SEC Bid And Asked Rule Held Impractical In Application

By ANONYMOUS DEALER

A headache can be cured, instantaneously and permanently, by chopping off the victim's head. In advanced countries less drastic means are commonly favored. There is no question that the exorbitant profits exacted by a small minority of securities dealers from unsophisticated customers constitute a headache for their legitimate competitors, for the regulatory authorities and for the investing public. The proposed Rule X-15C1-10 now being considered by the Securities & Exchange Commission, however, would seem to be almost as drastic a proposed cure as the guillotine.

So long as there is a securities market, there will be some securities dealers who will place their own immediate profit ahead of the interests of their customers, just as there will always be shyster lawyers and quack doctors to disgrace those honorable professions. As the securities business is now organized, the career of any single dealer frequently guilty of overreaching is likely to be short. First, he will lose his customers in a relatively short time, either through their discovery that their confidence has been abused or because their holdings have been so impaired in quality that no further opportunities exist for profitable trades. Second, investigation will be made by the NASD or by the SEC itself are almost certain to uncover abuses and result in either reform or deregistration. Third, if flagrant enough, abuses cross the borderline of fraud and can result in persecution to criminal prosecution. Thus, when the problem of overreaching would seem to be as nearly solved as any problem in the financial world of finance, it appears a highly opportune time to impose new and extremely severe burdens on a struggling industry in the effort, however well-intentioned, to secure perfection of behavior.

From the investor's viewpoint there are two questions which he might reasonably ask about any purchase which he makes. First, was the price paid reasonable in a Section to the market? Second, was the security purchased a good selection for my particular needs? Of the two questions (Continued on page 535)

Special Editorial Material Featuring Savings and Loan Associations Starts on Page 530

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36-429

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Chicago, Wilmington & Franklin Coal Company Stock Com

The Chicago, Wilmington & Franklin Coal Company was incorporated in Pennsylvania in 1916 to mine and sell coal and other minerals. The company's present properties consist of two full-sized operations, controlled by the company in Franklin County, Illinois, representing an estimated 50-year supply. It also owns a majority interest in a subsidiary, Crab Improvement Company, which in turn owns and operates three mechanized mines in the so-called smokeless field in Raleigh County, West Virginia. Combined productive capacity of the four mines is 17,000 tons per day. Sales for 1941 were 3,459,709 tons, an increase of 12% over 1940. The company's W. & F. mine just outside of West Franklin in Franklin County, Illinois, is estimated to be the largest electrically exposed coal field in the world.

The company's primary interest is in the mining and sale of bituminous coal. As such, it is very conservatively capitalized and has paid a dividend on its common stock in each of the past six years, something few of its competitors have been able to do. Its competitive reputation in the industry is among the very best. It is operated under Stone & Webster management and controlled by the founders, Messrs. Stone & Webster families and affiliated interests.

It is interesting to note an absence of funded debt in the company's capitalization. Most of its major competitors have bond issues and are subject to sinking fund requirements which in the past have proven either burdensome or a competitive disadvantage. Capital structure as of December 31, 1941, was as follows:

- Common stock, par value $1.00 each, 1,000,000 shares authorized
- Preferred stock, 5% cumulative, 10,000 shares authorized
- Preferred stock, non-cumulative, 10,000 shares authorized

The 5% preferred has an annual sinking fund, operative before common dividends, of 2 1/2% maximum issue and is entitled to 10% per share. At the time of original issue, the fund was $1,000,000. The fund is paid in cumulative dividends on each share of preferred stock and is limited to 10% per share. All dividends paid to preferred stockholders during the year were $100,000, or 15% per share, the first quarter dividends being $30,000. At December 31, 1941, the cumulative dividends were $100,000, or 15% per share.

In addition to its normal coal production, the company has a small investment in a subsidiary, West Franklin Coal Company, which is engaged in the sale of real estate. The company's aims are in line with its philosophy of developing a strong, stable company, subject to only normal fluctuations in the market. The company's management is committed to the belief that the company's policy is aimed at maximizing the company's earnings, and that its shareholders will be rewarded accordingly.

The company is well-managed and has a strong reputation in the industry. Its officers and directors have a long history of successful business operations, and the company is well-capitalized with a strong balance sheet. The company's management is committed to the belief that the company's policy is aimed at maximizing the company's earnings, and that its shareholders will be rewarded accordingly. 

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Gurb Govs. Appointed To Committees

At its meeting on Aug. 5 the Board of Directors of the New York Central and Northern New York State Railway Company appointed John S. McDermott, a class A director, to membership on the committees on Taxation, Public Relations, and General Committee. Member-Ship. Approval was also granted to the appointments of John White, a class B director, to membership on the General Committee and the Committee on Communications; and of T. F. Wallace, a class B governor, to membership on the Committee on Communications. (Continued)

Holman Wilson With Urban J. Alexander

(Reported in The Financial Chronicle) Los Angeles, Aug. 25.—Holman R. Wilson has been associated with Urban J. Alexander Co., Inc., Los Angeles, acting as a member of the board of directors. Mr. Wilson was formerly with W. L. Lyons & Co., New York, as president of the company's department and prior thereto was with John Nu- leon & Co., and later with John Nu- leon & McDermott of Chicago. In the past he was with the National City Co. of New York.

In The Armed Forces

John E. Dunne, President of the New York Stock Exchange, has been appointed to the post of Commanding General of the Philadelphia Naval Base. Mr. Dunne was formerly with W. L. Lyons & Co., New York, as president of the company's department and prior thereto was with John Nu¬ leon & Co., and later with John Nu¬ leon & McDermott of Chicago. In the past he was with the National City Co. of New York.

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Time Extended by SEC for Submitting Comments On Proposed Bid and Asked Disclose Rule

The Securities and Exchange Commission has announced an extension of the deadline for submission of comments on the proposed Memorandum on the stock exchange t C-151) which would require the disclosure of the market price of securities to the customer by a dealer in every purchase and sale by the dealer.

While many dealers have already sent in their reactions to the proposed rule, many dealers, because of the interference of various time periods, have not written their comments to the Commission asking more time in which to file their comments.

The Aug. 12 date had previously been set by George Purcell, Chairman of the Commission, for the submission of comments. The new deadline was set for Sept. 4, 1941.

In addition to the many other associations and dealers' groups taking up the subject during the past weeks, the National Association of Securities Dealers has also expressed its objections to the proposed rule.

SEC Profit Disclosure Rule on Counter Dealings Viewed As Threat To Entire Securities Industry

The new rule proposed by the Securities and Exchange Commission and the Federal Reserve Board would require the furnishing of the gross amount of dealer profit involved in transactions in unlisted securities has served to emphasize the need for more developed methods that would do away with the unregulated aspect of the counter market.

