Our REPORTER On "Governments"

By S. F. PORTER

A move which is all but riskless and which may bring in some unlocked profits is to buy into the $200,000 Treasury 2s maturing Sept. 15, 1942, or into the $320,000,000 RFC 1/4 maturing Oct. 15, 1942. Odd is the deal that will take place before the next cash offering, because a refunding of this type is likely to stimulate the market generally. Certainly, some holders of the tax-exempt Treasury 2s will want to stay in the tax-exempt classification so they'll do their own refunding, enter the open market and use the cash obtained from sale of the 2s to buy outstanding exempt. That alone should help the appearance of the market, and will help pave the way for the next Treasury borrowing.

But back to the profit possibilities in purchasing the maturing issues now. . . . The RFCs are selling at 1603 to yield a minus equivalent of 1/4 to October 15, a minus of 5/64 to September 15. . . . The Treasury 2s are selling at 1602 to yield a minus equivalent of 5/64 to September 15. . . . In other words, purchase of either of these issues necessitates virtually no risk for the worst that can happen is that they'll be paid off at par and you'll lose a fraction for having paid your own refunding, enter the open market shortly after the sale. . . . By having the securities to be purchased, you can arrange that exchange of dollars therefore. . . . It's not much—but it's something. And the move has no angles to it that any official might object to.

DEALERS AT A LOW

The other day, a broker in the New York market traded $1,000,000 of the certificates of indebtedness for a customer at a 20% commissiort on September options and by September 15, the buyer of the options had sold the certificates of indebtedness at par or a 40% commission on the September options and that rate of return is well within the range of profitable transactions in the past, remarked "there's nothing doing at all, so what do we do next." At that moment, a third broker said that he was considering going out of the Government bond field altogether because as he saw it, there would be no profit possible in it. And he continued that exchange of dollars therefore. . . . It's not much—but it's something. And the move has no angles to it that any official might object to.

THE INSIDE MARKET

The response to the taps has astonished even the men who rate the sale. . . . While the billion-dollar mark was hoped for, off-the-record spokesmen among Victory Friends, could not make such a prediction.

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FINANCIAL CHRONICLE

Volume 156 Number 4100

New York, N. Y., Thursday, August 20, 1942

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Federal Reserve Bank of St. Louis

I have been told that a few weeks ago, a few of the main leaders of labor and management will gather at a conference in New York City, on August 27, on the topic of the Payroll Savings Plan, with a view to examining the methods and results of the various methods to spur participation to the 10% gross payroll goal set by the bank.

I would like to make a few comments on the conference, if that would be all right with you. The conference is being held in conjunction with the War Savings Staffs of New York, New Jersey, and Connecticut. The conference will aim at a three-point goal:

1. To clear up some of the confusion regarding the Payroll Savings Plan. In analyzing this goal, they concluded that "we will recommend that the number of participants in the Payroll Savings Plan be increased by increasing the number of workers taking part, and thirdly, to increase the amount of monthly purchase of the bonds."

2. To determine the future of the Payroll Savings Plan. The conference was attended by Mr. Walter H. Bush, President of the National Association of Manufacturers, and Mr. Charles J. Hirt, Editor of the Curtis Publishing Company. William Young, formerly American Federation of Labor; Jacob S. Pollock, Acting President of the Classified Workers, and Owen D. Young.

The luncheon meeting will be financed by the hundreds of corporations and unions participating. Similar discussions have already been held in Richmond, Va.; St. Louis, Denver, Calif.; and Atlanta, Ga. Others are scheduled for San Francisco, Chicago, New York, Philadelphia, Cleveland, Colorado, and Boston. The New York luncheon will be the last in the series.

Philadelphia Reading Coal & Iron Co.

5th 1973 C/D 16/1949
Denver & Rio Grande Western

We have no reason to anticipate any change in the price of this commodity. All Credit

Savings National -

in Dallas, Texas, and at the New York luncheon will be held this month in cities throughout the country, with the aim of

Merger and Unification

of the Bank.

