Co.
John Grimm, Cohu & Torrey.
Erwin Stugard, Bond & Goodwin.
Joshua A. Davis, Reynolds & Co.
Irvin Hood, Cohu & Torrey.
Chauncey L. Waddell, Barrett Herrick & Co.
A. W. Benkert, A. W. Benkert & Co.
Clare M. Torrey, Cohu & Torrey.
Baron G. Helbig, Baron G. Helbig & Co.

McInnis-Van Dusen Co. Merges With Grande

SEATTLE, WASH. — McInnis, Van Dusen & Co. announce that, due to wartime conditions and the call upon members of their organization, as of Aug. 1, 1942, their business and personnel will be consolidated with that of Grande & Co., Inc., Hoge Building.

Walter B. Van Dusen will become Vice-President of Grande & Co., Inc., and Glen H. Southwick will become Secretary.

Grande & Co., Inc., members of the Seattle Stock Exchange, specialize in Pacific Northwest securities.

F. J. Hayward With R. L. Colburn Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — Frederick J. Hayward has become associated with R. L. Colburn Company, 155 Montgomery Street. Mr. Hayward, a member of the San Francisco Mining Exchange, was formerly in charge of the mining stock department for William Raber & Co. and also did business as an individual.

John O'Brien Joins Thomson & McKinnon

(Special to The Financial Chronicle)

CHICAGO, ILL. — John J. O'Brien, III, has become associated with Thomson & McKinnon, 231 South La Salle Street. Mr. O'Brien, a member of the Chicago Stock Exchange and Chicago Board of Trade, has been in the brokerage and banking business since 1926. He was formerly a partner in Wayne Hummer & Co., and recently was a partner in his own firm, John J O'Brien & Co.

Blair Claybaugh Opens Miami Beach Branch

MIAMI BEACH, FLA.—Blair F. Claybaugh & Co. has opened a branch office here at 420 Lincoln Road. C. Lawrence Macurda, formerly manager of the trading department for Guaranty Underwriters in Miami, is in charge of the new office.

Ralph H. Curlette will also be connected with the new office.

Noyes Of Illinois Co. To Be Cgo. S. E. Member

CHICAGO, ILL. — George F. Noyes, Vice-President and Secretary of the Illinois Company of Chicago, 231 South La Salle Street, will acquire a membership on the Chicago Stock Exchange. Mr. Noyes is the first applicant for membership in the Chicago Exchange under the new rules which permit officers of corporations trading in securities to become members and their corporations to be listed as members. The Illinois Company was established in 1936 and conducts a general investment business.

Franklin County Coal Corporation 1st Mortgage 7s, Due 1949

Franklin County Coal Corporation was incorporated under Delaware laws in 1935 as successor in reorganization to another company of the same name. In the reorganization, funded debt was scaled down 50% and the total face value of bonds outstanding now amounts to about 25% of the depreciated book value of properties and equipment. Properties are situated in the southern Illinois field, and consist of 16,315 acres of bituminous coal lands, of which 12,172 acres are owned in fee and the balance held under lease. Normal production capacity is about 2,000,000 tons per annum, and estimated recoverable coal approximately 100,000,000 tons. Bituminous coal produced by the company is sold under the trade names of "Energy" and "Royalton."

Capitalization at December 31, 1941, consisted of the following:

1st mtge. cum. inc. 7s, 1949	$741,050
Purchase money obligation	49,175
7% cum. pfd. ($10 par)	133,751 shs.
Common	245,463 shs.

Originally issued in the amount of $870,950, the sinking fund had retired $129,900 of the mortgage bonds by the end of 1941. The sinking fund consists of 50% of net earnings for the preceding calendar year to be applied to the purchase of bonds at not exceeding par. This sinking fund is operative only in the event that all payments of current and accrued interest have been made and that net current assets as of December 31 preceding shall have exceeded $350,000 plus an amount equal to all interest both current and accumulated.

Interest payments on the bonds from the date of issuance have been as follows:

Oct. 1, 1935—1.75%	Apr. 1, 1938—8.75%
Apr. 1, 1936—3.50%	Apr. 1, 1939—7.00%
Dec. 1, 1936—3.50%	Apr. 1, 1940—7.00%
Apr. 1, 1937—7.00%	Apr. 1, 1941—None
Apr. 1, 1942—None	

To the end of March, 1942, interest accumulations amounted to 14%, or about $104,000 on the $741,050 principal amount of bonds outstanding.

The indenture provides that accumulated and current interest must be paid on April 1 each year to the extent that net current assets (as of December 31 preceding) exceed the sum of $350,000. However, the directors may, at their discretion, declare at any time interest payments which result in reducing net current assets below the $350,000 level, and such was the case in 1938 and 1939. Interest is cumulative whether or not earned. Earnings available for interest are computed before provision for depreciation and depletion. Income available for interest since 1935 is shown in the following table:

Year—	Available for Bond Interest	Bond Interest	X-Earned
1941	$42,691	$51,874	0.84
1940	60,787	51,874	1.17
1939	72,796	51,952	1.40
1938	56,231	54,225	1.04
1937	257,132	60.987	3.69
1936	217,978	60,966	3.55
1935	120,419	60,966	1.99

Since the unsatisfactory earnings record of 1941, it is understood that a remarkable recovery has taken place and that it is quite possible that an interest payment may be declared before the year-end. Earnings available for bond interest as reported to the trustee for the six months ended June 30, 1942, amounted to $85,855 compared with $8,124 reported for the first six months of 1942. Since bond interest charges for the full year amount to $51,874, earnings for the first six months of 1942 are equivalent to 11½%, or to 23% on an annual basis, on the $741,050 principal amount of bonds outstanding.

Net current assets at June 30, 1942, likewise showed a distinct improvement over the figure at the end of 1941. As of June 30, 1942, current assets were reported at $644,412 with cash of $201,954. Current liabilities were $292,697, resulting in net current assets of $351,714. At the end of 1941, net current assets totaled $311,076, or $40,638 less than the figure at June 30, 1942.

In addition to the encouraging betterment in earnings and working capital position, an interesting possibility exists in the oil drilling activities on the company's property. According to a sub-surface contour map prepared by the Illinois State Geological Survey, practically all of Franklin County is on structure. In 1940, one well was drilled on the company's property in Marion County which proved to be dry, and last year two test wells were drilled on the property of the company, one in the northern part of Franklin County and the other in the southern part. Both of these wells were dry. On March 10, 1942, the president reported negotiations for the drilling of other wells.

It is understood that the indenture provides that any income which might eventuate from oil production would be turned over to the trustee for the benefit of the sinking fund of the first mortgage bonds.

PERSONNEL ITEMS

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

NEW YORK, N. Y.—**J. C. Lawrence** has become associated with **Amott, Baker & Co., Incorporated,** 150 Broadway, New York City. Mr. Lawrence was formerly with Burr & Co., Inc., and in the past was with Eli T. Watson & Co., Inc.

NEW YORK, N. Y.—**Edward J. Meyers** is now with the municipal bond department of **Kidder, Peabody & Co.,** 17 Wall Street. Mr. Meyers was formerly in the municipal department of Ira Haupt & Co. In the past he was with Shields & Co. and the Guaranty Trust Company of New York.

(Special to The Financial Chronicle)

CINCINNATI, OHIO — **William Cummins** has become connected with **A. E. Aub & Co.,** Union Trust Building. Mr. Cummins was formerly with P. E. Kline, Inc., and Chas. A. Hinsch & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **Harold R. Rorick** has joined the staff of **Cunningham & Co.,** Union Commerce Building.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Perry T. Blaine** is now associated with the **First Cleveland Corporation,** National City Bank Building. Mr. Blaine was previously with Borton & Borton, Inc., P. E. Kline, Inc., and Jackson & Curtis.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Raymond A. Herman** has become affiliated with **Wm. J. Mericka & Co., Inc.,** Union Commerce Building. Mr. Herman was previously with Soucy, Swartswelter & Co., Morse Bros. & Co., Inc., of New York, and Graham, Parsons & Co.

(Special to The Financial Chronicle)

ORLANDO, FLA. — **Johnston Edwin Thompson** is now with **Cohu & Torrey,** Metcalf Building. Mr. Thompson was formerly with Florida Bond & Share, Inc., and Guaranty Underwriters.

(Special to The Financial Chronicle)

TERRE HAUTE, IND.—**Arthur G. Wallace,** formerly with Paul H. Davis & Co., has been added to the staff of **Thomas J. Doherty,** 908 South Seventh Street.

DIVIDEND NOTICES

Atlas Corporation

Dividend on Common Stock

NOTICE IS HEREBY GIVEN that a dividend of 25¢ per share has been declared on the Common Stock of Atlas Corporation, payable September 12, 1942, to holders of such stock of record at the close of business August 14, 1942.

Dividend No. 24 on 6% Preferred Stock

NOTICE IS HEREBY GIVEN that a dividend of 75¢ per share for the quarter ending August 31, 1942, has been declared on the 6% Preferred Stock of Atlas Corporation, payable September 1, 1942, to holders of such stock of record at the close of business August 14, 1942.

WALTER A. PETERSON, *Treasurer*

August 4, 1942.

THE BUCKEYE PIPE LINE COMPANY
26 Broadway

New York, July 23, 1942.

A dividend of One ($1.00) Dollar per share has been declared on the Capital Stock of this Company, payable September 15, 1942, to stockholders of record at the close of business August 21, 1942.

J. R. FAST, Secretary.

TEXAS GULF SULPHUR COMPANY

The Board of Directors has declared a dividend of 50 cents per share on the Company's capital stock, payable September 15, 1942, to stockholders of record at the close of business September 1, 1942.

H. F. J. KNOBLOCH, *Treasurer.*

Charles Baetjer With Hornblower & Weeks

BALTIMORE, MD.—Charles H. Baetjer has become associated with Hornblower & Weeks, First National Bank Building. Mr. Baetjer has recently been with Smith, Barney & Co. In the past he was a partner in J. S. Wilson, Jr. & Co., members of the New York Stock Exchange, becoming a partner with G. M.-P. Murphy & Co. when that company absorbed the Wilson firm. The investment business of G. M.-P. Murphy & Co. was merged with Hornblower & Weeks some months ago.

Harold Allen Inv. Co. Formed In Des Moines

DES MOINES, IOWA—Harold L. Allen has formed the Harold L. Allen Investment Co. with offices in the Equitable Building to engage in a securities business. Mr. Allen, who has been in the investment business in Des Moines for the past fifteen years, was formerly vice-president of the First Securities Corporation. Associated with Mr. Allen will be Charles E. Deuben, previously assistant manager of the local office of Goodbody & Co., and prior thereto with Babcock, Rushton & Co., and Clarence S. Smith, previously with the First Securities Corp.

Franklin Coal Attractive

The First Mortgage 7% Bonds, due 1949, of the Franklin County Coal Corporation offer an interesting situation, according to a circular issued by D. F. Bernheimer & Co., Inc., 42 Broadway, New York City, from whom copies may be had upon request.

DIVIDEND NOTICES

Borden's

COMMON DIVIDEND
No. 130

An interim dividend of thirty cents (30¢) per share has been declared on the outstanding common stock of this Company, payable September 1, 1942, to stockholders of record at the close of business August 15, 1942. Checks will be mailed.

The Borden Company
E. L. NOETZEL, *Treasurer*

EATON MANUFACTURING COMPANY
CLEVELAND, OHIO
Dividend No. 70

The Board of Directors of Eaton Manufacturing Company has declared a dividend of Seventy-five Cents (75c.) per share on the outstanding common stock of the Company, payable August 25, 1942, to shareholders of record at the close of business August 11, 1942.

H. C. STUESSY, *Secretary*

July 31, 1942.

Tomorrow's Markets Walter Whyte Says—

War news continues to affect market trend. Industrials indicate more bad news and resultant reaction. Rails, unaffected by foreign developments, continue strong.

By WALTER WHYTE

Nothing has happened in the market last week to give anybody reason to slump into deep gloom or give vent to unrestrained cheers. Taken by and large it was just another week, with the usual assortment of earnings reports and dividend declarations.

* * *

Atlantic Refining showed a loss for the first half of this year against $1.79 a share reported for the first half of last year. East coast gas rationing had a lot to do with it. But Standard Oil of Ohio which serves a non-rationing territory also showed a decline. For the first half of this year its earnings came to $2.36 a share against $2.97 for last year's first half. General Motors came through with a 50c dividend and J. I. Case declared $3 to be payable in October, and that was about all from the domestic front.

* * *

But if news from the home front was comparatively unimportant, it was anything but that from the war fronts.

In the last few weeks I have heard a lot about certain stocks that "must" go up because of past earning power and future earning potentialities. As to the first, stocks never go up on past performances. They sell ex on future ability. As to the second, who is there today who can evaluate future ability in the face of a world wide catastrophe?

* * *

No matter how one looks at it, it's what is happening, or will happen, on such far flung spots as the Don, Egypt, Port Moresby and even China's Wenchow that will determine the value of domestic securities.

* * *

Being for America first (and I'm not referring to the organization of that name) is very nice and comfortable. It makes for pretty speeches about patriotism and the American way — whatever that is. But any realistic speculator and investor knows that any company in whose stock he's interested depends on international business for its real profits. Let international difficulties arise and the red ink comes in.

* * *

Of course a war gives domestic companies a lot of new business to take the place of lost foreign markets. But wars also bring additional complications. Taxes, priorities, price controls and numerous

(Continued on page 452)

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; August 5 price—36¾.

FINANCIAL NOTICES

RAILROAD SECURITIES

The final ICC plan of reorganization for Denver & Rio Grande Western, filed on July 24, caused a little surprise in railroad circles, but it did bring some disappointment. New maximum fixed charges, granting consolidation with Denver & Salt Lake, would be held to $1,766,966, or approximately 10% less than fixed charges proposed in the Examiner's plan filed about a year ago. The reduction did not reflect any reduction in new mortgage bonds allocable to old bondholders, being represented by the interim decline in interest requirements on equipments and by a cut in the new money to be borrowed in consummating the plan, from $6,000,000 to $2,250,000. Actually, the final plan provides for a slightly larger new first mortgage than was originally contemplated.

Total contingent charges, including a maximum additions and betterment fund of $750,000, will amount to $2,468,073, resulting in aggregate requirements of $4,235,039 ranking ahead of preferred stock dividends. Combined fixed and contingent charges of the old system amounted to $7,713,000, of which $564,000 represented income bond interest.

The tabulation below shows the proposed distribution of new securities under the most recent proposal.

One notable feature of the plan is that it goes far towards meeting the objections voiced by the court in turning down the original final modified plan filed by the Commission more than two years ago, particularly in its treatment of the two strongest mortgages, the Rio Grande Western 1st Trust 4s and the Rio Grande Junction 5s. They are to get almost their full face value of principal in new first mortgage bonds as compared with no fixed interest bonds allocated initially. Another variation from all plans heretofore considered, and one that brought disappointment in some quarters, is the cut in the relative treatment of the Refunding & Improvement Mortgage.

	*1st Mtge.	Inc. 4½s	5% Pfd.	Common
Rio Grande Western 1st tr. 4s, 1939	$908.80	$371.20		
†Rio Grande Western cons. 4s, 1949		77.40	$890.10	$322.50
Denver & Rio Grande cons. 1s, 1936	299.00	143.00	286.00	572.00
Denver & Rio Grande cons. 4½s, 1936	307.63	147.12	294.25	588.50
Denver & Rio Grande West. R. & I. 5s, 1978	245.25	109.00	286.13	722.12
Denver & Rio Grande West. R. & I. 6s, 1974	258.30	114.80	301.35	760.55
Denver & Rio Grande West. gen. 5s, 1955				70.55
Rio Grande Junction 5s, 1955	943.71	385.46		

*Interest 3% fixed and 1% prior contingent. †Also to receive pro rata distribution of 100,000 shares of pledged Utah Fuel stock, or proceeds thereof.