The SEC proposal provides that dealers involved in transactions involving unlisted securities must give their customers a written disclosure of any fees or commissions which they received as a result of such transactions.

In addition, dealers must keep full records of all transactions and must file reports of their transactions with the SEC.

DEALER No. 4

The proposed SEC bid and asked rule is thoroughly impractical and unworkable and will do nothing to stabilize the market, said one representative of the over-the-counter industry which is rendering an essential service to the public and the national economy. Together with all reputable dealer-dealers, I am in complete sympathy with the purported objective of the SEC—to prevent some dealers from continuing to make improper charges to their customers. However, it is not clear, apparent, however, that such an objective cannot be achieved by methods other than the proposed, so-called similar method.

SALESMAN

with the many years of experience in selling over-the-counter securities wishes to make a new connection with New York City or New Jersey firm. Excellent lines. Box A-2, The Financial News, 35 Spruce St., New York, N.Y.
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.

MILITARY

1942


New York: N. Y. - Harry M. Wortman has joined the executive advisory department of Reynolds & Co., 120 Broadway.

Chicago, IIL - Morris Cohen, with Fensler, Beane & Chicago in recognition of his service, has been associated with Morris Lynch, Fensler, Beane & Roeder, Builders Building, at all account executive.

BONDS

A. E. Adams, member of the Board of Directors of Chicago Electric Company, is now in the position of Assistant Secretary and Assistant Treasurer of the company.

MUNICIPAL RAILWAY, UTILITY AND INDUSTRIAL SECURITIES

THOMPSON ROSS SECURITIES CO.

CHICAGO

John O. Brien Co.

CONTINUES IN CHICAGO

Chicago, IlL - The Financial Chronicle of Aug. 6, it was reported that John O. Brien III had become associated with the Chicago office of Thompson & McConville. A partner in the firm's New York office, John O. Brien is a partner in the post-1941 formed Chicago Stock Exchange house of John O. Brien Co., 231 South La Salle Street, which clears through Thos. McKinnon, Chicago.

John O. Brien & Co. acts as stock, bond and commodity brokers in general market securities.

DIVIDEND NOTICES

COLUMBIAN CARBON COMPANY

The directors of the Columbian Carbon Company have declared a regular quarterly dividend of $1.00 per share payable September 15, 1942, to stockholders of record August 15, 1942. The dividends will be paid September 20, 1942.

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DIVIDEND NOTICES

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DIVIDEND NOTICES

H bert A. Adkins, Mr. R. H. Adams and Mr. Robert G. Anderson has joined the staff of Edwin Lavigne & Co., Radial Central Building.

DIVIDEND NOTICES

DIVIDEND ON COMMON STOCK

The directors of Chrysler Corporation have declared a dividend of seventy-five cents per share on their common stock, payable September 1, 1942, to the holders of record at the close of business September 15, 1942.

J. I. Case Company

Reorganized

Segmented, May 5, 1942.

A dividend of $1.00 per share upon the outstanding capital stock of the company was declared by the board of directors meeting August 21, 1942, to holders of record at the close of business September 17, 1942.

TREO. JOHNSON, Secretary.

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W. A. Fuller Co. Is Formed in Chicago

CHICAGO, ILL. - Organization of a new Chicago Exchange (firm, William A. Fuller & Co. with William P. Full, Edward A. T. Combitts, Jr., and W. H. Marquardt as partners, with offices at 209 South La Salle Street now occupied by A. Full & Co. is an organization which was announced about a month to take place soon.

William A. Fuller, who, with Mr. Combitts and Mr. Marquardt, comprised the trading staff of Fuller, Combitts & Co., Chicago, has been associated with the firm of William A. Fuller & Co., Chicago, Illinois, since its organization.

CHICAGO, WELMINGTON & FRANKLIN COMMON STOCK

(Continued from preceding page)

have built pipelines to the field and are currently paying $1.17 per barrel if W. C. B. & D. W. is with W. C. P. & E. D. D. on a price of $475.93 on the same basis. Under present tax laws, it enjoys a $1.00 per barrel bonus for depletion of a natural resource, which bonus is equal to the sales tax which is being contested as impe¬ nanent by the Department of Revenue. On the basis of earnings for the first quarter of 1942, income per share of New York stock was $1.75 as against an annual rate of $3 before Fed¬ eral income tax.

Because its stock has not issued periodic income statements, but is understood to have been in its present form for at least 27 years, recognition has been given which has been developing in its operations. The company stock has adopted the policy of issuing a comprehensive annual statement. The company has issued detailed net income before taxes and non¬ finance charges of $5,000,000 in 1942 and $5,923,019 after such charges, before Federal income tax.

Net income per share after all charges in the first quarter of 1942 was about $1.25 per common share. Coal operations in the company's 1901 were a small 20¬ day nationwide strike in April. Demand for coal after the strike was developed quite slowly because of prior stockpiling by most large consumers. The first quarter of 1942 will probably break all records for almost all coal producers, especially for steel¬ making companies which increased their coal consumption. It is estimated that Chicago-Wil¬ minington & Franklin Coal will pay coal earnings may actually equal those of the first quarter, with prospects for a continuing high price in the balance of this year. The company's election was set by the OPA for the first time, with the public in consideration entirely satisfactory.

A working capital at the end of 1942 of $1,500,000. Total current assets were $1,974,000 against current liabilities of $979,000. Current assets did not include accounts receivable in escrow for all of real royal¬ ty on another coal company in a pre¬ stined coal sinking fund. Since the end of 1941 the company's price of per ton per month has been strengthened by reports of the company's motion picture, the taking of this quarter. At the end of 1941, mine, equipment and coal expenditures capable of 65 cents per ton for Railway. The net figure of $8,925,000 after de¬ preciation and depletion reserves of $100,000. Total assets were $12,806,000. Book value of the common stock was $34.25 per share and the market price for the shares of the company was substantially larger were oil reserves to be capitalized.

H. G. Evans Appointed Brigadier General

Henry Cothel Evans, partner in the investment firm of Bros. & Boyd, has been appointed Brigadier General. Evans was born Sept. 17, 1902, at Muncie, Ind., and is a graduate of John Hopkins University. He went on a tour of the United States, with the American field service, serving with the French Army. In March 1917, he was commissioned a 2nd Lieutenant in the field artillery, was promoted to 1st Lieutenant in August, 1918, and Captain in No¬ vember, 1919.

General Evans was commissioned a Captain in the 30th Infantry Division. He is a member of the Board of Directors of the French Service Cross and the Silver Star.

Seaboard Railway, Inc.

Youn & Abbe, 72 Wall Street, New York City, have prepared a circular on the Seaboard Railway Company. They may be had from them upon request.