The announcement states that the creation of one of the important Treasury sessions ever held in the United States is being held by the others being held this month in cities throughout the country, with the aim of nationalization. The conference will aim at a three-point goal:

1. To clear up some of the confusion regarding the Payroll Savings Plan. In analyzing this goal, they concluded that "we will recommend that the number of participants in the Payroll Savings Plan be increased by increasing the number of workers taking part, and thirdly, to increase the amount of monthly purchase of the bonds."

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Capital And Investors Get Small Share Of Nat'l Income: Forbres

An increasing slice of the national income pie is going to employees, a shrinking slice to capital, to investors and small business owners.

Total compensation of employees last year increased, as compared with 1939, $1,000,000,000, or 22.1%, while total compensation of owners of unincorporated business was $300,000,000, or 1.72%.

There are many causes cited by B. C. Forbes, head of the Investors Fairplay League, from statistics of the Department of Commerce.

"Since this year are rising and dividends being reduced, the income of investors has more pronounced," Mr. Forbes points out.

"It is significant that, whereas total national income was $11,227,000,000 greater than in 1939, the national income for investors and their share was $2,950,000, less interest and royalties $209,000,000 less."

The 'Fairplay' report points 61.0% of the national income, whereas last year's share was 47.7%. Industry and agriculture declined from 8.6% to 6.7% of the total and business and industry during the depression the share of income fell from 37.6% to 30.1%.

Mr. Forbes adds that industry and agriculture have improvements but not the same period of depression follow the war.

St. Petersburg, Fla. Tax Collections Analyzed

Cuban & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange, have prepared an analysis of tax collections of St. Petersburg, Fla., for the period 1941-42. Copies of the analysis may be had from the firm upon request.

Reserve Banks To Resell Treasury Bills

The Board of Governors of the Federal Reserve System, in an action announced on July 7, that "the Federal Open Market Committee has supplemented its direction of April 30, 1942, to the Federal Reserve Banks to purchase all Treasury bills that may be offered to such banks on a discount basis at the rate of 3% per annum, by a further direction that any such purchases shall, if desired by the seller, be purchased subject to the condition that the Federal Reserve Bank, upon the request of the seller before the maturity of the bills, will sell to him Treasury bills of like amount and maturity at the same rate of discount.

The effect of this action, it was explained, is to permit a bank, which has sold Treasury bills to the Federal Reserve, to have the unlimited line to re-purchase them at its option before maturity at the same rate of discount at which they were sold to the Reserve.

The Reserve Board's action of April 30 was adopted as an added measure of insuring the continuity of investments in Treasury bills, aside from the short maturity and ready marketability of the securities.

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Dealers Continue Attacks On Bid & Asked Rule: Public Interest Held Imperiled by SEC Plan

The action of the Securities and Exchange Commission in extending to Sept. 15 the period for receiving comments from brokers and dealers on the objections of parties on both sides of the bid and asked disclosure rule (X-15IC-18) indirectly constitutes a belated acknowledgment by the Commission of its failure to evaluate the very obvious impractical nature of the proposal and its inherent threat to the welfare of the investing public and the nation's financial economy.

It is difficult to think of any other suggestion or regulation by the Commission that has caused as much opposition and criticism throughout the entire securities industry as has this latest suggestion.

Of particular interest in this respect is the fact that municipal bonds dealers, who have always been immune from SEC regulation, are concerned over the bid-and-asked limit because the term "slight-of-hand manipulation," to extend its regulatory authority to include dealers is a significant one. These dealers are not concerned that the municipal bond field was specifically exempted from Securities Exchange Act of 1934 and, despite strenuous efforts by the Commission, also from the provisions of the Maloney Act providing for self-regulation of the counter markets, under the aegis of the SEC.

Under the provisions of the proposed rule, however, dealers in municipalities, except in the case of original underwritings, will be forced to inform their customers of the best bid and asked quotations, and all of the other related disclosures necessary in the case of other counter transactions.

Needless to say, the municipal bond fraternity is losing no time in studying the legal and technical considerations bearing on the proposed rule and will present a united front in fighting the Commission's plan. Meanwhile, all other over-the-counter dealers are no less concerned than the primary dealer and the SEC is on the point of adapting the rule in question. It is suggested that dealers write to the SEC to state our view that the reason why this requirement is completely impractical and likely to occasion incautious dealing in an industry whose continued profitable existence is essential to the welfare of the entire nation.