In earlier plans the Refunding & Improvement Bonds were to receive the same percentage of their full claim for principal and interest in new first mortgage bonds as did the Consolidated 4s and 4½s, 1936. Now they are to receive only 16% of their total claim in new 1st 3s-4s, compared with 21% for the Consolidated Mortgage. This at least lessens one of the apparent inequities. It still remains a deep mystery, however, why the Rio Grande Western Consolidated 4s, 1949, secured by second lien on the high earning western properties where there is an apparent wide balance of earnings after providing for the 1st 4s, should be cut off without any participation in the new fixed interest bonds and only a small allocation of income bonds. The discrepency can hardly be explained by any value that may attach to the Utah Fuel stock they are to receive.

As the plan falls fairly closely into line with the opinions expressed by Judge Symes in earlier proceedings, it is generally believed that once the new plan gets to the court its progress should be relatively rapid. There is a statutory waiting period of 60 days for seeking further modifications before the record can be certified to the court. A final court decision may come before the end of the year.

The new capitalization is considered highly conservative. Past earnings of the system, particularly in the years since trustees were appointed, are of little value in determining the status of the new securities. For one thing, unusually large sums have been spent in recent years on property rehabilitation. Not only have the heavy maintenance expenses distorted the actual earnings reported but, also, there is no reflection in these figures of the increased operating efficiency that may be expected to result from improved property condition. In addition, virtual rebuilding of the main lines has improved the competitive position of the properties with respect to transcontinental freight. Finally, the system's basic traffic position is being bettered by the construction of industrial plants in the service area under the press of the war necessities. The most important factor along this latter line is probably the wide expansion now under way of the steel mill facilities at Provo, Utah. These mills are on the lines of Denver & Rio Grande Western and it is expected that at least a large proportion of the coal used will come from the Utah Fuel Company, which is owned by the Denver. Steel men are satisfied that even after the war these new facilities will be in use to meet the west coast steel demand.

Even though past earnings may not be taken as a measure of future potentialities, it is significant that the proposed new fixed charges would have been earned in full in eight of the 10 years 1931-1940, with a 10-year average coverage of 1.63 times. Last year the new fixed charges would have been earned 2.84 times, and for the first half of the current year combined net operating income was almost eight times that of a year earlier. The bonds of the road have not reflected the more liberal treatment now being proposed by the Commission nor the basic improvement in the company's traffic and earnings status. Speculative interest is expected to increase as the time for submission of the plan to the court approaches.

Bank and Insurance Stocks

This Week — Insurance Stocks

Students of the American insurance share market are always as energetic in seeking to rationalize its past performance as in searching for a basis for predicting its future. To some extent one goes with the other. Past performance often is explained by publication of facts previously known only to insiders. Usually insiders make the market because of their knowledge of current developments.

Insurance company figures at the mid-year are not too enlightening and are sometimes misunderstood. No attempt is made to treat them with the same thoroughness as is applied in preparation of annual statements. Not many statements have appeared as yet, but it can be said that results for the year to date would not fully account for the outstanding market performance of the insurance stock list. Some additional reason beyond those apparent in the statistics of the business is to be credited with encouraging the steady and consistent investor interest in insurance stocks through the first half of our first war year. Can it be that awful word "inflation" so often heard and so little understood?

Our favorite British insurance commentator, writing in "The Policy-Holder" of Manchester, England, on the last day of last year offered a definition of inflation which was even then said to be having an effect on British insurance share prices and has certainly continued to influence them to this date. In order to get the full weight of his definition it is necessary to give it in his own words:

"During the year now closing, we have several times drawn attention to the solid investment value of the best class of insurance shares. And it is with pleasure we note a leading article in the (London) 'Financial Times' of 22nd December commending such shares, the editor going even to the length of suggesting that the cautious management of the composite offices makes their capital issues the least likely to suffer from any general inflation of currency possible in the future. He adds, however, that the shares may actually be handicapped by their own high quality, in view of the companies being slower than other commercial undertakings to distribute increased earnings.

"All this is excellent in idea, and quite interesting. The 'F. T.' has an influential standing and a thoroughly sound reputation, and we like to think it joins the rest of the world in studying 'The Policy-Holder.' But the subject reminds us that many people have the haziest notions regarding inflation and how to forestall it. What is inflation anyway?

"We will answer the question. Inflation is a symptom that the amount of money and its circulation, in any given area, exceeds in nominal value the total value of the goods and services on sale in that area. No mystery about that is there? Local inflations, and consequent rising prices, are known to everybody. But when a local inflation spreads to larger and larger areas, mystery is generated by those lovers of the mysterious who call themselves economists. What leads to the vogue of the mystatogue is the lack of a clear definition of money. In ancient times, 'money' was a term restricted to cash. Nowadays, various scraps of paper are also money, the largest in value being bank-credits. A credit, once issued, goes into the general volume of circulation and becomes part of the money of the community. Surely that issue should be a matter of public control, just as we control the issue of coinage?

"Mark you, bank-credit is essential for the proper expansion of trade. We can't do without it. But multiplication of credit for purely gambling purposes—neither goods nor useful services being produced to equalize the exchange—tends directly to encourage inflation. And arbitrary efforts to call in the credits start a slump and widespread depression. A lot of the credits should never have been issued.

"Signs are not wanting that bank-credit is being controlled in this country and in America. And so long as the issue and its redemption are under strict regulation, we need not fear the worst inflation, always provided that our command of the seas keeps up our supply of commodities, in supplement to the home supply, and that we allow government to do much of our spending for us. And, of course, we all must individually refuse to gamble, whether at the dogs or on the stock exchange. In other words, we must introduce insurance finance, and insurance principles, into our daily life."

Any number of "economic mystagogues" on this side of the water have undertaken to analyze the peculiar suitability of insurance company shares for those investors who, in fear of some degree of inflation in this country, aim to employ their capital in the type of securities most likely to come through an inflationary period with the least loss in purchasing power. In analyzing them they find that fire insurance companies particularly must share in the inflationary spiral through their premium account. As the value of insurable property rises, premiums must also rise. New dollars flowing into company treasuries from premium account can then be employed in the investment portfolio with correspondingly more defensive tactics as the rate of premium volume increase is accelerated.

One "economic mystagogue" propounds the theory that a fire insurance company need maintain no high-priced investment research department but, depending on its premium volume rising in ratio with the decline in purchasing power of the dollar, can invest its assets solely in government bonds and thereby bring its own stockholders out to the end of an inflationary cycle with at least as much real value as they went in with.

Among the most famous of the "economic mystagogues" to make public his conclusions on the subject of using insurance stocks as an inflationary hedge is Dr. Landis of American Cyanamid, who found some years ago, after a thorough study of the German and French inflations, that fire insurance stocks performed better for their owners in those countries than those of any other kind of corporation. He further found that, whether insurance stocks or other inflation hedge equities are selected by the fear-ridden capitalist, shares of the so-called "stodgy" corporations, that is, those not conspicuous either in the market or in the trade, ultimately proved better buys than shares of more active and better known concerns.

Empire Gas & Fuel Co. Exch. Offer Commences

More than 1,000 security dealers, under the direction of The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane as dealer managers, will begin today (Thursday) the solicitation of exchanges of outstanding publicly held preferred shares of Empire Gas and Fuel Co. for a new issue of $21,534,800 3½% sinking fund debentures, due Jan. 1, 1962, of the company. The operation will involve the services of one of the largest groups of investment dealers ever to participate in a transaction of this kind.

Holders of the preferred stock (other than Cities Service Co.) of Empire Gas and Fuel Co. are being offered the opportunity to exchange their shares, with all dividend arrears thereon, for the new debentures in an aggregate principal amount equal to the par value of their shares and accumulated unpaid dividends to Jan. 1, 1942. The basis of exchange per share of preferred stock (with certain adjustments in cash) is as follows:

Pfd. Stock Series—	Principal Amt. of Debs. to Be Received
8% cumulative	$176.66⅔
7% cumulative	167.08⅓
6½% cumulative	162.29⅙
6% cumulative	157.50

In order to consummate the plan it is necessary that the plan receive the favorable vote of the majority of the common and the preferred stock present or represented at a special meeting of stockholders scheduled for Sept. 1, 1942, comprising also a majority vote of the preferred stock held by others than Cities Service Co., and that the company shall have received, prior to Oct. 1, 1942, exchange agreements executed by the holders of 85% or more of the preferred stock held by others than Cities Service Co. As provided for by the plan, the company reserves the right from time to time to extend said date, and with the approval of the Securities and Exchange Commission, to declare the plan operative upon the receipt of exchange agreements representing a smaller percentage of such preferred stock.

As part of the plan, Cities Service Co. will transfer to the company $8,000,000 of Cities Service Gas Co. 5½% debentures due 1956, $19,357,000 of Cities Service Oil Co. 5½% first mortgage and collateral trust bonds due 1945, and $34,200,000 of Cities Service Oil Co. 6% promissory notes due 1945 in exchange for an equal principal amount of unsecured indebtedness of the company. Such indebtedness, together with the present $40,250,000 of 6% secured demand notes of the company owned by Cities Service Co., all aggregating $102,307,000, will be represented by unsecured promissory notes of the company payable on or before Jan. 1, 1963. These unsecured notes will be subordinated to the new 3½% sinking fund debentures, both as to principal and interest.

Under the company's recapitalization plan, subsidiary debt outstanding will be reduced from $120,846,385 to $58,789,385. Annual interest charges on subsidiary debt initially to be outstanding upon completion of the exchange offer and plan will be $1,937,985 and on the $5,770,000 of outstanding notes and the $21,534,800 of new debentures will be $863,768, an aggregate of $2,801,753. These aggregate interest charges would have been covered approximately six times by the consolidated earnings of the company and subsidiaries amounting in 1941 to $16,736,000 and approximately 4.6 times by the 1939-1941 average earnings of $13,006,711.

Crouter-Bodine-Gill, NYSE Firm, In Phila.

PHILADELPHIA, PA. — With the election of Gordon Crouter to membership in the New York Stock Exchange, announcement was made of the formation of Crouter, Bodine & Gill with offices at 1614 Packard Building. The predecessor firm of Turner, Gill & Crouter, which was formed in 1931, has been dissolved.

General partners of the new firm are Gordon Crouter, formerly a partner in the firm of Turner, Gill & Crouter, and Robert C. Bodine, formerly a partner in the New York Stock Exchange firm of MacDonald & Co., Philadelphia. Limited partners in the new firm are Logan B. Gill, formerly a general partner of Turner, Gill & Crouter, and Wm. J. McCahan, 3rd, who has been associated with the latter firm for the past 10 years and is a director of W. J. McCahan Sugar Refining & Molasses Company, Philadelphia.

The new firm will transact a general brokerage and investment business with memberships on both the New York and Philadelphia Stock Exchanges.

R. E. Bond Average Up

During the month of July, the Amott-Baker Real Estate Bond Price Average, covering 200 real estate securities, increased 0.7%. On July 31, the average price per $1,000 bond stood at $309 as against $307 on June 30 and $302 at the close of 1941. The year-to-date gain in the averages was 2.3%.

During the month 76 of the issues increased in price, 44 declined and 80 remained unchanged. New York City issues, comprising the largest subdivision, increased 0.7%, thereby wiping out the previous month's decline. Boston issues advanced 1%, Philadelphia issues advanced 0.7%, Pittsburgh issues declined 1.3% and a group of miscellaneous issues showed no change.

Year-to-date results were as follows: Boston issues advanced 3%, Philadelphia issues advanced 10.1%, Pittsburgh issues advanced 6.1%, a group of miscellaneous issues advanced 2.3% and New York City issues show no change.

In the classification by type of building, hotels led the way again in July with an advance of 2.7%. Theatre issues were in second place with a gain of 1.8% followed by office buildings which advanced 0.7%. Apartment hotels halted their down-trend of recent months and showed a small gain of 0.4%. Apartment buildings declined slightly 0.3% and a miscellaneous group declined 1.3%. The best year-to-date gain continued to be registered by hotel issues, which have advanced 7.1%. The office building group, which had been in second place, dropped to third place with a 3.6% advance and theatre issues are now in second place with a 4.1% increase. The only group to reflect a decline since the first of the year comprises the apartment hotel issues, which have decreased in price 8%.

Allen & DuBois Named Stranahan Officers

TOLEDO, OHIO.—E. Ray Allen and Durwood DuBois have been elected Vice Presidents of Stranahan, Harris & Company, Inc., Ohio Building. Both have been with the firm for many years, Mr. DuBois as manager of the sale department in Toledo, and Mr. Allen with the firm's Chicago office at 135 South La Salle Street.

R. H. Johnson Absorbs Hayes-Wagner, Buffalo

BUFFALO, N. Y.—R. H. Johnson & Co., 64 Wall Street, New York City, effective Aug. 1, took over the investment business of Hayes and Wagner, Inc., 17 Court Street. The office of Hayes and Wagner will be continued as a branch of the Johnson firm in New York and will be under the direction of Roger R. Hayes, Nelson B. Wagner, formerly officers of Hayes and Wagner, and Donald B. Hilliker.

NYSE Borrowings Higher

The New York Stock Exchange announced on Aug. 3 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business July 31 was $347,033,425, an increase of $6,971,591 from the June 30 total of $340,061,834.

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 July 31, 1942, aggregated $347,033,425.

"The total of money borrowed compiled on the same basis, as of the close of business June 30, 1942, was $340,061,834.

Situation Interesting

With events pointing to an early consummation of the reorganization of Philadelphia Reading Coal & Iron Co., the company's 5s of 1973, certificates of deposit, and 6s of 1949 offering an interesting situation at the present time, according to a circular being distributed by Schoonover, de Willers & Co., Inc., 120 Broadway, New York City, copies of which will be sent by the firm upon request.

The Securities Salesman's Corner

SALESMEN!!! SEC's New Rule To Force Profit Disclosure Is A Threat To Your Bread and Butter

By this time, no doubt every active security salesman is aware of the SEC's latest proposal to force the disclosure of profits on unlisted securities. (The text of the proposal to compel a dealer to reveal the best bid and asked prices (and thereby his profits) to a customer at the time an order is entered appears on the inside front cover of this issue.) At the present time the writer understands that the SEC has circulated abount 100 questionnaires to various interested parties. They are asking for opinions and reactions. Members of the various exchanges and the officials of the NASD are also going to have their say regarding this proposal.

So far we notice that there has been no mention that any salesmen have been asked for an opinion. We hope that the SEC will not overlook the opportunity to ask a few salesmen what they think of this proposition. We believe they might learn a few things regarding the practical side of the securities business and what keeps it alive.

In the past months it has been our desire (in this column) to try and bring out helpful ideas and suggestions that have been tested and tried by practical work in the actual selling field itself. But now we believe that the most important matter before the security salesmen of this country is not, how much business each and everyone of us is going to do in the next few weeks of August, 1942, but whether or not, the SEC is going to put this new ruling into effect. In our opinion, there isn't a salesman who is actively engaged in merchandising securities for a living that is not threatened with the possible loss of his livelihood if this ruling goes into effect.