The COMMERCIAL & FINANCIAL CHRONICLE

Thursday, August 12, 1942

524
Seaboard Air Line
Rec. Cts. 1st Lien
 Bought — Sold
PFLUGFELDER, BAMPONT & RUST
36 Broadway, New York

Railroad Reorganization Securities
(When issued)

The railroads had their day before the Senate Finance Committee last week and were able to marshal impressive arguments supporting their plea for so-called tax relief in the matter of purchased tax-exempt bonds and for an opportunity to restructure or "reclaim" the tax privilege which, they asserted, had been lost. It is improbable that any legislation will see the light of day, yet the Senate Finance Committee has been asked to do so and it is evident that the railroads have been able to present a strong case for obtaining such relief.

Big Island
Bear, Stearns & Co.
New York, N.Y.

Ins. Stocks Attractive

In the D. Scott Marshall company, 22 Light Street, Baltimore, Md., members of the New York Stock Exchange, there is a stock which offers interesting opportunities for distribution. A list of the interesting companies is as follows:

Ins. Stocks Attractive

Unity Securities Appoints

Opens Orlando Office

The changes in the market for investment securities announced by Benjamin E. Arnold, Edgar A. Beardsley, and John H. Hatchett as Vice-Presidents of the United States Trust Company were welcomed by Mr. Arnold and Mr. Beardsley. The firm recently opened Orlando, Fla., office, 703-704 Florida Bank Building, which will also be associated.

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Bank and Insurance Stocks

This Week—Bank Stocks

While the industrial changes which have taken place since this country entered the war have been spectacular and an equally radical change has been taking place in the banking business. In the 10 years prior to 1941 conditions in the banking business have been those of unrelieved depression. Now, however, there are signs that this era is coming to an end with the impact of the war on the nation's economy. The banks have become accustomed to new and higher demands for money in industry, and the balance of payment problem has been made to the banks, acting as agents for the Treasury, will have to "stand by" a total of $400,000,000. Nearly 60% of the total number of loans were for amounts under $100,000. Loans have been made principally to small businesses to enable them to obtain regular banking channels the necessary financing that has usually been denied them. Savings Banks were appointed as agents of the Treasury to effect the necessary guarantees.

Earnings Bar With Safety

Savings and Loan insured accounts offer good income, with safety, and are legal investment for trust funds or for the interesting booklet on these institutions sent to you by S. B. Gaynes & Co., 235 Broadway, New York City, brokers specializing in the purchase and sale of Savings Bank and Life Insured accounts. Copies may be had from S. B. Gaynes & Co. upon request—ask for booklet F.8.

Sees Cotton Price Rise

The improbable of producing a cotton crop this season sufficiently large to satisfy the growing demand for the staple is advanced by Elaine Webber, Jackson & Curtis, 28 Broad Street, New York, against the New York Stock Exchange and other leading Stock and Commodity Exchanges. The market is prospective rise in cotton prices is (^) estimated at more than 12,500 bales and the chances of producing that quantity are indeed slim and would require a yield per acre around 1,000 instead of 500. In addition to the commodities, the firm, “No experienced cotton farmer would count upon it at this early stage of the growing season.”

“Reserve stocks as represented by government loans are rapidly diminishing and at a time when Russia will probably be added consumer of our cotton under the Land-Lease program. Recordings of Cotton and Agricultural E xchange Out," says Mr. Pinchard, “have been reduced from 1941, whereas consumer income will be sharply reduced, and under the strong pressure on commodity prices and the war activities, the cotton demand is also going to increase.”

In its study, the firm points out that cotton “is a war product and related to the war effort and purposes.” It is also a peace product, since it is an essential part of the war effort and destruction of its use increases. It also responds in price to the demands of the world throughout the world in maintaining value regardless of what occurs to the value of other things including money.”

Govt-Guaranteed Loans To War Plans

In the four months since the issuance of an executive order authorizing the Secretary of War to make loan guarantees to loans for war production purposes amounting approximately $400,000,000, have been authorized by the Federal Reserve Banks. Businesses, banks, acting as agents for these transactions, are putting the fund of $400,000,000 to work. On Aug, 5 by Donald M. Nelson, chairman of the Board of Governors, Mr. Nelson revealed that the loans, which are made through agencies of the Government under the guarantees provided by the War Department, and Maritime Commission, have come to the total of approximately $400,000,000. Nearly 60% of the total number of loans were for amounts under $100,000. Loans have been made principally to small businesses to enable them to obtain regular banking channels the necessary financing that has usually been denied them. Savings Banks were appointed as agents of the Treasury to effect the necessary guarantees.

Military War Department

The War and Navy Departments and the Maritime Commission were authorized by Executive Order No. 9121, on July 9, 1941, to enter into agreements with Federal Reserve Banks to lend, guarantee, or arrange for the issuance of loans to firms engaged in the construction and expansion of war production facilities. The Federal Reserve Banks were appointed as agents of the Treasury to effect the necessary guarantees. The War Department issued an executive order from the fact that many contractors, sub-contractors and suppliers have been unable to obtain adequate financing through commercial banks. The maximum amount of war production has reached a point where any increase is not sufficient for what has been added to the world’s productive capacity rather than for the mere dollar volume utilized.

The purpose of the executive order—to war-production contracts is for financial problems— is to extend the four-month period through July 25 guarantees have been authorized aggregating approximately $400,000,000. The widening price and the Custom House already indicated by the fact that the open market of the cotton range from $450 to $600,000,000. Nearly 60% of the total number of loans have been made under the Land-Lease program. Only about $8,000,000 are on file, and the figure is expected to increase as the total of loans authorized. I might point out that loans have been extended in the following amounts per firm, and in some cases, as much as $2,000,000. In many cases, the bank has covered a wide variety of purposes such as camouflage nets, planes, gun turrets, cars, ships, etc. It is interesting to mention just a few at random. "One purpose of the present order, as we understand it, is to give the War Department the opportunity to allocate the Limited number of firms that are already in production in the various industries of the country in order to ensure adequate production of war material. It is a war effort and a war plan, and the Treasury is not going to offer them free of charge. It is a tie-in to the Treasury’s proposal to place depletion of natural resources on a cost basis. The former Senator was one of the chief supporters of the present depletion regulations which were placed in the law in 1918. The former Senator was one of the chief supporters of the present depletion regulations which were placed in the law in 1918. The former Senator was one of the chief supporters of the present depletion regulations which were placed in the law in 1918. The former Senator was one of the chief supporters of the present depletion regulations which were placed in the law in 1918. 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The former Senator was one of the chief supporters of the present depletion regulations which were placed in the law in 1918. The former Senator was one of the chief supports...
The Securities salesman’s Corner

A Sales Letter that Produced Returns of 13%* The following letter was sent to a selected group of 100 people. It read:

"I wish to bring to your attention an investment possibility which I have been studying for some time. This possibility is one that has the potential of providing a significant return for those who are willing to take advantage of it.

The investment opportunity I am referring to involves a company that is currently experiencing a period of growth and expansion. The company is currently in the process of investing heavily in research and development, which is expected to result in significant increases in revenue and profit margins in the near future.

As a result of this growth, the company is expected to see a significant increase in the value of its stock. I have calculated that the potential return on this investment is around 13%, which is significantly higher than the current market returns.

I would be happy to provide you with more details about this investment opportunity, including the current market conditions and the specific strategies that I have developed to maximize the return on this investment.

Please contact me at your earliest convenience to discuss this opportunity further.

Sincerely,

[Signature]

"The securities salesman’s Corner"

The Securities salesman’s Corner

SALES LETTER THAT PRODUCED
RETURNS OF 13%

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As a result of this growth, the company is expected to see a significant increase in the value of its stock. I have calculated that the potential return on this investment is around 13%, which is significantly higher than the current market returns.

I would be happy to provide you with more details about this investment opportunity, including the current market conditions and the specific strategies that I have developed to maximize the return on this investment.

Please contact me at your earliest convenience to discuss this opportunity further.

Sincerely,

[Signature]

"The securities salesman’s Corner"

SALES LETTER THAT PRODUCED
RETURNS OF 13%

The following letter was sent to a selected group of 100 people. It read:

"I wish to bring to your attention an investment possibility which I have been studying for some time. This possibility is one that has the potential of providing a significant return for those who are willing to take advantage of it.

The investment opportunity I am referring to involves a company that is currently experiencing a period of growth and expansion. The company is currently in the process of investing heavily in research and development, which is expected to result in significant increases in revenue and profit margins in the near future.

As a result of this growth, the company is expected to see a significant increase in the value of its stock. I have calculated that the potential return on this investment is around 13%, which is significantly higher than the current market returns.

I would be happy to provide you with more details about this investment opportunity, including the current market conditions and the specific strategies that I have developed to maximize the return on this investment.

Please contact me at your earliest convenience to discuss this opportunity further.

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[Signature]

"The securities salesman’s Corner"
Municipal News & Notes

The move of the Securities and Exchange Commission to place regulatory control to the field of municipal securities has been the subject of the recent fraternity for the past week. Discussion of the SEC's proposal to force disclosure of bid and asked quotations on all municipal transactions occupied considerable time and social time by municipal notaries. On July 28 the SEC made public a proposed new rule for disclosure of quotations that had and asked prices of a security on the time sale or on the dealer's cost. Opinions were requested to be submitted to the commission on proposed rule X C 1-10 by yesterday, Aug. 12.

Naturally enough, active opposition to the proposed rule was coming in short order. Particularly vehement was the attack on the short per at a time allotted to dealers on a rule that would vitally affect their business. Taking heed of the numerous opposition to the SEC, the obvious to extend a delay until Sept. 15, in order to permit affected parties time to carry on a consideration of practical problems raised.

It is the opinion of Representative Paddock, who submitted his that considerable opposition can be expected to Congress to ensure interest of some such regulatory branches. He said that Congress circles "certainly will take appropriate ac on" if it is realized that the SEC never gave the SEC—and actually deliberately with held—information vital to the damage of the public and the average investor.

The SEC Mr. Paddock declared, "will have to give up their reg onal power over the public and municipal secu It depends on the public and the average investor to compromise legislation that is in the interest of some such regulatory branches. He said that Congress circles "certainly will take appropriate ac on" if it is realized that the SEC never gave the SEC—and actually deliberately with held—information vital to the damage of the public and the average investor. The SEC Mr. Paddock declared, "will have to give up their reg onal power over the public and municipal secu

FLORIDA

FLORIDA MUNICIPAL BONDS

Our long experience in handling Florida's municipal market gives us a background of familiarity with these securities and with the municipalities issuing. We can answer any inquiry regarding them on an obligation free basis.

R. E. CRUMMER & COMPANY

GEO. B. GIBBONS & CO.
INCORPORATED

Incorporated

Dated April 1, 1942. Principal and semi-annual Interest, April 1 and October 1. Coupon bond and interest to be paid annually. Trustee's address: First National Bank of the United States, New York City. Trustee is to hold funds for any reason, convertible into fully registered bonds of $1,000 and $5,000 denominations. The information and opinions herein expressed are those of the company, who have conscientiously considered the subject matter. We cannot be held responsible if the information herein contained is not accurate.

Under existing law interest exempt from all federal Income Taxation

$1,000,000

State of West Virginia

3% and 1½% Road Bonds

Due $40,000 annually April 1, 1943 to 1967, inclusive

Legal Investment, in our opinion, for Savings Banks in New York, Massachusetts and Connecticut.

These Bonds, to be issued for road purposes, in the opinion of counsel will constitute valid and binding obligations of the State of West Virginia. The rate at which the bonds are and will be sold will be determined after a due consideration of the prevailing market conditions and will be advertised. The bonds will be sold at par and in whole units only. Any costs that may be incurred in connection with the sale of the bonds will be paid from the proceeds of the sale of the bonds. When and if the bonds are sold, the proceeds thereof shall be used for the purpose of paying the cost of constructing and equipping the State institution to be constructed.

$200,000 3% Bonds due 1947 to 1967,
Prices to yield 0.40% to 1.00%

$800,000 1½% Bonds due 1948 to 1967,
Prices to yield 1.10% to 1.65%

HALSEY, STUART & Co.Inc. BLAIR & CO., INC.
GEO. B. GIBBONS & CO.
INCORPORATED

New world systems, for example, are listed at 40 years; highways, 30 years; water, 50 years; fuel, 40 years; school buildings, 40 years; public buildings, 30 years; and court houses, 40 years. All local bonds must be serial, except New York City, and in New York City, the term of the bonds is limited to issuance and repayment of notes. Participation in the proposed sale of local bonds may include the states of New York, Pennsylvania, and Illinois.

We do not believe that the full extent of the issues of local bond financings is known to the general public. Local bonds, however, are not necessarily guaranteed by the state in which they are issued. We believe that the future of the local bond market will be determined by the success of the various attempts to establish a national rating agency for local bonds. It is our belief that the market for local bonds will develop as the result of the increased use of local bonds in the financing of public works and the increased use of local bonds in the financing of local government operations.

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Exchanges. These larger Stock Exchange commissions are recognized as fair because there is no volunteer current demand for commission business. However, the demand must be created; the Securities and Exchange Commission has not yet been able to draw a demand for these very large commissions are reasonable for the very best known corporations. If there is a vigorous demand for these very large commissions is apt to be a reasonable commission for the execution of orders of the shares of many of the large blue chip companies. The little known obscure corporations where there is no demand for their securities, as a rule, the commission must be made known and conditions surrounding it explained to be sure that the demand for the commission may be expected.