Every salesman, in our opinion, should get busy. This is the time to express yourself. Now is the time to act. Send your letters to the "Chronicle," giving your opinion of this profit disclosure provision. (If you do not wish your name published your views will be printed anonymously.) Organize yourselves to bring about the defeat of this unworkable proposal. Show how impossible it will be to go out and sell people securities if you first have to disclose your gross profit. Point out how it will encourage chiselers to go somewhere else and buy the same security from one who will sell it for a few dollars less than your offering price, even though you have spent time and effort, in many cases far outweighing the small compensation you oft times receive for your work and your services. Show that in addition to selling a stock or a bond that you are also selling a service *and that so far, no one has been able to put a value on service.* (In this respect what difference is there between the securities salesman who takes care of his customer's financial health and the dentist or the doctor who ministers to his patient's physical health?) Would the SEC also propose that a dentist should tell his patient the cost of the gold, the plaster and the cotton he's placed in his patient's head before he would be allowed to fix the fee for his professional advice and services?

This whole proposition, in our opinion is so fantastic, that we can't believe that anyone could ever suggest that such a ruling should become part of the law regulating the securities business. Nevertheless, the proposal has been made, and even more important, it has a chance of actually going into effect. Now is the time to get together and act. Every security salesman in this land will be affected. Every salesman should be interested in seeing to it that this ruling does not go through. Cooperative action on the part of everyone connected with the retail merchandising of investment securities is going to be necessary if this thing is to be defeated.

Where do we go from here?

FBI Suggestions For Preventing Sabotage

Twelve suggestions for preventing sabotage, made to the Commerce and Industry Association of New York, Inc., by P. E. Foxworth, Assistant Director of the Federal Bureau of Investigation, in charge of the metropolitan area, were made public on Aug. 5 by Neal Dow Becker, President of the Association. Mr. Foxworth urged care in the selection of personnel; fingerprinting of employees; careful guarding of plans, specifications, secret formulae, working models, etc.; a check of the technical references of prospective key men; a strong staff of alert guards; education of employees in sabotage prevention and the avoidance of trespassing by the use of strict means of identification of all employees.

Mr. Foxworth makes the following suggestions:

"1. Use care in the selection of personnel, particularly of key men. Get complete information about personal history and habits, families; find out whether the prospective employee has any financial interests, relatives, home or property in a foreign country. Under threat of harm to relatives, or property confiscation, Germans seek aid first from those who have interests under German control abroad.

"2. Fingerprints offer a reliable means for checking up those who have bad records. Frequently fingerprints have disclosed that those with espionage and other criminal records were seeking new employment in war production.

"3. Watch for any change in the financial condition and spending habits of employees. This may be significant, for our enemies are always trying to purchase information.

"4. Encourage 'Dont Talk' campaigns among employees. Information of value to the enemy is often divulged innocently by talkative workers. In other instances it is purchased from gullible or disloyal individuals.

"5. Guard documents and plans carefully. Plans are copied, working models and finished products are often photographed by enemy agents. Set up checks and time schedules that will make this impossible in your plant.

"6. Check technical references of prospective skilled employees. Accept none on their face value. They are sometimes faked, even to the extent of the presentation of 'achievement story' clippings from newspapers which prove to be non-existent, or from technical journals which have never been published. University diplomas should be verified by the universities purported to have issued them.

"7. Where a company has plants in several cities, personnel data should be exchanged between plants. Employees discharged for cause from one plant often go to another plant of the same company and obtain similar work. While they may not be intentional saboteurs, they cause loss of valuable time and vital production.

"8. Have adequate vaults for the protection of specifications, secret formulae, and other important documents. Use only the most trusted employees as custodians of such vaults and guard their combinations with extreme care.

"9. Maintain a strong staff of alert guards. The source of power is ordinarily among the most vulnerable points. Protect it and other vital points. Guards should be trained to watch for physical acts of sabotage, such as arson, explosions of dynamite and ammunition, and deliberate damage to machinery. Only carefully chosen and well identified people should be permitted to approach the vital points of your plant.

"10. Guard against trespassers through the use of badges, written passes, or identification of employees themselves. Examine these credentials carefully when they are presented.

"11. If you have reason to suspect that any person is engaged in disloyal activities, report it to the FBI.

"12. Make your employees sabotage - prevention conscious. Let them understand that if there is any delay or stoppage of work due to fires, breakdown, or other causes, it will result in delaying production with consequent loss both to owners and employees."

Texas Oil Production To Be Increased In August

Indicative of the part the war is playing in the oil industry, Tellier & Co., members of the Eastern Oil Royalty Dealers Association, 42 Broadway, New York City, point out that the Texas allowable production of oil will be increased during the month of August due to an increased demand for petroleum and petroleum products.

Chairman Ernest O. Thompson of the railroad commission said the regulatory agency would issue an August statewide oil production order with a daily permissive flow "just slightly under the indicated market demand of 1,396,700 barrels."

He added August will have 22 producing days and nine holidays.

Average daily production in July was 1,187,283 barrels.

"It is interesting to note that there is the closest relationship that we have ever had between the nominations and the indicated market demand," Thompson said in a statement.

"There is less than 1,000 barrels difference between the two figures."

Higher Demand Seen

"This is a definite indication that Texas is going to be called upon more and more to supply the constantly increasing demand for oil. Texas is ready to fill the demand."

At the state-wide allocations hearing Monday, purchasers nominated 1,472,157 barrels of oil daily, being an increase of 27,494 barrels over the July nominations.

Sinclair-Prairie and Gulf Oil petitioned the commission to lift all shutdown days in the east Texas, in order that the field's allocation might be increased.

Panhandle Stocks Pulled

Phillips Petroleum asked for an increase in Panhandle crude, citing that storage is being decreased at a rapid rate and that the company now is below minimum requirements on stocks.

Cinclair-Prairie took the lead in seeking an increase in the north Texas district where it recently has opened a number of pools. It also is pulling on north Texas storage. Total nominations for north Texas was 20,000 barrels higher than in July.

Tellier & Co. have specialized in oil royalties since 1931 and will be glad to furnish information to dealers seeking more details about this type of investment.

Investment Trusts

A SUCCESSFUL MARRIAGE

The marriages that end in failure are the ones that cop the headlines. The successful ones just go on being successful without any fuss or fanfare. And reading the messy details of a spectacular marital bust, it is not at all difficult for one to conclude that the institution rather than the individual is at fault.

An analogous situation exists in the investment company field. The mistakes (honest and otherwise) that were made by individual companies in this field during the "era of wonderful nonsense" have been publicized so thoroughly and ofen that the fine record of the well-managed units is almost completely obscured. This writer can recollect only one serious deflection in the entire field during the last seven years. And yet anyone who is acquainted with a representative group of investors knows that a good many of them still hold the "institution rather than the individual" to blame.

For investors whose judgment is still prejudiced by the undue publicity given investment company failures of the past, it might be revealing to cite the record of those companies who receive no publicity —i. e., the successful ones. For example, an outstandingly successful "marriage" of investment managerial ability and investor confidence is to be found in the record of Wellington Fund, Inc., which has operated as a mutual fund for over 13 years under the guiding hand of Walter L. Morgan and his associates.

In the Wellington Fund report to shareholders as of June 30, 1942, a comparison is made between the performance of the Fund and the composite Dow-Jones Averages from the high of the 1929 bull market up to the date of the report. Whereas the per share net asset value of the Fund on June 30, 1942, was equal to 88.17% of the 1929 market high point, the Dow-Jones Composite Average was only 36.76% of its 1929 high. These figures include dividends paid by the Fund and a similar adjustment for dividends paid by the stocks in the Dow-Jones Average. Following is a year-by-year statistical presentation of the Fund's record:

	Distributions Per Share	Market Price End of Period	Market Price Plus Accumulated Distributions
1930	$1.00	$18.47	$19.47
1931	1.00	12.86	14.86
1932	1.00	11.46	14.46
1933	.70	11.54	15.24
1934	.70	13.17	17.57
1935	.85	16.90	22.15
1936	1.20	20.83	27.28
1937	1.30	12.48	20.23
1938	.70	14.01	22.46
1939	.90	14.49	23.84
1940	.80	13.67	23.82
1941	.84	12.33	23.32
1942, 6 mos.	.36	11.98	23.33
Total	$11.35		

Average annual distribution $0.91

When a record of investment company performance such as this is compared with the results obtained by the average investor for himself, it becomes all the more impressive. For it is a well-known fact that the investor who relies on his own efforts plus the occasional and haphazard advice of "financial" friends seldom equals the performance of the Averages. In

(Continued on page 455)

Municipal News & Notes

Last week when the Senate Finance Committee announced tactfully that it would leave open for hearings the question of taxing future municipal bond issues only, the fraternity relaxed and turned to other matters. This business of eliminating the tax exempt status of municipal securities has been discussed ad nauseum and dealers were willing to let the matter hang, inasmuch as there is considerable sentiment said to exist in Congressional circles against such enactment, at least for the present.

However, the same old monster reared his ugly head again in Washington on Monday. At that time a veritable galaxy of prominent citizens appeared before the said Committee to attack the Treasury proposal to remove tax exemption from future State and local government securities as an impairment of municipal financing and an invasion of State rights.

Mayor F. H. LaGuardia of New York City told the Committee that the Treasury proposal would result in no net gain for the Federal Government, while having "disastrous" consequences for municipalities. "If these securities are taxed," he asserted, city taxpayers pay for it, not the rich guys these youngsters from the Treasury Department say. We've heard from all these youngsters and they just don't know."

The Mayor's plea was seconded by a dozen others, including Henry Epstein, Solicitor General of New York State, who contended that removal of the present exemptions would not raise any "substantial revenue" for a generation and that it was intended to destroy "both the political and fiscal independence" of State and local governments.

Austin J. Tobin, Secretary of the Conference on State Defense, told the Committee that taxing future issues of State and municipal bonds would be equivalent to "burning down the barn to catch a few mice." He characterized the Treasury proposal as "unimportant" from the standpoint of new revenue for the Federal Government, adding that it would put a "heavy burden" on cities seeking to borrow funds to finance facilities needed because of war expansion.

Harley L. Lutz, Professor of Public Finance at Princeton University, said that interest rates on State and municipal securities probably would rise a full percentage point if the Federal Government taxes their interest. Whether or not cheap money continues, he testified, cities will be penalized.

Following its original recommendation, the Treasury submitted a compromise offering to exempt interest of from ½ to 1% on existing bonds if remaining income was subjected to taxation.

Market Shows Little Reaction

Despite these latest developments, that might normally be expected to affect trading and prices, the municipal market continues dull. The "Wall Street Journal" remarks:

The reason for this presumably lies in the fact that investors and dealers in State and city securities, judging the situation correctly, had anticipated their requirements. Even before the Senate Finance Committee took action with respect to proposed taxation of income from outstanding issues, long-term State and city bonds on the average had recovered to their best level since the week of Dec. 5, 1941. Quotations on some of the choicer quality issues had pushed above the levels obtaining just prior to the surprise Japanese attack.

Federal, State, Local Expenditures Show Recent Large Rise

Federal, state and local governments spent more than $24,000,000,000 during the 1941 fiscal year—a rise of 34% over 1938, before defense and war preparations began, and analysis by the Federation of Tax Administrators showed today.

Though national defense costs, quadrupling in the preparedness period, accounted for the bulk of the increase, outlays for all but two of the nine groups of public functions also rose from the 1938 level, according to the analysis, based on U. S. census and Treasury figures. The two categories which did not show larger expenditures were "protection," including police, fire and inspection, and "miscellaneous," including general administrative and judicial costs.

Of the three governmental levels, the Federal Government almost doubled expenditures in the period 1938-41, state spending increased more than 10%, and local expenditures fell off 6%.

Next to defense costs, outlays for health and welfare programs, including relief and social security payments, were the largest public expenditures in 1941. The Federal Government spent $2,475,000,000 while the states spent $1,261,000,000 and local governments $618,000,000. The total represented nearly 20% increase over outlay in 1938 for these purposes.

Expenditures for natural resources—forests, reclamations, water control, etc.—rose from $1,076,000,000 to $1,433,000,000 — almost one-third.

Another 20% increase occurred in expenditures for transportation—mainly streets and highways—which totaled $2,000,000,000 for the three levels of government in 1941, with the outlay by local governments dropping from $510,000,000 to $467,000,000.

Interest and debt retirement costs mounted 10% for Federal, State and local governments during the three-year period, while education costs rose about 6%.

Net expenditures given in the analysis did not include $203,000,000 for unspecified Federal and state aid to local governments, which cannot be allocated by function.

U. S. Supreme Court Decisions Favor State Tax Powers

The U. S. Supreme Court's policy of wide latitude in favor of State jurisdiction to tax, especially where private persons are involved, was continued in decisions covering State taxation handed down by the high court during its 1941-42 term, the Federation of Tax Administrators reports.

Power of the State to tax was sustained in three precedent-overruling decisions upholding the Alabama sales tax on purchases made by cost-plus-a-fixed-fee contractors with the United States (a companion case upheld a use tax on purchases by a cost-plus-a-fixed-fee contractor); taxation of a power of appointment created by the will of a non-resident, the decision arising from the New York estate tax law; and a tax by the chartering State (Utah) on transfer of shares owned by a deceased resident of another State.

Significant decisions relating to State income taxes on corporations doing business in more than one State were handed down by the court, the Federation said. In one case the court held the State of California, for purposes of taxation, could apportion profits made by an enterprise operating in several States even though operations in California were carried on at a loss. Another decision held liable for the Tennessee income tax a corporation operating in interstate commerce and distributing gas through arrangements with a local selling company.

Two State occupation taxes involving operations in more than one State were upheld. The West Virginia business and occupation tax was upheld as imposed on a Pennsylvania company on the basis of gross value of sales in containers purchased in other States. The Mississippi privilege tax, measured by gross sales, was upheld as applied to a manufacturer in that State, even though about two-thirds of his products were sold in and subject to the New York City municipal sales tax.

States did not fare so well in cases where they were opposed by the United States, the Federation said. In one, the court held Congress could constitutionally immunize operation of an instrumentality of the United States and, having done so, the North Dakota sales tax could not be collected on purchases made by such immunized agency. In an insolvency case involving a lien for taxes, the court held that United States claims for gasoline taxes were superior to claims of the State of Texas, with circumstances indicating that neither government had fully perfected lien.

Action of the court in two cases held, in effect, that post exchanges on government reservations over which the United States has exclusive jurisdiction may not be subject to sales taxes on purchases or sales. No constitutional question was decided, however; the court merely held it a fact that a post exchange is a Federal instrumentality, entitled to any immunity the War Department itself might have.

Municipal Bond Club to Discuss SEC Proposal

The Municipal Bond Club of New York will hold a meeting this afternoon, Aug. 6, in order to discuss the SEC's proposed price disclosure rule for over-counter trading.

If the rule is adopted, it would require municipal as well as corporate dealers in the over-counter market to disclose bid and asked prices to prospective customers on all but newly offered securities. Virtually all municipal bond trading is done over the counter except for a few New York City bonds occasionally traded on the New York Stock Exchange.

Some municipal traders point out that in countless transactions involving tax-free bonds there is no "established" market. Perhaps the most recent trade in a given issue occurred weeks or months ago and until there is a "meeting of the minds" of the buyer and seller involved in the next transaction there often is no "market" in the usually accepted meaning of that term.

State Liquor Tax Hikes Foreseen

Gasoline rationing and the rubber shortage will cut more and more deeply into State tax receipts. Gasoline taxes are a major source of income for State governments, as are license fees for cars and trucks. The yield from retail sales taxes may decline also as goods shortages bring about a contraction in trade volume.

There is no prospect that increased yields from other State taxes will offset the decline in gasoline and motor vehicle license revenues. State income taxes were more productive last year, except where rates were reduced, but with profits of many industries now on the decline and wage and salary stabilization in prospect, income tax collections may fall off.