There is a vast difference in the cost of completing different kinds of over-the-counter business. At one end of this great variety of business are the over-the-counter deals under $100, and more may be sold to one customer. In such a transaction, a profit of 1/2 or 1/4 of a point may be made and even liberal and even 1/10th might be a fair price. At the other end of the scale is a transaction where the very few large orders and sales that are made for securities in the over-the-counter market, if it has been established that if a dealer's profit is known to the customer, it is usually considerably greater than it would be, if it is any amount beyond the well known Stock Exchange commissions.

The rule as a whole provides, as a practical matter, would simply drive out of the business a great number of legitimate dealers, who devote their entire time to creating markets in inactive securities, and it is the intention of the commission to prevent these relatively obscure corporations, as the market previously available would disappear. It is likely that there will be a market for these small deals. (Continued on page 536)

SAFE HAVEN FOR INVESTMENT FUNDS

Individual investors, trusts, and other fiduciaries interested in being acquainted with the Federal Reserve System and the opportunities offered by savings and loan associations should write for a booklet which is available on request.

As a result of the success of the New York Life Savings Association in Chicago, Mr. Buckner has opened the gates once more and has placed a number of smaller companies, whose securities constitute the bulk of the business with the savings associations, in an even more advantageous position in the market with serious repercussions on our national economy.

The rule in its general effect is to limit the business that can be done in the over-the-counter market by placing a limit on the making of any fair and legitimate profit, as if to presume that the very few transactions that occur there show substantial profit and are very rare and can only be made by the large order. The rule appears to be aimed at a few dealers in the over-the-counter market, to the latter is based on the fact that the Federal Reserve System is based on the assumption that the large order is more efficient at the expense of smaller orders at a larger cost.

The proposal of the rule is that the Federal Reserve System should limit the business that can be done in the over-the-counter market. It is a question that has been asked of the Federal Reserve System, why does the commission propose to limit the business that can be done in the over-the-counter market? It is a question that has been asked of the Federal Reserve System, why does the commission propose to limit the business that can be done in the over-the-counter market? It is a question that has been asked of the Federal Reserve System, why does the commission propose to limit the business that can be done in the over-the-counter market?

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The Status Of Savings And Building And Loan Associations

BY MORTON BODFISH
Executive Vice-President United States Savings and Loan League

Four years of rising recoveries culminating in genuine prosperity in the percentage distribution of first mortgage loans on real estate to the balance sheet for a representative 900 savings and loan associations as of Dec. 31, 1937, is a beginning of unmistakable recover-
y in the business. There is a distinct change in the balance sheet of the past year-end's statistics for member
institutions of the Federal Home Loan Bank system. Such a com-
parison shows that cash posi-
tion is materially better than at the end of 1936. For this reason, that per-
centage of first mortgage
loans to total assets has been
bounced steadily while real
estate owned has be-
come a more
monetary factor
on the balance sheet, that re-
sults from a realization of the
spate of the drains upon them by liquidations of
and that the temporary invest-
mens of funds by the Treasury
and by the Home Owners' Loan
Corporation has been
fulfilled by regular additions of
private capital.

This is the basis for the analysis of the over-all picture in the savings and loan business was probably the
fore the depression, so that com-
parisons with 1936 are
impractical. With the aid of the Federal Home Loan Bank
system, authorized by a statute enacted 10 years ago last month, however, the gathering of
positional statistics on the business without lapse of an invalu-
able amount of time eventually became a reality. The figures from 3,771
separate and distinct savings and loan institutions are reflected in the consolidated balance sheet as of
Dec. 31, 1941. They have total
assets of approximately $11,700,000,000.

First mortgage loans, at least 65% of their dollar volume repre-
seating new lending transactions of the past four years, account for
81.6% of total assets. At the end of 1936, the percentage was only
72.2%. That was when this sector was being pared down with
13.7% of assets in real estate
owed, the balance sheet item which in the past four years has been whittled down by hard
work and a better real estate market
in 1935. Year after year in
the past three years, 75% of all of institutions of this type, the
executive council or board of di-

SAFETY SINCE 1887
Not one dollar has been lost by any investor in shares of this institution in its 54 years of existence.

ASSETS
Jan. 1, 1936—Total Assets $899,641.65
Jan. 1, 1939—Total Assets $929,692.65
Jan. 1, 1940—Total Assets $1,335,560.63
Jan. 1, 1942—Total Assets $2,606,222.01
June 30, 1942—Total Assets $2,971,132.65

UNION FEDERAL
SAVINGS AND LOAN ASS'N
INDIANAPOLIS, INDIANA

SAFETY INSURED
Current Dividend 3%

Statement of Condition June 30, 1942

ASSETS
Cash on Hand and in Banks $3,029,283.39
United States Savings Bonds 177,000.00
Federal Home Loan Bank Stock 141,179.50
Loans on Stocks and Certificates 23,421.65
Furniture and Equipment 10,993.05
Liabilities
Members' Savings and Investment Share Accounts $710,206.53
Advances from Federal Home Loan Bank 145,356.00
Leases in Проект 117,000.00
Other Liabilities 2,500.00
Reserve and Undivided Profits $710,206.53

Member Federal Home Loan Bank and Federal Savings and Loan Insurance Corporation
Inquiries from out-of-town investors invited.

FIRST FEDERAL
SAVINGS AND LOAN
ASSOCIATION OF DETROIT
150 W. FORT ST., DETROIT, MICH.
Michigan's Largest. "Federal" Savings and Loan Ass'n

Paying 3% Currently on INSURED SAVINGS & INVESTMENTS

HINSDALE FEDERAL
SAVINGS & LOAN ASSOCIATION
PHONE 777
HINSDALE, ILLINOIS

DOUBLE SAFETY
1. Insured by F. S. & L. I. C.
2. 6% of savings portfolio insured by F. H. A.

DEALER INVITED

INSURED SAVINGS & INVESTMENTS
1700 West 21st Street CHICAGO
Assets over $1,000,000.00

The Oak Park Federal
Savings & Loan Association

All share accounts insured up to $5,000 by law as agency of the Federal
Government

Assets Over $1,000,000

Write today for booklet explaining how Oak Park Federal is a most desirable place for your savings.

184 N. Marion St., Oak Park, Ill.
Phone Village 8790
(Continued on page 533)

Thursday, August 13, 1942

FLETCHER AVENUE
SAVINGS AND LOAN ASS'N
Incorporated Aug. 29, 1900
Assets $9,813,990
Current Dividend Rate 3% per annum

State Chartered Not Issued
150 East Market Street
Indianapolis, Indiana

A Sound Investment for Trust Funds
Investment features:
SAFE—insured up to $5000 FREE from market fluctuation TRUSTEE investments welcome
YOUR inquiry invited

BUSINESS MEN'S
Federal Home Loan Ass' Ness
605 Main Street CINCINNATI
Current Assets $1,621,218.33

Fletcher Avenue Saving & Loan Assn of Indianapolis

Fifty-two years ago when Fletcher Avenue was a wide road, Detroit's
__ Street, a group of neighbors formed the Fletcher Avenue Savings and
Fletcher Avenue completed their plans for the forma-


Tuesday, August 13, 1942

The OAK PARK
SAVINGS & LOAN ASSOCIATION
184 N. Marion St., Oak Park, Ill.
Phone Village 8790

Business Men's Federal
Reports Further Growth

Business Men's Federal Savings and Loan Association reports a substantial increase in the amount of mortgage loans on its books at the close of business June 30, 1942.

The increase from June 30, 1941, and 1942, was reported at $86,994. The total number of mortgage loans held on June 30, 1942, in other words, from 285 to 316. The total of all of the accounts has increased from 1,073,107 to 1,133,091, which is considered quite sub-

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The Federal Home Loan Bank System and Its Relation To The Savings And Loan Field

By J. A. White

In the summer of 1919 the Rev. H. C. Bolduc, pastor of St. Paul's Church, 22nd Place and 30th Street, Chicago, called a meeting of the men of the scattered community (32 of them) to consider the formation of a building and loan association. This was accepted, and as a recognition of the good father's foresight and labor the association took the name of his church, St. Paul's, even though there were four churches in the neighborhood but the original group.

In 1924 the St. Paul Federal Savings and Loan Association of Chicago has maintained and original group. The families of St. Paul's Church. There are still on the books the families who joined in the first year, third and fourth generations.

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In 1924 the St. Paul Federal Savings and Loan Association of Chicago has maintained and original group. The families of St. Paul's Church. There are still on the books the families who joined in the first year, third and fourth generations.
UP-TOWN AFTER 3

THE MOVIES
All too often when the movies buy a best seller and make a picture directly from it, the results are unremarkable. *The Last Tycoon* may be an exception to that rule. It tells the story of Jay Gatsby, a man of strange and amazing means and of strange and amazing achievement. Among the candidates for as good or as better than the books on which they were based, *Grapes of Wrath*, *Wuthering Heights*, *Treasure Island*, and of course *The Last Tycoon* have the best claim to honor. This one, however, also has the advantage of being currently seen at a high level of entertainment. The story of Jay Gatsby, the great American tycoon, is now attacked with a level of wit and humor which is unprecedented in modern fiction. The novel, written by F. Scott Fitzgerald and published in 1925, has been brought to the screen by the able and talented director, Elia Kazan, and the results are a triumph of cinema. The film is a faithful adaptation of the novel, with all of the humor, wit, and drama that make the book a classic. The performances are top-notch, with particular praise for the leading roles played by Leonardo DiCaprio and Tobey Maguire. The film is a must-see for anyone who loves classic literature and cinema.
The Status of Savings and Building and Loan Associations (Continued from Page 3)

In addition to leadership within the business, particularly from the United States League through committee formation and official recommendations of its governing bodies, there has been from a conference table, conference, (or) that there has been performance, (or) this to the performance of reserves. Some reserves have had rapidly in the past development or recovery, and forward pressing of reserves have not been so notable in some areas, but have not been so notable in those areas, the reserve in the market. The reserves have had to maintain their interest or earnings, and to make depression experiences almost entirely, through them, and to make critical advances not only in recovering the formerly 78.0% of their capital, but also in strengthening their efforts for the war emergency, which is after all the main consideration, according to them at the present time.

SAFETY PLUS GOOD RETURN ON SAVINGS

Current Rate 3 1/2% Never Paid Less

Accounts Insured to $5,000 by Agency U.S. GOVT.

GEORGIA'S OLDEST FEDERAL

FULTON COUNTY FEDERAL SAVINGS & LOAN ASSN.

Georgia's Federally Insured Safe

Good Federal Trust Co. of Georgia Building, Atlanta, Georgia

INSURED, NON-SPECIALIST

ACCOUNTS INSURED UP TO

Latest Semi- Annual Dividend Rate

Dividend of

3 1/2% ANNUAL

• We solicit Investment accounts of Individuals, Trust Officers, Administrators, Government, Life and Fire Insurance Companies and other Trustee Investors.

A Non-Speculative Investment Legal for Trust Funds in many states

§ Assets over $5,000,000. Surplus and reserves over $500,000

Write for free booklet, "A Safe and Reliable Place—" or send check for Investment Certificate.

Atlanta Federal-Savings & Loan Association

GEORGIA'S LARGEST FEDERAL ORGANIZED 1897

22 Marietta Street

Atlanta, Georgia

Member Federal Home Loan Bank System

Federal Savings & Loan Insurance Corp.

IN NEARBY PHILADELPHIA
YOUR SAVINGS CAN CURRENTLY EARN
4% WITH SAFETY

Savings & Loan Insured Accounts Offer:

1. Federally Insured To
$2,500,000,000.00

2. A Legal Investment For Trust Funds.

3. Dividends From Date Of
Investment To Date Of Withdrawal.

Write for booklet F

S. R. GAYNES & CO.

225 Broadway, N.Y.C. Tel. 1184-5

THE COMMERCIAL & FINANCIAL CHRONICLE

Volume 156 Number 4098

1941

FOR YOUR SAVINGS — WITH INSURED SAFETY

STATEMENT OF CONDITION — May 31, 1941

Assets

$3,322,606.06

LIABILITIES AND RESERVES

$2,383,265.14

Mortgage on Office Building

33,380.00

Reserves and Unearned Premiums.

76,178.10

Surplus and Reserves over $500,000

$3,383,265.14

First Real Estate Mortgages

$296,162.36

Income Year Ended May 31, 1942

$195,905.45

F. H. A. Loans in Process of Sale

140,443.82

Total Operating Expense

74,368.62

United States Government Obligations

18,300.00

Net Income

12,042.19

Stock in Federal Home Loan Bank

66,100.00

DISTRIBUTION OF NET INCOME

Furniture and Fixtures and Equipment...

10,400.00

Other Assets

14,541.50

For

$3,383,265.14

MEMBERS' SHARE ACCOUNTS

$2,383,265.14

Mortgage on Office Building

33,380.00

Advances from Federal Home Loan Bank

809,000.00

Loans in Process...

373,584.54

Reserves...

76,178.10

Unearned Premiums...