In the light of past experience, proposals for higher State taxes on alcoholic beverages will in all probability be made under these circumstances. Such proposals raise a serious problem because Congress has already raised the Federal liquor tax rate repeatedly. The 1942 revenue bill, as passed by the House of Representatives, raises the liquor tax from the present rate of $4 to $6 a gallon, which compares with a rate of $3 per gallon in effect in 1939.

The pyramiding of liquor taxes by both Federal and State authorities, if carried too far, will defeat its own end. So large a margin of profit would thus be offered the bootlegger that legal sales of tax-paid liquor could well decline sharply even while total consumption continues to rise. True, the great expansion in popular purchasing power permits the imposition of a higher tax rate than was formerly possible before consumption of tax-paid liquor is seriously discouraged. However, there is clearly a tax level beyond which it is dangerous to go.

N. Y. State Streamlined Financial Report Issued

The details of the finances of New York State were presented last week by Comptroller Joseph V. O'Leary in condensed form, in the summary report for the fiscal year ended June 30, 1942. This new departure is intended for general use and is designed to be intelligible to the layman. It marks the first time that a simplified review has been issued by the Department of Audit and Control, with the aim of increasing popular understanding of the State's finances. The usual long accounting tables and list of State investments will be published separately for the comparatively small number of interested parties. The streamlined report of 24 pages, a third of them devoted to pictorial charts and photographs, gives the essence of several hundred pages of data contained in the customary annual report.

The issuance of a simple annual financial report by the New York State Comptroller sets a desirable precedent for other governmental bodies. As the number of taxpayers increases sharply, it becomes more important than ever that the average citizen understand what is being done with the money which he and his fellow taxpayers contribute to defray the cost of government. Only in this way can an intelligent public opinion concerning fiscal policies be created.

A chart on 10 years of New York State finances shows how a deficit of $94,400,000 at the end of the fiscal year 1933 was converted into a surplus of more than $54,000,000 on June 30, 1942.

In the report, Comptroller O'Leary points out that the State's financial condition is sound.

"This status," he writes, "was achieved without any sacrifice of the essential services which the State provides for its people. The State's financial soundness is reflected in the high marketability of its securities and the low rate of interest on its bonds. This rate compares favorably with the rates on Federal obligations of like character."

Tenn. Debt Service Reported Fully Secured

The State of Tennessee can continue to meet all its debt service requirements throughout the years, 1942-'45, even if gasoline tax collections shrink under rigid rationing of gasoline, beginning Sept. 1, to 47.5% of the yield obtained in the fiscal year ended June 30, the Tennessee Taxpayers Association declared Monday. The Association insisted that this could be accomplished without resorting to the use of various other revenues pledged to debt service by the State's debt retirement act of 1937, or to the use of the State's other "strong lines of defense."

The Association made these statements as a refutation of a published report that the anticipated rationing of gasoline and other factors might make it necessary for the State to refund some $18,000,000 in bonds maturing in 1944, to issue short-term notes to absorb an almost certain general fund deficit, to enact a sales tax or some stiff increases in present taxes, and to cut certain appropriations in half.

Pa. Personal Property Levy Broadened

The State Supreme Court ruled recently that shares of foreign insurance companies licensed to do business in Pennsylvania, which now pay a 2% gross business tax to the State are liable for the State and county personal tax. While only a trivial sum was involved in the test case, legal experts said the decision would pave the way for the State and counties to collect substantial amounts on the levy.

New Orleans Bond Deposit Time Extended

The New Orleans Board of Liquidation, City Debt, announced Monday that the plan for the voluntary reduction of the interest rate on the public improvement bonds from 4% to 2% required that the owners of at least $10,800,000 of bonds should give their consent to the plan on or before Aug. 1. The Board then went on to report:

"Actually only $9,386,000 of the bonds were pledged to the plan within the above time limit, but active correspondence with many out of town owners indicates that large additional blocks will come in if a short extension is given. Moreover, local investment dealers have advised the Board that for various legitimate reasons some of their clients were unable to get their bonds in by Aug. 1 but would deposit them if a brief extension were granted.

"In view of these facts the Board of Liquidation, City Debt, has agreed to give an extension until the close of business Aug. 31, 1942, for the deposit of the bonds under the voluntary plan dated June 5, 1942. However, this extension is granted with the understanding that the Board will in the meantime pass the necessary resolutions to authorize an advertisement for the sale of a new $12,000,000 refunding issue with bids to be opened on or about Sept. 2, 1942, so that prompt action can be taken in calling at par the entire issue of 4% Public Improvement bonds in the event that on Aug. 31, 1942, a sufficient amount of bonds have not been deposited under the voluntary plan. In this way the city will be assured that it will enjoy the large saving of interest as early as possible, either under the voluntary plan or through the sale of $12,000,000 of refunding bonds."

Omaha Housing Authority Seeks Bids

Following recent successful offerings of similar bonds by local housing units around the country, the Omaha Housing Authority of Omaha, Neb., announced Tuesday that it will offer for sale on next Wednesday a new issue of $3,681,000 of bonds to refund a like amount of bonds issued on Oct. 1, 1940. Under the terms of sale, bidders are to stipulate serial maturities for each April 1, beginning April 1, 1943, and ending not later than 1998.

It is also provided that not more than $3,128,000 of the bonds shall be designated as series A, and due not later than 1979. On this series of the issue, bidders are required to name the rate of interest. The balance of the bonds, to be designated series B, will carry a 3¼% coupon and will be sold to the Federal Public Housing Authority.

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.

(Ed. Note—Very few municipal bond issues of major size are scheduled for award in the near future. With expenditures for local improvements held to bare necessities by the demands of war-time policies, the prospect naturally is that for some time to come the amount of new issues coming to market will be small.)

August 10

$700,000 San Francisco, Calif.
On June 29, 1942, the city and county awarded an issue to a syndicate headed by Blyth & Co., Inc. of San Francisco. The Bank of America N. T. & S. A., San Francisco, was runner-up in the bidding.

August 11

$505,000 Birmingham, Ala.
Last January this city awarded bonds to a syndicate headed by Blair & Co., Inc., of New York. The Union Securities Corp. of New York and associates entered the next best bid.

$1,000,000 West Va. (State of)
Similar issue of road bonds was awarded on April 14 to a syndicate headed by Shields & Co. of New York. Runner-up in the bidding was the Union Securities Corp. of New York, and associates.

August 12

$3,681,000 Omaha Housing Auth., Neb.
See remarks given in separate item above on this offering.

$7,900,000 Seattle, Wash.
This is the issue of municipal light and power revenue bonds originally offered on May 25, and the sale postponed because of priorities. On March 30, this year, the city awarded bonds of like nature to a group headed by John Nuveen & Co. of Chicago.

NSTA Plans Municipal And Corporate Forums

(Continued from First Page)

& Durst, Los Angeles, Calif.; and Andrew L. Tackus, Putnam & Co., Hartford, Conn.

Registration fee for Friday and Saturday will be $10; for Saturday only, $5. These fees are based on expected cost to the National Association and include no profit to the Association. Checks should be made payable to the National Security Traders Assn. Inc. and forwarded to Leo J. Doyle, Doyle, O'Connor & Co., 135 S. La Salle Street, Chicago. If members are unable to attend, their advance registration fee will be refunded.

The committee suggests that hotel reservations be made early. A number of rooms have been reserved at the Palmer House which it is believed will be sufficient to take care of members, but due to the Army Air Corps taking over the Stevens and Congress hotels on Aug. 1, it is possible that late reservations might have to take less satisfactory accommodations. Ralph G. Randall, Mason Moran & Co., 135 S. LaSalle Street, Chicago is in charge of advance hotel reservations. There will be a limited number of air-conditioned rooms available.

There will be no program planned for the ladies but there is plenty for them to see and do in Chicago; the Association hopes members will not hesitate to bring their wives with them.

The Association is most desirous of having a representative meeting. It is of vital importance that a quorum be obtained for the meetings of the National Committee. With the speakers scheduled members will find the Corporate and Municipal Meetings of exceptional interest and will also have the opportunity to renew many of their old friendships and make new ones.

SEC Applications For Broker-Dealer Registry

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

July 1, 1942—E. R. Jones & Co., 221 E. Redwood Street, Baltimore, Md., Thomas Hanson Sherman withdrawn as a general partner and Edgar Malcolm Everton admitted as a general partner in the firm with Elisha Riggs Jones.

July 6, 1942—Irving R. Berg, 516 Fifth Avenue, New York City, a sole proprietorship; J. T. Hines, 2219 East Eighteenth Street, Tulsa, Okla., a sole proprietorship.

July 7, 1942—Peterson & Company, 663 Main Avenue, Passaic, N. J., Carl O. Peterson, formerly proprietor, general partner, and Anna Mae Johnson, special partner.

July 11, 1942—T. U. Crumpton & Company, 505 First National Building, Birmingham, Ala., Tom Ulmer Crumpton, sole proprietor, J. J. Harrison, Jr. and Louis Schulhafer having withdrawn from partnership.

July 14, 1942—W. H. Protiva & Co., 414 Pontiac Bank Building, Pontiac, Mich., Clarence J. Nephler, Jr., formerly a partner, now sole proprietor, William H. Protiva having withdrawn.

July 15, 1942—Marx and Company, 204 Brown-Marx Building, Birmingham, Ala., Henry M. Marx an office of the firm in addition to Otto Marx, V. Hugo Marx, Leo Kayser, and Robert B. Fore.

SEC Proposal To Force Profit Disclosure By Revealing Bid And Asked Prices Is Unrealistic And Impractical – Must Be Defeated!

(Continued from First Page)

damage would have been done. This is no time for the financial machinery of this country to be disrupted—nor even to take the chance that such a condition might arise.

Of even greater importance than the possible harmful effects of this proposal—the stagnation of markets, which we believe it would eventually cause, and the elimination of thousands of retail security salesmen who could no longer afford to go out and create buying interest if their customers had the tacit right to fix the amount of their profit—is the fundamental principle involved. IF THE SEC CAN USE THE POWERS GRANTED TO IT BY CONGRESS TO COERCE AMERICAN BUSINESS MEN IN THE SECURITIES BUSINESS INTO DISCLOSING THE AMOUNT OF THEIR PROFIT BEFORE THEY CONCLUDE A BUSINESS TRANSACTION, THEN THE GOVERNMENT HAS ESTABLISHED THE PRECEDENT THAT EVERY OTHER CITIZEN OF THIS LAND CAN BE FORCED TO DO LIKEWISE. IF GOVERNMENT CAN FORCE ONE LINE OF BUSINESS TO DISCLOSE ITS PROFIT MARGIN, THEN IT CAN FORCE THEM ALL TO DO SO. IF THIS POWER IS ONCE HANDED OVER TO REPRESENTATIVES OF GOVERNMENT, THEN THE BILL OF RIGHTS BECOMES A MOCKERY.

Today thousands of men from the financial industry are serving their country in the armed forces of the United States. They are ready to make every sacrifice in order to protect the privilege of having their families continue to live as Americans. It is the duty of those who stay at home to protect and preserve the liberties for which they are fighting on the field of battle. In our opinion, it is more important that they should be able to come back some day to their own businesses and continue to conduct their affairs according to the dictates of their own consciences and the principles of fair play, as Americans have always done, than any other consideration contained in this proposal.

If the SEC is permitted to adopt and enforce rule X-15C1-10, then we will have passed one more milestone that leads straight down the road to eventual, complete, governmental control over the lives of these 130,000,000 people.

This must not happen here!

Editor's Note—The "Financial Chronicle" invites your comments and opinions regarding this proposal. The text of the SEC proposal to compel a dealer to reveal the best bid and asked prices (and thereby his profits) to a customer at the time an order is entered appears on the inside front cover of this issue.

Initial Dealer Reaction To SEC Bid & Asked Rule

(Continued from page 442)

tion then is how far is the ordinary broker to go in trying to locate these inside bids and offerings. Anyone experienced in the business can tell you that situations such as this exist every day. A broker could check every house in his locality and still not find these inside bids and offerings, as in many cases they might be coming from some outside broker or local broker that does not want to disclose his interest in the stock. Therefore, immediately on making the statement to the customer that you are quoting him the best independent bid and asked price you are automatically a liar.

5. The Securities and Exchange Commission have taken years to concoct this insidious rule so they now give the investment bankers seven days to consider.

6. What other business in the world has to disclose its costs and profit on the major part of its business.

Wake up Investment Bankers Association of America! Do not let this happen. Seek an injunction, if the Securities and Exchange Commission insists on putting it through, and go to the courts. They will be fair. Morale in this business is low enough at the present time and this would be the final act to completely extinguish it. Use all the money you have left as this means your very existence. You have been patient, you have been tolerant; now show you can fight.

Typical of the situation in which we in the investment banking business find ourselves today is the fact that I do not dare to sign this letter—not because of any danger to me personally, but because my firm might be subject to reprisals.—Anonymous.

DEALER No. 2

The new proposed rule of the Securities and Exchange Commission compelling the giving of quotations, both orally and in writing, before making or completing a transaction seems to this writer to be about as absurd as asking a jeweler to give you a quotation from the wholesale diamond market before he sells you one, or for a tailor to give you a cloth quotation before he sells you a suit of clothes.

On the Stock Exchange, stocks and bonds are always quoted retail for they have no wholesale market on the Exchange except when a large block of stock is offered less a concession if this can be called wholesaling.

It is vastly different, however, in the over-the-counter market for there is both a wholesale and retail market.

If quotations are to be given the client before a transaction is made, a strictly retail market should be maintained which at the present time unfortunately is not. Many firms, and especially member firms, give the customer a quote from the "sheets" which is supposed to be a wholesale quotation. The investor should not have the privilege of buying and selling at wholesale prices plus commission in this writer's opinion, any more than he should know the wholesale price on diamonds, clothes or any other product.

It is unfair to compel a dealer to put a quotation in writing. He gets it orally and has to give it orally and therefore should not be held liable for it.

When practical and workable rules are put into effect, instead of absurd ones, dishonesty and the lack of conscience will largely disappear within the entire industry.—(From a New York City Dealer)

DEALER No. 3

All salesmen, investment dealers and brokers ought to meet on the Treasury steps in front of George Washington's statue and hold a protest meeting against this ruling.

Every paper in town should editorialize against it. Every financial writer such as Hendershot, Gould, Carlton, Shively, etc., should be apprised of the serious aspects of this thing.

Every investment dealer should let his Congressman know what is going on, and he should raise hell with him to put a stop to this crazy, totalitarian grab for power.

Let me tell you this—and I hope I am wrong—if this this ruling can be put into effect and if there is no court test of its legality, and further, if it is accepted without a fight on Constitutional grounds, then this country has finally degenerated into a totalitarian mode of thinking that will tolerate anything, just so long as it is called reform. —(From a New York City Dealer)

SEC Rule Would Force Disclosure To Customer Of Best Independent Bid And Asked Prices

(Continued from page 442)

ascertain upon the exercise of reasonable diligence; or

(1-B) The best independent bid or asked price at such time, if the dealer, after the exercise of reasonable diligence, is unable to ascertain both a bid and an asked price; or

(1-C) If neither such a bid nor such an asked price can be obtained after the exercise of reasonable diligence, the price at which the dealer was able to acquire the security in that bona fide transaction which is closest in point of time to the proposed sale to or purchase from the customer, but which is not more remote than 60 days prior to such proposed sale or purchase, provided, however, that if the dealer has had no such transaction he shall make the disclosure required by Paragraph 2 hereof; and secondly

If the disclosure is made pursuant to B or C of Paragraph 1 hereof, the fact that after the exercise of reasonable diligence he was unable to ascertain a current independent bid or asked price, or both, as the case may be.

Disclosure in Notice

B—Nothing in this rule shall be understood as preventing any dealer from stating in the written notice required by Paragraph A hereof (1) that the bid and asked prices so disclosed apply to an amount of the security less than that sold to or purchased from the customer, if such be the fact; (2) that the information pertaining to the bid and asked prices disclosed to the customer has been obtained from sources believed to be reliable, if such be the fact, but that he is not able to state that a transaction could be effected at the disclosed price or could not be effected at a better price; and (3) any other fact, not inconsistent with the purposes of this rule, which the dealer may wish to disclose.

C—Records to be kept. Every dealer who makes a disclosure pursuant to Paragraph 1-A of this rule shall make and preserve a record of (1) the information so disclosed, (2) the date and time as of which such bid and asked prices were current, (3) the sources of the information disclosed and (4) the date and time such information was obtained.

Exemptions Specified

D—Exemptions. This rule shall not apply to the following:

1. Any transaction in a security during the 30-day period following the date on which the security is first publicly offered, provided that a registration statement is in effect as to such security under the Securities Act of 1933, as amended, and provided further that the dealer in connection with such transaction, gives to the customer the prospectus required by that Act;

2. Any transaction effected on a national securities exchange;

3. Any transaction which is a part of a secondary distribution approved by a national securities exchange and which is effected during the course of such distribution; and

4. Any transaction in an exempted security, provided, however, that no transaction in an exempted security which is a direct obligation of or an obligation guaranteed as to principal or interest by a State or any political subdivision thereof or any agency or instrumentality of a State or any political subdivision thereof or any municipal corporate instrumentality of one or more States shall be exempt from the provisions of this rule unless such transaction occurs in the course of a public offering of such security by the issuer thereof.

NYSE Govs. Favor Trading Unit Change

The Board of Governors of the New York Stock Exchange, at a meeting on July 30, approved a proposed amendment to Sections 2 and 4 of Article XV of the Constitution relating to commissions and clearings charges on stocks. The amendment will, if adopted, make it possible for the Board, in its discretion, to effectuate changes in the unit of trading. In a letter to members, July 31, requesting their vote on the subject by Aug. 13, President Schram explains the objectives as follows:

"At present the Constitution allows for only two units of trading —a unit of 100 shares and a unit of 10 shares. The proposed amendment would establish uniform minimum commission and clearing rates irrespective of the size of the trading unit, and would remove existing obstacles to the adoption by the Board of trading units of any size of 100 shares or less, for any stock. If the proposed amendment is adopted, the Board of Governors propose to proceed with an experiment to determine if dealing in selected stocks at the active posts in units of trading smaller than 100 shares, for example 10 shares, would materially improve the market for such issues.

"In the beginning, some two dozen stocks would be selected for this experiment. Part of them are now traded at Post 30, and the remaining issues, generally high-priced stocks, are now traded in on a 100-share-unit basis at the active posts. All of these stocks would be turned over to specialists and odd-lot dealers who would undertake to service them on a less - than - 100 - share - unit basis generally as 100-share-unit stocks are now serviced with the main exception that the differentials on lots smaller than the unit of trading would be 25c a share when the selling price is under $75, and 50c a share on stocks selling at $75 and above.

"The proposed Constitutional amendment provides for the following changes:

Non-Member Commissions (Sec. 2(a)) and Clearance Commissions (Sec. 2(b)) on Stocks:

"The present non-member and clearance commission rates would not be changed, and they would be applied uniformly, irrespective of the size of the unit of trading.

Floor Brokerage on Stocks (Sec. 2(c))

"The present commission rates for 100-share-unit stocks to members, when a principal is given up, would not be changed, and such rates applicable to round-lot and odd-lot business would be charged uniformly, irrespective of the size of the unit of trading. Thus, the present give-up commissions for 10-share-unit stocks would be changed to accord with the present lower 100-share-unit rates.

Definition of a Transaction (Sec. 2(d))

"The present definition of a transaction, for the purpose of computing commissions, would be extended uniformly to units of less than 100 shares.

Clearing Charges (Sec. 4)

"The present clearing charges on stocks would not be changed, and they would be applied uniformly, irrespective of the size of the unit of trading. In addition, minor changes would be made in the text of Section 4 to harmonize it with recent rulings made by the Exchange.

"The program submitted is flexible. The Board would be empowered to lower or raise the size of the unit of trading and to determine if a stock should be traded in in a so-called specialist's market or by the use of cabinets."

Business Conduct Committee of NASD Dist. 13 Receives Secretary's Report On Activity

At its recent meeting Frank L. Scheffey, Secretary of District No. 13 Committee of the National Association of Securities Dealers, Inc. presented to the committee the following report on the action taken in supervising and assisting the members of the Association in its District in the conduct of business. Copies of the report have been sent to all members of District No. 13.

"Recent news articles and other statements have placed considerable importance on what are termed the 'Police Powers' of the National Association of Securities Dealers. While it is true that the Association has certain powers, including those of a disciplinary nature, and at times finds it necessary to use them, it has always been the policy in this District to exercise the so-called 'Police Powers' primarily for traffic regulation, and as far as possible avoid disciplinary action. District No. 13, has organized its office to function as a service station or clinic, where a staff of experts is available to give helpful advice and sympathetic consideration to the problems of the members.

"The following brief review of our activities will indicate how these ideas work out in practice:

"In addition to the many formal rulings that have been issued and publicized covering delivery dates, dividends, interest payments, etc., etc., the office staff has handled hundreds of inquiries by phone and correspondence, regarding technical trade questions concerning the validity of securities, transferability and other points of similar nature which facilitate the business of and eliminate the causes of misunderstanding among the members. We have had an average of about 2,500 incoming and outgoing telephone calls per month.

"The office has supervised the furnishing daily of quotations on over 550 different securities to the national news service and the press. In addition, Dow, Jones & Company receives quotations on Bank and Insurance Company stocks for publication on the news ticker three times daily. This service, of course, is useful to the entire financial community.

"Last year the Board of Governors decided that proper attention to the problems of the members required that their affairs be analysed. The 14 Districts were permitted to pursue their own methods of analysis and, after making 38 test surveys, the 13th District found that the most practical method of procedure was to institute a questionnaire. This questionnaire produced gratifying results. While the analytical work is not yet complete, it has already been determined that out of 1,008 reporting firms, 634 turned in information which indicated that their affairs were in good order; 38 who submitted to test surveys were excused from filing. This left 325 members whose replies required explanation in some respect. Letters were sent out to these members calling for additional information.

"In order to avoid unnecessary traveling and loss of time, information was solicited and difficulties ironed out by correspondence and interviews wherever possible. About 200 firms whose questionnaires were otherwise in order, submitted specimen confirmations which were irregular. Letters were sent to each firm calling attention to the errors and offering suggestions for correction. There were about 70 additional firms whose confirmations were irregular, but since personal surveys by the staff will soon be made, the matter of confirmations will be taken up at that time.

"It was necessary to take prompt action in 43 cases. Of these, 27 had capital structures which laid the firm open to criticism, both from a legal and administrative point of view. The staff has cooperated with these firms in adjusting their affairs. The results in most cases have been very satisfactory and the members appear to have appreciated the Association's helpful efforts in this direction. It is interesting to note one case in which the member became somewhat disturbed when certain deficiencies in his capital structure were called to his attention. A few days later, however, his attorneys wrote thanking the Committee for its proper criticism, and stating that immediate steps had been taken to correct the condition.

"The remaining 16 cases had to do with profit motive and other aspects of the business which the Committee felt should be scrutinized.

"The Secretary, with the assistance of the head of the Department of Audit and Survey, has already held about 36 conferences with reporting members on matters of importance to them, and will continue the practice whenever necessary.

"There are still about 70 firms whose affairs will have to be personally surveyed by the staff. This does not necessarily mean that all these firms have violated the Rules. It merely means that the information submitted with and subsequent to the questionnaire did not produce a sufficiently clear picture and a personal visit is required to obtain one. When the supplementary information which is being solicited is fully digested, additional personal inspections may be necessary.

"A few of the questionnaires disclosed conditions which could not be adjusted informally and it was, therefore, necessary to file complaints against the reporting firms. There were a few of these instances, however, where the Association could not be helpful and was obliged to use its disciplinary powers."

So far this year, such actions, including not only the cases developed from the questionnaire but all others, have resulted in—

Expulsion	6
Fines	6
Letters of compliance	3
Censures	18

The following is a statistical summary of the results of the questionnaire:

Total questionnaires sent out	1,008
Excused from filing, because of personal surveys made by the Audit and Survey Department	38
Did not file, because resignation was about to become effective	86
Permitted to resign after replying	7
Examined and accepted as being in order	634
Immediate action as result of conditions disclosed by questionnaire	43
Referred to field for personal inspection	76
Held for additional information	124
	1,008

Propose Tax Deduction For Ins. Premiums

A proposal to permit individuals to deduct a fixed percentage of their taxable income to meet life insurance premiums, pay on old debts and buy Government bonds was indorsed as "sensibly sound" on Aug. 4 by Senator George of Georgia, Chairman of the Senate Finance Committee, during the Committee's hearings on the pending tax bill. Senator George, said the Associated Press made this observation after John Witherspoon of Nashville, Tenn., President of the National Association of Life Underwriters, had testified that unless some such tax credit was allowed it would become "virtually impossible" for many persons to keep their life insurance policies in force.

Mr. Witherspoon's suggestion for a percentage credit, which could be deducted just as charity donations now are subtracted from the taxable income, also was endorsed by Senator Vandenberg of Michigan.

Advices to the New York "Journal of Commerce" from its Washington bureau, had the following to say regarding Mr. Witherspoon's suggestion:

"Mr. Witherspoon suggested that taxpayers be permitted to deduct a percentage of their income for payment of life insurance premiums in much the same manner that charitable contributions are deductible at the present time. He pointed out that under present law, an individual is permitted a maximum deduction of 15% of his income for contributions to charity, and suggested that a $300 to $500 or a 'modest percentage' of income be deductive for payment of insurance premiums.

"Mr. Witherspoon told the Committee that he represented policyholders rather than insurance companies and said that unless some debt relief provision is granted for payment of insurance premiums, many policyholders would be forced to drop their insurance.

"Both England and Australia permit an income tax credit for insurance payments, Mr. Witherspoon said, and pointed out that a gread deal of the money received from insurance premiums at the present time are invested in Government bonds.

"Insurance companies in the United States now hold $7,000,000,000 in Government securities and expect to increase their holdings by an additional $2,500,000,000 before Sept. 1, 1942, Mr. Witherspoon testified. In addition, he said, insurance companies have sold $1,000,000,000 in war savings bonds since January 1.

"Senators Taft of Ohio and Bailey of North Carolina made the point that it would be inequitable to grant an income tax exemption for insurance payments unless some similar deduction were permitted for payment on real estate or other investments or Government bonds.

"Chairman George then stated that he thought the idea of debt relief was very sound and could be made broad enough to include insurance payments.

"Earlier, ex-Gov. W. P. Hobby of Texas had urged the Committee to adopt a debt relief program which would permit a taxpayer a tax deduction amounting to 5% of a debt in any one year, provided the debt was incurred prior to Jan. 1, 1942.

"Senator Taft suggested that perhaps the same objective could be accomplished by basing debt relief on a percentage of gross income rather than on a percentage of the indebtedness of the individual. Governor Hobby replied that he was less interested in the formula than in the pressing need for debt relief at the present time. . . .

"Continued exemption from income taxes for bona fide American residents living abroad was promised by Senator George after a number of witnesses said that American representatives of American companies would be at a disadvantage with foreign competitors if the exemption were eliminated under the House version of the revenue bill.

"Chairman George said that the Senate Finance Committee was not inclined to tax bona fide American citizens residing abroad who paid taxes in foreign countries where they resided. The object of the House, Senator George said, must have been to tax Americans who were only temporarily away from the United States."

Hull Praises Colombia

Secretary of State Cordell Hull believes that Colombia's leadership has been "indispensable" in promoting closer inter-American relations, it was revealed on Aug. 1, when the State Department made public an exchange of telegrams between Mr. Hull and President Alfonso Lopez of Colombia, said a special dispatch from Washington on Aug. 1, to the New York "Times," which also gave the messages as follows:

"Dr. Lopez's telegram, sent from Miami on July 28, was as follows:

"'May I take the opportunity before leaving for Colombia to renew my sincere gratitude for the friendly welcome and generous hospitality extended to me as well as my family and Doctors Soto Del Corral Aravjo and Jaramillo Sanchez by your government. We had a very happy sojourn in the United States and I am glad to think that it will not only be of benefit to Colombia but it will also help to bring our two countries even closer together. It was a great pleasure indeed to meet you again and to find you, Mr. Secretary, so keenly interested in the progressive development of the good-neighbor policy which you so ably expounded in Montevideo.

"'Please accept my very warm personal regards and best wishes.'

"Mr. Hull's reply stated:

"'I have received your telegram of July 28. It also gave me special pleasure to renew our old and cordial association.

"'Your friendly references to the foreign policy of the government of the United States reflect in my opinion the happy relations of trust and cordiality between our two countries, to which you and President Santos have made such outstanding contributions. They reflect also the leadership of Colombia toward closer and better inter-American relations, a leadership which has been indispensable in reaching the degree of inter-American solidarity which now characterizes the relations between the American countries.'

"'I send you again my sincere good wishes for your personal welfare and for your success in the high office which you will shortly reassume.'"

Expect High Coffee Crop

The Department of Commerce at Washington in an announcement made available Aug. 4 said:

"Prospects for the 1942-43 coffee crop in Guatemala continue good in practically all districts. If an adequate supply of labor is available, a crop slightly larger than normal is anticipated.

"Exports of clean coffee during June amounted to 43,378 bags of 60 kilograms, a considerable drop from the previous month's figure of 144,631 bags, but an increase over 1941."

UP-TOWN AFTER 3

THE MOVIES

Most biographies make poor moving pictures. Either the facts don't lend themselves to dramatic high spots, the kind that keeps you in suspense, or dramatic interest has to be pumped in. If the former, it usually turns out dull; if the latter, it seems phoney. There have been exceptions but in most cases it was Warner's which made the biographical pictures that not only stuck pretty close to the truth but made good entertainment as well. Take for example Warner's latest, **"Yankee Doodle Dandy,"** which we just got around to seeing. It is a story of an age in show business as seen through the eyes of America's Number One song and dance man, George M. Cohan. Covering a period of more than 50 years it is full of little excitements, small triumps and reaches a crescendo when the cocksure lad makes Broadway sit up and take notice. The story of the five Cohans keeps your interest at high pitch until the last scene when Cohan makes his patriotic plea. It is a good movie, well written, excellently acted and capably directed. James Cagney, as George M. Cohan, is splendid. His every gesture smacks of the Cohan we have seen so many times. Walter Huston, as his father, is equally good. The same can be said of Irene Manning, who plays his mother, though at times she seems a little saccharine for our taste, Joan Leslie, as Mrs. George M. Cohan and the subject of the song, "Mary," is perfect. Taken by and large, **"Yankee Doodle Dandy"** is a fine movie with a patriotic motif that is very timely.

AROUND-THE-TOWN

Armando's, that homey little spot on East 55th, off Madison Avenue, has a new entertainer to interest the boys. She's **Peggy Badey**, a tall willowy blonde, baby stare 'n everything, who is rated as one of Conover's top models. Her voice, a small one, is suited for Armando's little place. But if her voice wouldn't fill a Metropolitan it suits the patrons here down to the ground. The boys in uniform who overrun Armando's split their palms applauding. Of course, seeing a magazine cover come to life may be the reason.

New York has many fine restaurants specializing in different dishes. But you will have to search far to get chicken cacciacatore as it is prepared at the **Versailles** (E. 50th). Don't know what, beside chicken, Nick and Arnold put in, but whatever it is, it's tops.