77,609.77

$3,383,265.14

INCOME STATEMENT AND EXPENSE FOR THE YEAR ENDED MAY 31, 1942

Gross Income for Period

$195,905.45

Total Operating Expense

74,368.62

Net Income

12,042.19

SAVINGS & LOAN ASSOCIATION

6201 W. Cermak Road

Berwyn, Illinois

R. R. NOVOTNY, Secretary-Treasurer

(A Suburb of Chicago)
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 the date of filing. The issues are listed in the order of their effectiveness.

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

Offerings will rarely be made before the day following.

SATURDAY, AUGUST 15

INVESTORS MUTUAL INC.

Gold bonds of a registration statement with SEC 1942-358, par value $100,000, 10,000 shares.

BUSINESS—The company is engaged in the furnishing of services for the maintenance, renovation, finishing, finish and paint, and the refurnishing and redecorating of buildings and properties.

Do not lend to market

Registration Statement No. 2-2260. Form A-2, 20A.

THURSDAY, AUGUST 20

NE-ENAMEL CORPORATION

H-100 certificates of a registration statement with SEC 1942-209, par value $100,000, 10,000 certificates.

BUSINESS—The company is engaged in the production of linoleum and kindred products. The company is the successor to Nu-Enamel Corporation, the assets of which have been acquired by the company.

Proceeds—The net proceeds to the company will be for the purpose of making certain improvements and the purchase of property.

Underwriting—All the proceeds from the sale of the certificates will be used by the underwriter for the purpose of purchasing such preferred stock for the underwriter.

Registration Statement No. 2-2042. Form A-2, 4-1/2.

MONDAY, AUGUST 24

POTOMAC ELECTRIC POWER COMPANY

H-100 certificates of a registration statement with SEC 1942-330, par value $100,000, 10,000 certificates. Effective Aug. 26, 1942.

Address—1250 Sixteenth St., N.W., Wash., D.C.

BUSINESS—The company is a public utility engaged in the generation, transmission and sale of electric energy.

Proceeds—The net proceeds will be used for the payment of the company's current obligations and for the construction of new power plants and transmission lines.

Underwriting—All the proceeds from the sale of the certificates will be used by the underwriter for the purpose of purchasing such preferred stock for the underwriter.

Registration Statement No. 2-2037. Form A-2, 3.

WOLF-CATBONE ELECTRO-CART CO.

H-100 certificates of a registration statement with SEC 1942-330, par value $100,000, 10,000 certificates.

Address—1250 Sixteenth St., N.W., Wash., D.C.

BUSINESS—The company is engaged in the production of electric devices and generator sets for the manufacture of electric energy.

Proceeds—The net proceeds will be used to purchase property and equipment for the manufacture of electric energy and for the construction of new power plants.

Underwriting—All the proceeds from the sale of the certificates will be used by the underwriter for the purpose of purchasing such preferred stock for the underwriter.

Registration Statement No. 2-2038. Form A-2, 3.

CALIFORNIA UNION INSURANCE COMPANY

H-100 certificates of a registration statement with SEC 1942-330, par value $100,000, 10,000 certificates.

Address—1250 Sixteenth St., N.W., Wash., D.C.

BUSINESS—Investment trust.

Underwriting—All the proceeds from the sale of the certificates will be used by the underwriter for the purpose of purchasing such preferred stock for the underwriter.

Registration Statement No. 2-2041. Form A-2, 3.

BANK OF ENGLAND LIMITED

H-100 certificates of a registration statement with SEC 1942-330, par value $100,000, 10,000 certificates.

Address—1250 Sixteenth St., N.W., Wash., D.C.

BUSINESS—Investment trust.

Underwriting—All the proceeds from the sale of the certificates will be used by the underwriter for the purpose of purchasing such preferred stock for the underwriter.

Registration Statement No. 2-2041. Form A-2, 3.

CALIFORNIA UNION INSURANCE COMPANY

H-100 certificates of a registration statement with SEC 1942-330, par value $100,000, 10,000 certificates.

Address—1250 Sixteenth St., N.W., Wash., D.C.

BUSINESS—Investment trust.

Underwriting—All the proceeds from the sale of the certificates will be used by the underwriter for the purpose of purchasing such preferred stock for the underwriter.

Registration Statement No. 2-2041. Form A-2, 3.
SEG Bid And Asked Rule Held Impractical In Application

(Continued from first page)

SEG Bid And Asked Rule Held Impractical In Application

the second is by far the more important. A few months therefore of the purchase of the price of the matter paid in relation to the the second proposition is significant beside the questions whether income to the purchaser of an investment security has been maintained or the price in the market has been better or worse than the trend of stock market averages. A retail securities dealer is really selling two things, the security and his element of their intrinsic merits in stock.

The writer's firm has retained the confidence of many interested parties in its decisions on such matters and the result of this experience and this may be taken as a testimonial to the generally sound quality of its partners' judgments. The worst error of advice in the market, nevertheless, serve to illustrate the point made. In 1937 members of the firm were enthusiastic about a stock listed on the New York Curb, an item which new and favorable developments were believed to favor a market. On the firm's recommendation, customers bought the stock at prices between 20 and 25 and all the partners bought the stock for their personal accounts. However, through Curb brokers and no extra commissions were charged, would have accrued through the good will resulting from the decision to the market in the stock. Actually the stock has declined or less more than 50% of the cost of the stock, and even a recommendation in this particular stock, which would have yielded an immediate profit to the firm and a much higher dividend performance. This incident could doubtless be duplicated in the files of any Curb dealer. It shows that a slim profit to the dealer by means unsatisfactory to the customer.

GRADUATED BID AND ASKED RULE

does have a legitimate concern that the price he pays for a security shall not be too far out of line with the "Street" market, the proposed Rule X-15C-10 amending Regulation X has some very important practical application and highly discriminatory as between large and small dealers. First, as to the practical application, it is obviously impossible for a state to state with certainty at any given moment what the "independent" bid in any given public security is, for at least two reasons. First, there are thousands of unlisted securities in each of which only one or two firms regularly trade. Second, other firms may be other firms spasmodically interested in the market and at times making better bids or better offerings than the firm's. Moreover, the "independent" broker, in fact, is a group of interested brokers may not appear in the micrographed sheets of the National Quotation Bureau. Suppose Smith, Jones & Co. offered to the sheets in National Gadget with the dealer John Doe & Co. possibly know that a small block is overhanging the market at 73 1/4. Even if Doe's trader telephones Smith, Jones, with trader quotes, to effectuate the situation of New York Curb Exchange and the smaller exchanges outside New York, have become even wider than the average unlisted stock or bond. On a recent day, for example, Bush Terminal 1st & 4th, 1952, were quoted $67 bid, $85 asked on the New York Stock Exchange. This was exceptional for this issue, but spreads of 5% to 20% between bid and asked for other listed issues are by no means unusual. Very few newspapers now carry bid and asked quotations of New York Stock Exchange stocks, none carry listed bond and asked prices, though many "Wall Street Journal" carriers Curb stock bid and asked prices. Why does the investor be misled by the compulsory disclosure of over-the-counter quotations and be permitted to assume that the sales prices of listed issues indicate close markets? In the case of New York Curb Exchange, whose own seats are currently quoted no bid, $840.25 asked, the proposed discrimination appears particularly inconsiderable.