If you want laughs that leave you weak and gasping for breath drop in at the **Belmont Plaza's Glass Hat** (50th & Lexington) and see **Jack Marshall** do things with his facial muscles. When resting, his face is as plain as mine (and is mine plain!), but once he shuffles up to the mike and twists his chin around his nose to look like Popeye, or drops his lip and raises his eyes to look like Disney's Dopey, lowers his brows, juts out his lower lip to look like Mussolini, puts in some false teeth, draws back his lips and looks like what he calls a Japanese Jerk, you'll double up with laughter. He does other caricatures just as well (just yell out and he'll do it). Marshall, well known on the Pacific Coast, but a newcomer to the East, takes his work seriously. Originally a miner in Bethlehem, Pa., where he was born, he became a trombone player, playing in bands all over the country. For the last 10 years he has done caricatures and has developed his facial muscles so they can do almost anything. He uses some props: hats, glasses and false teeth, but his voice and his rubber face are mainly responsible for the belly laughs.

THIS 'N' THAT

Meyer Davis, whose orchestra played for the **Harry Hopkins-Louise Macy** wedding at the White House last week, got the following advance requests: The groom asked for "Always In My Heart," "Begin the Beguine," "Buckle Down Winsocki," "Time On My Hands," "I Married An Angel" and "A Pretty Girl Is Like A Melody." The bride requested, "It Had To Be You," "They Wouldn't Believe Me," "My Romance," "Smoke Gets In Your Eyes," "Make Believe," "Night and Day," "Careless Rhapsody,' and "Tangerine." . . . **The Penthouse Club** is rapidly becoming the proving ground for radio hopefuls. For example: **Harold Willard**, baritone, who sings nightly at the Penthouse, is also on the "Good Ole Days" program Thursday nights, 10 to 10:30, on the blue network (WJZ). **Caridad Garcia**, who writes her own songs and accompanies herself on the guitar, is on the red network (WEAF) Tuesdays and Friday nights, 6:30-6:45. **Paul Taubman**, pianist, is with Shirley Temple on her Wednesday night programs. Now there's a newcomer to the Penthouse, a smokey-voiced contralto. **Odette Athos** (no relation to Athos of the "Three Musketeers"), who will shortly be on the air. If you've got anything suggest you drop in at the Penthouse and ask for **Peggy Stanion**. Besides being the Penthouse drum thumper she's also the one to convince about your histrionic ability. And she's a lot easier to see than radio moguls besides being very restful on the eyes.

Rails Attractive

The current situation in Southern Railway, Delaware & Hudson, Seaboard Air Line, and Delaware Lackawanna & Western offer particularly attractive possibilities at the present time, according to the Aug. 1 Railroad Securities Quotations of B. W. Pizzini & Co., 52 Broadway, New York City, specialists in guaranteed railroad stocks and bonds. Copies of the Quotations, discussing these issues, and also giving detailed quotations on rail issues throughout the country, may be had from B. W. Pizzini & Co. upon request.

Farm Storage Held Best For Grain Crops

Storage on the farm remains the most feasible means of housing the record 1942 crops of small grains and beans being produced in support of the nation's war program, said Department of Agriculture officials in a summary on Aug. 2 of the critical grain storage situation. The Department said in part:

"The total supply of the nine principal grains and beans which will require right-bin storage for the 1942-43 crop year is estimated to be nearly 400,000,000 bushels more than for the 1941-42 season. The fact that relatively little terminal storage will be available, and that the 1941-42 crop year ended with most types of commercial storage near maximum occupancy means that, conservatively estimated, at least 400,000,000 bushels of additional storage space will be needed to take care of crops this year. The principal grains affected are wheat, oats, barley, rye, grain sorghums, flaxseed, soybeans, dry edible beans and rice.

"With a carryover on July 1, 1942, of more than 600,000,000 bushels and an estimated 1942 crop of about 904,000,000 bushels, wheat represents the most pressing storage problem this year.

"The Department has sponsored a number of programs aimed at improving the wheat storage situation, and to encourage farmers to provide storage on their farms. In connection with the wheat loan program, an advance storage allowance of 7 cents per bushel is available at the time loans are taken out by farmers who store wheat on their farms.

"Also, Commodity Credit Corporation has moved steel bins formerly used in the Corn Belt to store corn into heavy wheat-producing States for storage of wheat. Bins with a capacity of 33,000,000 bushels have thus far been moved. Plans also are under way to move from 40,000,000 to 50,000,000 bushels of wheat into the Corn Belt for storage in bins located there.

"The Commodity Credit Corporation also has negotiated contracts for the construction of prefabricated and precut bins, the total capacity of which is to be 100,000,000 bushels. Up to July 27, 16,580,390 bushels of this storage space has moved into wheat States. These bins are available to producers.

"The use of buildings not before used for storage, but which can be put into shape for holding wheat and other grains as well has also been encouraged. This includes both buildings on farms and in urban areas. It is estimated that about 50,000,000 bushels could be stored in such buildings as armories and abandoned stores.

"As in 1941, grain marketing committees have been set up in the principal terminal cities to facilitate the working out of grain storage and transportation problems in local areas. These committees include representatives of the grain and milling trades, country and determine elevators, railroads, farm organizations and the Department of Agriculture.

"To make further room available for the new crop, the Department has encouraged the use of wheat as livestock feed. Commodity Credit Corporation has so far this year sold about 40,000,000 bushels for feed. The Agricultural Appropriations Act of 1943 provides for the sale of 125,000,000 bushels of wheat at 85% of corn parity price.

"Production of soybeans for harvest is expected to be 14,241,000 acres this year, an increase of 42½% over 1941. Since soybeans are one of the principal crops needed to meet heavy wartime needs for oil and to replace lost sources of vegetable oils in the Pacific, it is imperative that farmers do everything possible to provide storage for this essential crop. They are urged particularly to hold enough storage space for soybeans when considering their 1942 storage facilities. Earlier this year, the Department announced a loan and purchase program whereby the Commodity Credit Corporation will make loans on farm-stored soybeans or will purchase soybeans stored in approved warehouses. In areas approved for farm storage, loans will be available to producers who agree to store beans on their farms at 5 cents per bushel above the basic purchase rate. Purchase rates vary by grade and oil content, but in general the rate supports prices for yellow beans of high oil content at $1.60 per bushel.

"Production of peanuts, another oil crop essential to the war effort, is expected to be 4,827,000 acres, or about double the 1941 crop.

California Factory Employment Doubles

Employment in California factories is more than double that of last year according to information contained in the July 20 "Business Outlook" of the Wells Fargo Bank, San Francisco. The "Outlook" says California factories during May employed approximately 572,000 wage earners, 3% more than in the preceding month, and 52% more than in May, 1941. The same source reports that average weekly earnings ($43.95) are up 31% and total weekly payrolls have registered a gain of 96% over May a year ago. Total non-agricultural employment in the state during May was estimated at 2,222,000 persons, 16% above the comparable 1941 figure.

Excellent Inflation Hedge

Common Stock of the Chicago, Wilmington & Franklin Coal Co. offers a double-barrelled hedge against inflation, according to Scherck, Richter Company, Landreth Building, St. Louis, Mo., who will send a special circular prepared by them on this issue upon request.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 445)

other things. It is almost impossible to evaluate their good or bad influences on corporate profits.

* * *

I am thoroughly aware that corporate profits take second place to a nation fighting for its very existence. Still, no matter what my personal feelings may be, my job is not national or international morality. It calls for a cold blooded analysis of markets, what makes them tick, and whether they will go up or go down.

* * *

Of the best barometers, market action itself is still head and shoulders above anything I know. It certainly is a lot more reliable than any involved study of earnings, past, present and future. And a whole lot better than gauging market policies by which way a windy Congress, anxious for re-election, is likely to jump. For the market by its action still forecasts the future events that will affect it. It doesn't say in so many words that the Nazis will be stopped, or that the Japs will be driven back, but it does forecast an improvement or a worsening by its action. Right now it seems to be saying that the news from abroad will be worse beforts it's better.

* * *

When the German drive began the Dow averages were about 102. When it looked as if the Russians would hold them, it moved ahead to about 108. In the last two weeks, however, it has lost its tempo. It slowed down and declined to about 105.

* * *

It is interesting to note that the rails which are purely domestic affairs not only kept all their gains but added to them. By doing this they helped to confirm a theory that the basic trend of the market has changed from the bear to the bull side. Yet such confirmations doesn't eliminate sudden down moves. And it is these sudden reactions that can raise havoc with one's account.

* * *

Theoretically the industrials can decline another four points or so without changing the bull picture. But the rails cannot go down more than a point or two if they are to remain a component part of this same picture.

* * *

Applying this specifically to the stocks you hold, my advice now is as follows: Air Reduction bought at 30 (now 33) take half profits at 35 or better; stop 31. Allis Chalmers bought at 23 (now 24) take half profits at 27 or better; stop 23. International Harvester bought at 43 (now 47) take half profits at 50 or better; stop 44½. Union Carbide bought at 59 (now 67½) take half profits at 70 or better; stop 66.

* * *

In my column of July 23 I recommended two additional stocks. Crane between 12 and 13, and Pittston at 1¾. Crane is now about 12½ and Pittston is about 2¼. The former should be stopped at 11. The latter has no stop but profits should be taken between 2⅞ and 3. In points that isn't much but in percentage it's plenty.

* * *

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.]

Official Results Of Vote On NASD Minimum Capital Amendment

Wallace H. Fulton executive director of the National Association of Securities Dealers, Inc., has announced the official results of the vote of the members on proposals to establish minimum capital requirements for membership in the Association and twenty-six other amendments to the By-Laws and Rules of Fair Practice of the Association, including one requiring strict supervision over salesmen employed by members.

The amendment establishing minimum capital requirements for membership requires that (1) a member who "clears" his own transactions to have and maintain in his business a minimum of $5,000 net capital, and; (2) a member who "clears" transactions through another to have and maintain in his business a minimum of $2,500 net capital.

Votes were cast by 1,939 of the Association's 2,600 members. 1,197 members voted in approval of the amendment and 738 against it, with the balance of the 2,300 members not voting.

Currie Elected To Bd. Of N. Y. Dealers Ass'n

At a meeting of the Board of Governors of the New York Security Dealers Association, James Currie, a partner in Hoit, Rose & Troster, was elected to the Board to fill the vacancy caused by the resignation of Col. Oliver J. Troster, who has reported to Washington on duty with the U. S. Army.

James Currie, Jr.

Mr. Currie is a member of the Uniform Practice Committee of District 13 of the National Association of Securities Dealers, Incorporated. From 1925 to 1934 he was with Laird, Bissell & Meeds, and since 1934 he has been a partner in Hoit, Rose & Troster. He is a member of the Bond Club of New Jersey.

James J. Lynch Now At Sears Corporation

BOSTON, MASS.—James J. Lynch is now with Sears Corporation, 68 Devonshire Street. Mr. Lynch has been on the Street for 30 years and was formerly resident partner of H. D. Knox & Co. For the past several years he has been with R. F. Marshall & Co. which discontinued business July 31. Mr. Lynch is a former officer of the Boston Securities Traders Association and Vice-President of the National Association. He will have the same Teletype, BS 555, which he formerly had at R. F. Marshall & Co.

James J. Lynch

Mortbon Interesting

A brief summary of the current situation of the Mortbon Corporation of New York, the successor in reorganization to the old Mortgage-Bond Company of New York, has been prepared for distribution by Bristol & Willett, 115 Broadway, New York City, specialists in over-the-counter securities. Copies of this interesting summary may be obtained from Bristol & Willett on request.

Civilian Silver Use Restricted By WPB

On July 29 the War Production Board restricted civilian uses of foreign silver and prohibited after Oct. 1 its use in silverware, jewelry and various other items except to fill orders carrying high priority ratings. The Associated Press reporting this from Washington July 29, said:

"Until Oct. 1, manufacturers of items on the restricted list, which also includes slide fasters, badges, musical instruments, pens and pencils, and picture frames are limited either to one-twelfth of the weight of foreign silver used last year, or one-sixth of the weight used during the first six months of this year.

"Silver, WPB declared, has become an essential war metal, replacing both tin and copper for a variety of purposes in solder, engine bearings, non-corrosive machinery parts, and other items.

"Domestic silver, which is purchased by the Treasury as monetary metal, is not affected except that metal produced before July 1, 1939, and secondary metal produced since then and sold by the processor are included in the classification of 'foreign silver.'

"The order does not prohibit purchase of domestic silver by private users."

Under a later date (July 30) the Associated Press reported that the Treasury Department uncovered a situation that day which, Secretary Morgenthau said, made it doubtful whether there would be any more silver available for jewelry, silverware or other non-war uses for the duration. Treasury experts said, however, that the industry was working on some possibilities. The account went on to say that they explained that priorities prevent non-war users from getting any more imported silver, which costs 35 cents an ounce in contrast to American-mined silver which the Treasury is required by law to buy at 71.11 cents an ounce. From these advices we also quote:

"The Treasury has made it possible for American miners to sell some of this higher cost silver to industry through some technical postponements in delivery dates on silver already sold to the Treasury. This will enable some mines to sell to industry the silver that they have technically sold to the Treasury, and make good their contracts with the Treasury out of future production.

"Treasury experts said, however, that many manufacturers could not use 71-cent silver without raising the prices of jewelry, silverware or other items. Present price regulations prohibit this, and the industry is seeking permission to charge higher prices.

"If they fail to get higher prices for their finished products, the experts said, a few of the manufacturers might be able to use the 71-cent silver anyway and make up the difference out of their profits, especially since the cost of the silver is not always the most important cost in making a finished silver product.

"Another possibility, Secretary Morgenthau revealed, is that the Treasury owns 5,000,000 ounces of unobligated silver which could be sold to industry. The Treasury wants to keep this silver for possible emergencies, however. The Treasury also owns billions of ounces of other silver, which, under the Silver Purchase Act of 1934, it believes cannot be sold."

Calling attention to a special letter to trade users of silver issued over the week-end by the bullion firm of Handy & Harman, the New York "Sun" of Aug. 3 stated that the firm described the outlook for the normal use of foreign silver as "hopeless" and declared that because of scarcity and restricted regulations no foreign silver will be available for consumption and use for other than war or so-called essential civilian purposes. The "Sun" in part added:

"The supply of domestic silver, the firm adds, will not be nearly enough to meet all non-essential demands and 'it is only a question of time before the growing war demands will encroach upon and eventually absorb the domestic production as well as foreign silver.'" It says:

"Therefore after no more domestic silver is available the only possible way that silver can be obtained to keep silversmiths, platers, jewelry manufacturers, mirror manufacturers, photo engravers and other fabricators from going out of business will be to arrange for the release of silver from stocks now held by the United States Government by whatever means are possible to accomplish this purpose."

Stewart Opens Office

(Special to The Financial Chronicle)

PEKIN, ILL.—Melville B. Stewart is now conducting his own investment business; at present his address is Box 334, Pekin, Ill. Mr. Stewart was formerly with Ralph Dempsey Company for a number of years.

July War Bond Sales

Secretary Morgenthau announced on Aug. 2 that sales of war savings bonds in July reached $900,000,000, the second highest monthly sales on record. Associated Press advice from Washington on Aug. 3 added the following regarding the sales:

"It was the second highest month for War Bonds. In January, immediately following Pearl Harbor and the declaration of war against the Axis, sales soared to $1,060,546,000. The Treasury said it was 'highly gratified' with the July campaign. During last month, Secretary Morgenthau said, about $200,000,000 was deducted from salaries and wages for War Bond purchases. The Treasury added that 2,000,000 more workers participated in pay roll savings plans in July than in June, when total bond sales amounted to $634,000,000.

"A Treasury announcement placed 'particular emphasis' on the increase in the sale of Series E, or smaller denomination bonds. Sales of Series E bonds amounted to $508,000,000 in July. 'This was in a great measure due to the 10% pay roll savings plan campaign which is just now getting into full swing,' the Treasury said.

"More than 8,000,000 bonds of the $25 denomination were sold in July, an increase of 1,000,000 over June. The Treasury estimated that more than 20,000,000 Americans now are holders of war bonds.

"Secretary Morgenthau set the August quota at $815,000,000. For the fiscal year starting July 1 the goal is $12,000,000,000, but because of seasonal variations in income the monthly quotas will not be uniform.

"July figures released by the Treasury do not include sales of War Stamps."

Great Britain Pays RFC

Jesse H. Jones, Secretary of Commerce, announced on Aug. 4 that the United Kingdom had paid the Reconstruction Finance Corporation $38,928,797 on its loan of $425,000,000. The New York "Herald Tribune" in a dispatch from Washington on Aug. 4 reported the payment as follows:

"The payments comprised $37,515,383 in interest, dividends and other income, while $1,413,414 represents the proceeds of the sale by Britain of a small amount of the collateral.

"The loan was authorized in July, 1941, and $390,000,000 has already been disbursed by the RFC to date. The security for the loan consists of listed and unlisted securities of American corporations, the capital stock of 41 British-owned United States insurance companies and assignments of the earnings of United States branches of 41 British insurance companies.

"Under the collateral loan agreement, payments are applied first to current interest and the balance to reducing the principal of the loan. The proceeds of the loan were used by Britain to pay for war supplies in this country contracted for prior to enactment of the Lend-Lease Act."

Calendar of New Security Flotations

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

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

Offerings will rarely be made before the day following.

SUNDAY, AUGUST 9

SCUDDER, STEVENS & CLARK FUND, INC.
Scudder, Stevens & Clark Fund Inc., filed a registration statement with the SEC for 40,000 shares of capital stock of a proposed maximum aggregate offering price of $2,999,200

Address—10 Post Office Square, Boston, Mass.

Business—Investment trust

Underwriting—No firm commitment to take the issue has been made

Offering—Approximate date of proposed public offering is Aug. 1, 1942. Shares are issued at the then net asset value, plus 1%. The quoted price as at July 10, 1942, as calculated in the price make-up sheet was $74.98 per share which price was used in estimating the proposed maximum aggregate offering price

Proceeds—For investment

Registration Statement No. 2-5027. Form A-2. (7-21-42)

SATURDAY, AUGUST 15

INVESTORS MUTUAL, INC.
Investors Mutual, Inc., filed a registration statement with the SEC for 1,500,000 shares of special capital stock, no par value, of an aggregate offering price of $13,243,362

Address—200 Roanoke Building, Minneapolis, Minn.

Business—Investment trust

Underwriting—Investors Syndicate, 200 Roanoke Building, Minneapolis, Minn., is underwriter of the securities registered

Offering—At market

Proceeds—For investment

Registration Statement No. 2-5028. Form A-2 (7-27-42)

THURSDAY, AUG. 20

NU-ENAMEL CORPORATION
Nu-Enamel Corporation filed a registration statement with the SEC for 106,500 shares of common stock, $1 par value

Address—8 South Michigan Ave., Chicago

Business—The company is engaged in the distribution and sale of enamels, paints, varnishes, linoleum finish, stains, polish and kindred lines, which are principally distributed under the trade name "Nu-Enamel." The products sold by the company are manufactured by Armstrong Paint & Varnish Works, of Chicago, under contract in accordance with the company's formulae and specifications

Underwriting—Floyd D. Cerf Co. is the principal underwriter.

Offering—The principal underwriter is granted the option, until close of business Dec. 31, 1942, to purchase at $1.50 per share all or any part of 72,500 shares of common stock of the company from C. L. Lloyd and all or any part of 34,000 shares from Gladys Lloyd. There is no firm commitment to purchase any of said shares. The principal underwriter has agreed to pay a finder's fee to American Industries Corp., Detroit, Mich., in the amount of 5 cents for each share of common stock purchased by the principal underwriter from the selling stockholders. Offering price to the public will be supplied by amendment

Proceeds—The shares to be offered are already issued and proceeds will go to the individual sellers of the shares

Registration Statement No. 2-5029. Form A-2. (8-1-42)

GENERAL ELECTRIC CONTRIBUTORY PENSION TRUST
General Electric Contributory Pension Trust (W. R. Burrows, I. D. LeFevre, J. W. Lewis, R. C. Muir, D. E. Peck, W. W. Trench, trustees), has filed a registration statement with SEC for $100,000 (estimated amount of employee contributions prior to Oct. 1, 1943.)

Address—No. 1 River Road, Schenectady, N. Y.

Business—Investing the funds of the trust which are received from participants and from the company. Participation in the trust is limited to salaried employes entering the service of the company on and after Jan. 1, 1936 and receiving in excess of $3,000 per year

Underwriting—No underwriters

Offering—Interests of employe participants in pension trust

Proceeds—All of said funds are to be invested by the trustees, and the income thereon allowed to accumulate, for the purpose of making pension payments therefrom to participating employes upon their retirement

Registration Statement No. 2-5031. Form A-1. (8-1-42)

HOLTZER-CABOT ELECTRIC CO.
Holtzer-Cabot Electric Co. filed a registration statement with the SEC for 3,250 shares of 5% cumulative preferred stock, par $100 per share, and 100,000 shares of common stock, par $5 per share

Address—125 Amory St., Boston, Mass.

Business—Business conducted by the company falls into two classifications: the manufacture of electric motors and generators and the manufacture of various types of electric signal equipment.

Underwriting—E. H. Rollins & Sons, Inc. is the principal underwriter for the common shares

Offering—The company is controlled by the Gamewell Company. The securities of the company owned by Gamewell at date of prospectus consist of 8,250 shares of common stock, par value $100 per share, being all of the stock of the Holtzer-Cabot Company outstanding on same date. Upon consummation of a proposed recapitalization plan the outstanding securities of the company will consist of 3,250 shares of 5% cumulative preferred stock, par $100 per share, and 100,000 shares of common stock, par value $5 per share, all owned by the Gamewell Company. The underwriter has entered into an agreement to purchase from Gamewell at a price of $9 per share, the 100,000 shares of common stock. The company has been advised by the underwriter that the latter has entered into an agreement with a single purchaser to sell all the common stock to such purchaser, for an aggregate price of $1,050,000 or $10.50 per share. The registrant company has been advised by Gamewell that although the latter has no agreement with respect to the proposed sale of the preferred stock, Gamewell proposes concurrently with the sale of the common by the underwriter to the single purchaser referred to, to sell all of the preferred stock to the same purchaser for an aggregate sale price of $325,000 or $100 per share upon the representation by purchaser that it is purchasing such preferred stock for its own account for investment and not with any present intention of distributing it. If purchaser subsequently should determine to made distribution of any of such securities, company will file a post-effective amendment stating such terms

Proceeds—All the proceeds from sale will be received by the Gamewell Company.

Registration Statement No. 2-5030. Form S-2. (8-1-42)

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.

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

Hearing on suspension, scheduled for July 22 postponed to Aug. 10, 1942.

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

Address—9 Green Street, Augusta, Maine

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

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

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

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

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

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

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

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

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

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

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). Company states that $50,000 in 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

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)

Registration Statement effective 1 p.m., EWT on Aug. 1, 1942 as of 5:30 p.m. EWT July 18, 1942

ELLICOTT DRUG CO.
Ellicott Drug Co. filed a registration statement with the SEC for $350,000 6% debentures, due June 30, 1957.

Address—120 Cherry Street, Buffalo, New York

Business — Company is a cooperative wholesale drug company, selling to its members only, all of whom are retail druggists.

Proceeds — $250,000 of the debentures will be presently issued. Approximately $120,000 of this amount will be issued to replace the outstanding 6% preferred stock which is being eliminated. Approximately $48,000 additional will be issued to retire buying privilege deposits with the company The balance, approximately $78,500 after expenses, will become additional working capital

Offering—The new debentures will be priced at 100 and accrued interest

Registration Statement No. 2-5026. Form A-2. (7-7-42)

Amendment filed July 23, 1942 giving to members of the company only the privilege of exchanging the 6% cumulative preferred stock, par $50, for the debentures on a dollar for dollar basis and or exchange for deposits made by non stockholder members.

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)

The SEC on Aug. 4, 1942 issued an order approving the proposed plan reserving jurisdiction should the plan fail to be consummated, and in the event it becomes operative upon less than 100% acceptances, in respect of such further proceedings as may be deemed appropriate with respect to the shares of publicly held preferred stock which may not have been deposited under the plan

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)

Amendment filed July 23, 1942, to defer effective date

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

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

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

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

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

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendment filed July 31, 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 20, 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 Alapai St., Honolulu, Hawaii

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

Underwriting—None

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

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

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

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

Amendment filed, July 30, 1942 to defer effective date

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 July 13, 1942, to defer effective date

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

Address—Dallas, Texas

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

Underwriting — No underwriters are named in registration statement

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

Proceeds will be used for working capital purposes

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

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

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

Address—Coatesville, Pa.

Business—Steel manufacturer

Proceeds—Payment of bank loan

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

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

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

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

Registration Statement effective 5:30 p.m. EWT on July 28, 1942 as of 5:30 p.m. EWT July 12, 1942

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)

Registration Statement effective 5:30 p.m EWT on July 16, 1942

SOUTHWESTERN PUBLIC SERVICE CO

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

Address—Dallas, Texas

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

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

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

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

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

Amendment filed July 17, 1942, to defer effective date

Southwestern Public Service Co. on July 21 filed an amendment to its registration statement fixing the interest rate on the proposed issue of $18,500,000 first mortgage and collateral trust bonds due 1972 at 3¾%. Interest rates on serial notes will be supplied by amendment

STANDARD AIRCRAFT PRODUCTS, INC.

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

Address—Dayton, Ohio

Business—Company manufactures and develops aircraft products, etc.

Offering—The 1943 maturity ($48,105) will be offered to the public at 100. The other maturities will be offered in exchange for 33,586 shares ($7.50 par) 40 cents cumulative preferred stock on a par for par basis as follows: debentures maturing 1944, $62,000; debentures maturing 1945, $62,000; debentures maturing 1946 $62,000; and debentures maturing 1947, $65,895

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

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

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

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

Registration Statement withdrawn July 31, 1942

UNION ELECTRIC CO. OF MISSOURI

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

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

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

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

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

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

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

Amendment filed July 24, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendment filed July 25, 1942, to defer effective date

UNITED GAS CORPORATION

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

Address—2 Rector Street, New York City

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

Underwriters—None

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

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

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

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

Amendment filed July 17, 1942, to defer effective date

WEST INDIES SUGAR CORP.

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

Address—60 E. 42nd St., New York City

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

Underwriters will be named by amendment

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

Proceeds will be received by the selling stockholders

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

Amendment filed April 21, 1942, to defer effective date

Correct Savings Figures

With respect to the item in these columns July 30, page 367, under the heading, "Savings Deposits Are Steady In 1st 6 Mos.," the National Association of Mutual Savings Banks has issued corrected figures. The following are the corrections:

Deposits of mutual savings banks in the first six months of 1942 receded by $135,146,970, instead of $251,691,175 as earlier reported.

Assets declined by $116,555,017, instead of $260,529,599.

The number of accounts decreased 64,076, in place of 231,326, previously indicated.

The latest release indicates that the change in the rate of interest-dividends paid to savers in mutual institutions was fractional, from 1.89 to 1.88% on the basis of average deposits. The change had been previously given as 2.05 to 2.04%.

Ban Typewriter Production

The War Production Board on Aug. 4 ordered the manufacture of typewriters stopped on Oct. 31, except for a small number to be produced for the government, said an Associated Press advice from Washington on Aug. 4, which also said:

"Production of portable typewriters was shut off July 31.

"Under today's order production by the major typewriter companies between July 1 and Oct. 31 is limited to 12¼% of the total number of standard typewriters billed by them to customers last year.

Buying New South Wales 5s

The Chase National Bank of the City of New York, successor fiscal agent, is notifying holders of external 30-Year 5% Sinking Fund Gold Bonds, due Feb. 1, 1957, of the State of New South Wales, Australia, that it will purchase on Aug. 10, 1942, an amount of these bonds sufficient to exhaust the sum of $222,186.80. Purchases will be made at prices not exceeding par and accrued interest at the Corporate Trust Department of the bank, 11 Broad Street, New York.

Signs War Agencies Bill

Announcement was made on July 27 that President Roosevelt had signed the $1,858,000,000 war agencies supplemental appropriation bill. The measure carries funds for 19 war bureaus, including $1,100,000,000 for the War Shipping Administration and $120,000,000 for the Office of Price Administration. Disagreement over the OPA fund had long delayed the measure in Congress; final approval was noted in these columns of July 22, page 279.

Investment Trusts

(Continued from page 447)

the vast majority of such cases the results will show a far less favorable experience.

Investment Company Briefs

National Securities & Research Corp.:

In the July 30 issue of its weekly *Investment Timing* service this sponsor forecasts the intermediate trend of stock prices as follows:

"Last Thursday we wrote: 'The action of the market continues to indicate that lower prices will be seen before any sustained upward movement gets under way.' The Dow-Jones Industrial Stock Average closed last Thursday (July 23) at 106.65. The high hourly figure for the Industrial Average since last Thursday's close was 106.79 (12 noon, Monday, July 27). The low hourly figure was made at the close tonight (Thursday, July 30). It was 105.24—down 1.41 points from last Thursday's close, and down 3.67 points from the close two weeks ago (Thursday, July 16). The action of the market continues to indicate that lower prices will be seen before any sustained upward movement gets under way."

The service contains a discussion of the trend in inventories, concluding that while total inventories have increased in every month since November, 1941, the peak has been reached. From this point on it is believed that the decline from the present high level will be progressive.

* * *

Lord, Abbett's August issue of *Background* contains about the finest story of the steel industry told in language understandable to the layman that we've had the privilege to read. It is entitled "How a Gamble in Steel is Helping Win the War" and employs for its keynote the Owen D. Young statement, "It takes vision and courage to create—it takes faith and courage to prove."

* * *

The Keystone Corporation's July 24 issue of *Keynotes* publishes a table showing investors what the net yield will be to them from the various series of Keystone Custodian Funds AFTER income taxes. It's a presentation with a real answer to the vague objection that "I'm going to leave my money in the bank because anything I make on it will go to the Government in taxes anyway." The table shows that an investor with an income of $10,000 before exemptions can get net yields ranging from 3.2% up to 7.6% from the individual series of Keystone Custodian Funds. An investor with a $50,000 net income before exemptions could still get a net yield of as high as 4.7% after payment of taxes. The figures make one wonder if the tax "scare" hasn't been somewhat overdone.

* * *

In its sign-off issue before the customary August vacation, MIT's *Brevits* points out that "Things generally appear to be in a worse muddle right now than for some time past."

After enumerating most of the current headaches, the bulletin directs one's attention to a *long-term* chart of stock prices. The perspective this chart gives is a lot more reassuring than the concentration of problems which currently confront us. It's another application of the principle that we should step back from the trees now and then in order to get a view of the forest.

* * *

From Investment Company Reports

Affiliated Fund, Inc.:

The June 30 statement shows total assets of $17,504,915. After deducting $10,000,000 of debentures, net assets are equivalent to $1.73 per share on 4,090,182 capital shares outstanding at June 30 1942. This compares with $2.04 per share on 4,003,172 shares at the end of 1941. During the 1942 period dividends of 8 cents a share were paid.