Beside being discriminatory as between groups of broker-dealers, the proposed rule is highly discriminatory as between issuing corporations. The securities of publicly-owned but small to medium-sized corporations are customarily traded over the counter. Adoption of the proposed Rule X-15C-10 would mean a discriminatory price advantage to the large securities. In self-protection trading houses would quote wider spreads between bid and asked, ill-informed investors would favor listed securities to a greater degree than at present. Smaller corporations, with security issues not large enough nor widely enough distributed to be suitable for listing, would find their credit impaired, their opportunity for raising new capital diminished. The position of large corporations would be greatly favored by the proposed rule, the trend toward concentration of economic power seriously accelerated.

The proposed rule would undoubtedly make it more difficult for the small minority of unscrupulous dealers to cheat their customers, who constitute a very small fraction indeed of the investing public. In accomplishing this intrinsically desirable result, the rule would impose extremely severe hardships upon the great bulk of the investment dealers of the United States, discriminate against them in favor of the brokers catering to a more speculative clientele, seriously impair the competitive position of small dealers to raise private capital in the reconstruction era ahead, greatly diminish the marketability of outstanding security issues of small to medium sized corporations, accelerate the trend toward concentration of economic power in the larger corporations. Adoption of this ill-defended measure could be likened to nothing so aptly as burning down a barn to rid it of rats.
It’s not that the market ground between the two headlines--"accurate knowledge and thoughtful thinking--acts as it does.

Since the war first began the democratic countries have been on the defensive, or, as the financier, said in a private talk to appease the spirit of hope was in the air. A hope there wouldn’t be any war. "No war in our time."

A hope if there was a war, we would keep out. And when we were finally forced in, a hope it would be short and a hope we would win.

The stock market taking its cue from all these hopes acted accordingly. As these hopes began to grow the popular belief became the popular custom to blame somebody else. Either the politicians or taxes or taxes which were at fault.

The market dealing with facts not abstract theories acted accordingly. It went up a bit on hopes, but refused to maintain the advance. New openings, and even the customary increase in the price of one’s shares, was absorbed, and then the market began to fall.

The answer to the problem lies in raising the mental code of the industry by clearly showing to the dealers what are fair profits and what are not. If this is the code of business one is in business for execution a higher range of commission, though within the law, but for a long time it would be very difficult for the dealers to maintain the high commission of the dealers who have been habitually paid considerably more than their earnings.

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The current bull, though the most pronounced in years, even for the period of "Monday dog-days," has not served to completely dis¬courage people. They see in the "special" and "secondary" offer¬ings and the manner in which they have been filled, evidence of availability of investment funds to push up those prices into Government securities.

After the issue of the $5,000,000,000 filed by Potomac Electric Power Co. earlier this week, the first issue of the first new fall business.

The early announcement to sell this issue, to consist of first-mortgage and second-mortgage bonds, due 1977, in competitive bidding and should soon issue its call for ten bids by next week.

Bankers point out that there re¬main some $14,000,000,000 of financ¬ing to be done by Central Mine Power Co. This issue has long been in registration as part of a $20,000,000. Other potential businesses is seen in Public Service Electric & Gas Co., whose $100,000,000, and the latter a large deal, Pennsylvania Electric, LCDelco, and both National Traction.

Specials Still Fill Niche There is no gaining the fact that "special" offerings and twilight deals are filling in the time of bankers and investors who are still satisfied with satisfactory compensation for the effort involved.

Another block of 25,000 American Tobacco common was going well in the hands of the earlier buyers, with late yesterday, or following the closing.

This is the second stock of American Tobacco for the account of the same estate, the former one having been snapped up quickly. Meanwhile, "special" offerings of blocks made on the floor of the stock Exchange, under its own roof, through the week, and in most instances eminently successful.

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Our Reporter’s Report

(Continued from First Page)

It was pointed out, this element would get around a regular action, remedy by the procedure of building up the file records so as to show a bid.

The rank and file of dealers are agreed to the effect that element is "smoked out." But they dislike making the move in face of facts, instead, some plan which would permit to firms themselves from the actions of "fly-by-nights," as one commentator put it.

Big house than bureau secre¬tary jobs, they point out, want a sale or perhaps 2 on securities carried on the shelf, the bond prices are in some instances for six months. Meanwhile, it is argued that to keep the "fly-by-nights" from as projected, would involve no real cost to the house.

Hopeful For Fall Business Underwriters, fully aware of the influence exerted by the war on speculation, are inclined to be mildely hopeful in looking toward the fall season.

Dealer Comment On SEC Proposal

(Continued from page 528)

tire securities—even if the cost is high—rather than to have no mar¬kets at all.

It might be better, if thought necessary, to endeavor to establish two systems for all over-the-counter stocks, the one for "specials" and a retail market—such as is done in the New York Stock Market, on the exchange, where the cost of the securities is so narrow that in many issues there is no real market. And, excepting when a transaction is being de¬veloped by an over-the-counter transaction in that particular security for days, weeks or even months.

The controversy dealer-broker system would do not, also, for the over-the-counter stocks the necessity of retail market, but in many cases so far and far between that it would not pay a dealer special to have a retail market. In the majority, in any case, the securities house must be in the capacity of its broker to handle the market.

If a system of disclosure to customers of cost and profit is the only way to prevent exactions, the industry can be made to more of a burden to dealers the advice of the customer on the actual cost or sale price of the security to be sold. With such prices as a base, the profit or commission could be negotiated with the customer's approval. If such a procedure were to be tried, it would be essential for the industry to arrange with the Na¬tional Association of Securities Dealers Inc., and the Securities and Exchange Commission to justify in the minds of investors the practicabil¬ity of larger commissions or profits on over-the-counter, inactive, security business.

In such a manner the customer would become informed and edu¬cated as to the cost of his business for carry for execution a higher range of commission, though within the law, but for a long time it would be very difficult for the dealers to maintain the high commission price of many of the dealers who have been habitually paid considerably more than their earnings.

The answer to the problem lies in raising the mental code of the industry by clearly showing to the dealers what are fair profits, and what are not. If this is the code of business one is in business for execution a higher range of commission, though within the law, but for a long time it would be very difficult for the dealers to maintain the high commission price of many of the dealers who have been habitually paid considerably more than their earnings.

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