* * *

American Business Shares, Inc.:

This Fund reports total assets of $3,361,262, and its net assets are equivalent to $2.24 per share on 1,496,834 shares outstanding on June 30, 1942. This compares with $2.44 per share on 1,541,059 shares outstanding Dec. 31, 1941. During the 1942 period dividends of 8 cents a share were paid.

* * *

Union Trusteed Funds, Inc.:

Total assets were $1,288,419 at June 30, 1942 compared with $976,585 at the year end. On June 30, outstanding shares of all classes totaled 170,538 against 104,557 at the year end. Net asset values per share were equivalent, as of June 30, to $19.52 on Bond Fund "A" compared with $20.04 at the year end; $14.64 on Bond Fund "B" compared with $14.72; to $4.94 on the "C" Fund compared with $4.69; to $10.86 on preferred stock fund compared with $11.47; to $8.19 on Common Stock Fund "A" compared with $8.83; to $4.39 on Common Stock Fund "B" compared with $5; and to $50 per share on shares of the "Special Fund," as of June 30 last, compared with $50 a share at Dec. 31, 1941. Dividends were paid on all classes of Union securities, except the "Special Fund," which was the last of the seven to be issued.

New Viner Partner

Edward A. Viner & Co., 149 Broadway, New York City, members of the New York Curb Exchange, have admitted Amelia I. Viner to partnership in the firm.

Our Reporter's Report

(Continued from First Page)

ket to bolster the reserve position of the institutions.

Secondary Market Active

While the corporate new issue market was completely idle, a substantial run of secondary operations helped considerably to fill in the gap. Some 245,000 shares of investment-type common stocks were brought to market.

And in addition a banking group brought out and quickly disposed of $844,000 of Atlantic Coast Line Railroad Company 4½% bonds, due to mature in 1964. That issue, offered in the so-called "twilight" market moved out quickly.

Meanwhile, spurred on by the customary selling fee on special offerings, groups were able to dispose of 115,500 shares of common stock of the Standard Oil Company of New Jersey, and 100,000 shares of common stock of the Standard Oil Company of California, both blocks having been purchased from an estate.

On Tuesday a block of 28,700 shares of General Electric was sold in special offering on the floor of the Stock Exchange under its rules. In fact subscriptions for that block reaching 74,362 shares made allotment necessary.

Facing Real Problem

The Senate Finance Committee which is holding hearings currently on the new War Revenue Bill received plenty of food for thought in the form of remarks from witnesses called to testify on the legislation.

One witness warned that under the measure as sent up by the House, many firms would be unable to service their debts, not to mention put aside anything for post-war reserve, after meeting the burden of taxes imposed.

In an eloquent plea, for action to avert future hardship which he termed inevitable under the bill, he urged the Senate to revise the measure to permit firms to meet their debts, and "let the government take the rest of our earnings to finance the war."

Railroads and Bonds

A saving of $120,000,000 annually in interest charges, was forecast for the railroads by R. V. Fletcher, Vice-President of the Association of American Railroads, if the new Revenue Bill is amended to permit them to purchase their bonds at a discount without paying taxes on the indicated increment.

He calculated that the roads could buy up $3,300,000,000 of their outstanding obligations, provided Congress amended the law so as to obviate the need for taking a "pauper's oath" or applying for a certificate of insolvency, before undertaking such a program.

Questioned about reasons for the lack of sustained improvement in railroad bonds as earnings have expanded, Judge Fletcher expressed the view that it was due to "profound conviction among investors that railroads will run into difficulty in the future and in the post-war period."

Canadian Review

Dominion Securities Corporation, 40 Exchange Place, New York City, is distributing the current issue of their Quarterly Canadian Review, containing a statistical summary, review of general conditions, Canadian Securities Markets, Canadian War Budget, Outlook for Canadian corporate profits, and other very interesting articles. Copies of the Review may be had upon request from Dominion Securities Corporation.

Three Curb Governors Appointed To Board

The Board of Governors of the New York Curb Exchange, at a special meeting on July 29, appointed one class A and two class B Governors to fill the unexpired terms of three members who resigned their posts and entered government service.

John S. McDermott, class A, replaced Howard C. Sykes. The two class B Governors, H. Wallace Cohu and John Whitney, replaced W. Palmer Dixon and James G. Tremaine. The appointees will serve until the annual elections in February, 1943. Class A Governors are regular members of the exchange; the B Governors are associate members or non-member partners of regular or associate member firms doing business for the public.

Result Of Treasury Bill Offering

Secretary of the Treasury Henry Morgenthau, Jr. announced on Aug. 3 that the tenders for $350,000,000, or thereabouts, of 91-day Treasury bills dated Aug. 5 and maturing Nov. 4, which were offered on July 31, were opened on Aug. 3 at the Federal Reserve Banks. The details of this issue are as follows:

Total applied for—$582,900,000.
Total accepted—$352,511,000.
Range of accepted bids:
High—99.925, equivalent rate approximately 0.297%.
Low — 99.905, equivalent rate approximately 0.376%.
Average price—99.906, equivalent rate approximately 0.372%.

Fifty-seven per cent of the amount bid for at the low price was accepted.

There was a maturity of a similar issue of bills on Aug. 5 in the amount of $150,400,000.

1941 Convention Book Is Issued By IBA

The Investment Bankers Association of America recently made available in book form the proceedings of its 30th annual convention which took place Nov. 30-Dec. 5, 1941, at Hollywood, Fla. In addition to the addresses and reports of various committees, the book contains a list of the 1940-41 officers and governors, national committees, group executive commitees, constitution and by-laws, group constitution and membership roster. A reference to the Convention appeared in our Dec. 11 issue, page 1433.

Our Reporter On "Governments"

On Monday, the Nation's major investors—outside of banks—received the "tap" 2½s of 1967/62 and one of the broadest selling campaigns for the Treasury in recent years got off to a flying start. . . . This morning, the country's big bank investors get the $1,500,000,000 new certificates of indebtedness and their response to this third offering of short-term taxable Government obligations may be taken for granted as "sufficient to excellent." . . . Secretary Morgenthau is selling $350,000,000 of discount bills per week. . . . The American people are buying between $30,000,000 and $31,000,000 war bonds (series E, F and G) per day. . . . The war financing program, in short, reaches its peak this week—and within a few days, the major August borrowing will be completed. . . . Between the certificate offering and the "taps," Morgenthau should be able to obtain all the cash he needs outside of the war bond and discount bill sales for the month.

As far as the "taps" go, there seems no question concerning their success. . . . The Victory Fund Committees are working day and night in all parts of the country. . . . The New York committee alone, for instance, has a corps of 2,500 salesmen out in the field calling on 28,000 prospects among non-banking institutions and individual investors. . . . Tremendous publicity is being given to the issue. . . . Insurance companies are buying heavily and on a larger scale than in May. . . . The Metropolitan Life, for example, subscribed to $125,000,000 of the "taps" against $100,000,000 in May while the Mutual Life ordered $70,000,000 compared with $60,000,000. . . . On the first day, the New York Reserve Bank announced $56,000,000 non-insurance company subscriptions. . . . The "Big Five" insurance companies bought $460,000,000 of the first issue of "taps," should take down a larger amount this time. . . . The entire subscription to the first issue was $882,000,000, of which $587,000,000 was subscribed in the New York district. . . . So if the New York insurance companies, savings banks and trust accounts, etc., increase their orders, the record on this offering is likely to be even more favorable. . . .

The conclusion? Obviously, the issue will go over, and subscriptions may come to the $900,000,000 mark (a preliminary forecast that must, of necessity, be a guess for it depends to such a great extent on the efforts of the local committees). . . . And Morgenthau will have the money he needs. . . . The total amount of "tap" 2½s will be up to the $1,700,000,000 mark. . . . A possibility is the issue will go over even better than generally anticipated and the Treasury's goal of $1,000,000,000 will be achieved. . . . In that case, we may expect a more stable and cheerful market all around. . . .

Incidentally, the new privilege attached to the second issue—permitting optional redemption of the bonds at 100 and accrued interest upon the death of the owner for estate tax payment purposes—is considered of real importance. . . . Large investors, such as trustees for trust funds, report this feature is particularly attractive. . . .

A CALM APPRAISAL

At this particular moment of hard work on the week's financing, it is, perhaps, unkind to consider the subject of war financing in a broad sense. . . . But even while the investment bankers and commercial banks and bond dealers of the Nation bend all their efforts to putting over the flotations of the week and make every attempt to show their value as distributors of securities, there is an unmistakable undercurrent of dissatisfaction. . . . And the dissatisfaction stems from the belief that the war borrowing program is not yet on a top-efficiency basis. . . .

These "every other day" deals are growing too unwieldy, it is felt. . . . A larger financing, scheduled for a quarterly date may be more valuable not only to the Treasury but also to the country generally. . . . And there is a real fear that as the months go by, the demand for less activity and more results per deal will reach a high point. . . .

And now since the banks have only the certificates to bother with this week and the insurance companies need spend no time wondering about the "tap" 2½s, it seems sensible to proceed to a discussion of one outstanding market issue in which the majority of investors in America are interested. . . .

THE MEDIUM-TERM 2s

It's generally conceded by traders and professionals in the financial district that the various issues of 2s in the 1951/49 maturity range are cheap. . . . Cheap in comparison with the long-term market. . . . And equally cheap in comparison with the short-term market. . . . The Treasury has put out three series of these in recent months, has given the range over-attention. . . . There's one issue of $1,014,000,000 of taxable 2s due June 15, 1951/49 and selling at 100.8 to yield 1.95% to call date. . . . There's another issue of $1,292,000,000 taxable 2s due Sept. 15, 1951/49 and selling at 100.5 to yield 1.96% to call date. . . . And there's a third issue of $2,097,000,000 taxable 2s due Dec. 15, 1951/49 and selling at 100.3 to yield 1.98% to call date. . . . That's a lot of bonds, and a lot of nine-year bonds for any market to absorb. . . .

Therein, of course, lies the reason for the comparative cheapness of the 2s. . . . They simply are not as well distributed or absorbed as other loans. . . . But since tens of thousands of institutions own these—it takes a lot of buyers to allow sale of $4,400,000,000 bonds—it is of pertinent interest to consider the probabilities for these securities. . . . And here are a few:

(1) Chances are the 2s will remain outstanding until the last moment of the maturity range. . . . It is scarcely likely that any issue of lesser coupon could be sold to refund these when they mature. . . . The debt schedule being worked out now for the early '50s shows how tremendous a job will lie before the Treasury then and it doesn't seem logical that the Treasury chief of that time will take on more than he must. . . . So. . . . Consider the 2s as issues due in 1951 and forget the 1949 date altogether. . . .

(2) As far as the chances of the 2s getting in line go, there are two possibilities. . . . One is the 2s will be absorbed within a few months, permanent holders will obtain possession of the $4,000,000,000 and the three series will move up to meet the market. . . . The second is the market will move down to meet the 2s. . . . Whichever way you look at this, the 2s seem to have the edge, for they'll be in a favorable position if the market holds this level and they'll be in a better-than-average place if the market declines. . . .

(3) The 2s are now the keynote of the market. . . . They are selling close to par. . . . Are out in great quantity. . . . Probably are the most widely held issue on the list at this time. . . . It is probable, therefore, that every effort will be made by the Treasury and Federal Reserve to hold the 2s at or above par. . . . So. . . . The 2s have a certain advantage of "risklessness," for they're at their bottom level now and that bottom is important enough to mean action if it's threatened. . . .

And now that we've considered the probabilities, let's get on to possible courses of action. . . .

WHAT CAN BE DONE

If you own the 2s—and chances are you do—you may continue holding them on this basis: they're a comparatively safe bond pricewise, they have a chance of rising eventually and they're in the right maturity range for banks and most other institutions. . . . You might figure you'll be able to get 100 for them nine years from now and chalk up 2% annual interest on your books without any loss in capital. . . .

If you own the 2s and want to increase your income by switching, you might consider this course (recommended by some dealers in New York now). . . .

Sell the 2s at their slight premium above par. . . .

Buy the RFC ⅞s, due October 15 and the Treasury 2s, due September 15, with the cash obtained. . . .

Reason would be the logical expectation for a fairly favorable refunding of these into Treasury bonds which should bring in 8/32 or so on re-sale later in the year. . . . So you would have a chance at adding a bit of profit to your books before returning to your original position in the 2s. . . .

Now if you own the 2s, which are taxable, and you're in a tight position tax-wise, you might consider this course. . . .

Sell the 2s at their slight premium above par and freeze a profit while liquidating a taxable bond. . . .

Buy the Treasury 3⅛s of 1952/49 at 110.15 to yield 1.60% to call date. . . .

You're into a tax-exempt bond which almost certainly will be called in 1949, for the coupon on these is high and the tax-exempt feature undoubtedly irks the Treasury. . . . So it's a 1949 maturity yielding 1.60%. . . . On a tax basis, it's more attractive than the 2% loan. . . .

Only reason for paying the high premium asked, though, would be your desire to improve your tax position. . . . All indications are for a better and better market in tax-exempts not only because of the tax outlook as such but also because of the pressure of scarcity value. . . .

There you are. . . . Three choices. . . . Only you, who know your own tax and portfolio position, can judge which is best. . . .

Urges Dealers Unite

Following letter is self-explanatory:

Editor
"The Commercial & Financial Chronicle"
25 Spruce St.
New York City

Dear Sir:

The low level of the securities business activity and morale, in my opinion, is largely due to the selfishness and lack of cooperation of the individual unit.

In the first place, there has been no leadership in the securities business for years. In the second place, instead of presenting a united front the securities industry has been the victim of diverse aims and inter-industry quarrels.

What we need is an organization whose primary objective will be the good of the investing public but an organization that will realize that the investing public's interests will best be served if the securities dealers and brokers are permitted to survive.

Such proposals as the minimum capital requirements, revealing of profits, etc., will do no one any good.

Very truly yours,
B. S. LICHTENSTEIN

Paul H. Gordon With Harris, Lamoreux Co.

(Special to The Financial Chronicle)

SEATTLE, WASH.—Paul H. Gordon is now connected with Harris, Lamoreux and Norris, Inc., 1411 Fourth Avenue. Mr. Gordon was formerly in the trading department of Dagg & Co., Inc., and prior thereto was proprietor of Paul H. Gordon & Co.

Over-Counter Quotes

Greene & Company, 37 Wall Street, New York City, members of the New York Security Dealers Association, have issued for distribution a pamphlet containing "Over-the-Counter" quotations on industrial, public utility and real estate securities. Copies may be had from the firm upon request.

New York Stock Exchange Weekly Firm Changes

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

Transfer of the Exchange membership of Howard M. Ernst, partner of Ernst & Co., New York City, which will continue as a member firm, to Fred R. Tuerk of Chicago will be considered by the Exchange on Aug. 13.

Thomas C. Davidson retired from partnership in Henderson, Harrison & Co., New York City, on July 31.

James R. Connell, partner in Kebbon, McCormick & Co., Chicago, withdrew from the firm effective July 31. Mr. Connell made his headquarters in the firm's New York office.

Edward C. Anderson and James H. Scott retired from partnership in Scott & Stringfellow, Richmond, Va. on July 31.

Harold W. Walton withdrew from partnership in J. J. B. Hilliard & Son, Louisville, Ky.

Charles A. Frank & Co., New York City, dissolved as of Aug. 1.

Tobey & Co., New York City, dissolved their firm on Aug. 5.

Edwin E. Bernheimer, member of the Exchange, died on July 30.

W. Harry Glenny, special partner in Doolittle, Roth & Schoellkopf of Buffalo, died on July 26.

Earle Dudley Butler, partner of Putnam & Co., Hartford, Conn., died on July 22.