A number of dealers have favored us with their views on the subject of the proposed SEC rule. Should this be the case, we, in turn, will be able to state our views to the SEC on their behalf.

B.S. LIGHTSTEIN

One Week Nearer Victory! 8 NO TRUMP! We are sad that kind of bid in brokers' galleries are a good thing and do not worry that many traders outside of the big centers will not be able to take in the facts as they are here.Will not fail you, and we need not worry that these few foolish securities. Of course, these are the halls on the floor. 40 WALL STREET, NEW YORK Telephone: Whitehall 4-6351

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Easter Chores Joints Blyth & Co., Inc. In Seattle (Special to The Financial Chronicle)

SEATTLE, WASH.—Charles W. Hunter, has become associated with Blyth & Co., Inc., 1411 Fourth Avenue Building. Mr. Raster was previously manager of the trading department of the Seattle office of Merrill Lynch, Pierce, Fenner and Beane and Diller Witter & Co.

SALESMAN

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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.


SEG Considering Minimum Capital Rule; Dealers Urged To Continue Opposition

A review of the SEC hearing at Philadelphia on August 12 on the NASD minimum capital rule applies on another page of this issue. In the case of the small dealer, the question of capital under the rule is a plan under advisement and, as a consequence, the date on which it will become effective, originally set for October 15, has been postponed. The Commission indications to its views with respect to the proposition. It is essentially hoped, however, that the Commission will take into account the dealer representation which appeared in opposition to the plan constituted the entire and express the desires of many dealers in any way its decision in the case. It should be made clear to the Commission that numerous opponents of the principle that "wealth and immunity" were at a level of yardsticks of character and honesty, simply could not afford the current license fee involved, much less the increased minimum capital requirements.

The truth of the matter—as was clearly stated by Frank Dunne, President of the New York Security Dealers Association, during the course of the SEC hearing—was, that the acceptance of the amendment by the Commission—is that the amendment in question actually was approved by the representatives of the small dealer representation and thus did not even obtain a simple majority. Accordingly, it is felt that the small dealers—noting the negative, also those who did not, for personal considerations, deem it advisable to take a position on the question, to advise the Securities and Exchange Commission by letter of their exact views with reference to this far-reaching proposal. Unless dealers act immediately, they risk the disappearance of the small dealer, whether he is dealing in theUNDERTAKING BUSINESS, or in the first time.

We have recently received some additional letters from dealers regarding the minimum capital rule. These are reproduced here, with the request that the source of the communication be revealed.

DEALER No. 59

Following letter was sent to the SEC by Fred Kirkland of the Hermitage Securities Company, Nashville.

The members of the Financial Chronicle, of Thursday, August 6, carries an article stating that a public hearing will be held in Philadelphia August 12 and 13 before the Securities and Exchange Commission at its offices in Philadelphia, on the recently proposed amendment to Article I, Section I, of the By-Laws of the National Association of Securities Dealers, Inc., to provide for a minimum capital rule in effect to be eligible for membership in the Association.

According to another article in the same issue of the "Chronicle" the result of the vote on the amendment will be that President Wallace H. Fulton shows that only 74% of the total membership of the American Stock Exchange, Inc., was represented at the meeting. Article introduces 2,600, members, and the total votes cast, according to the article, was 1,939. It is the small dealer who has been denied the privileges of business in business for no other reason than their inability to meet an arbitrary financial requirement. We, therefore, urge a broadened membership vote to the amendment. We voted our disapproval of the proposed amendment to the by-laws, as approved by the Board of Governors.

As a number of members of the National Association of Securities Dealers, it is the present issue, I desire to express our views in regard to this amendment. Among the 2,000-old members of the Association, we have no way of knowing what portion of this dealer has small capital, and whether or not these small dealer members have the support of the Government-approved and submitted to the membership for vote.

In the past, we have spoken of the small dealer restrictions which from time to time could technically disqualify him and force him out of business. In the past, we have spoken of the small dealer restrictions which from time to time could technically disqualify him and force him out of business. In the past, we have spoken of the small dealer restrictions which from time to time could technically disqualify him and force him out of business. In the past, we have spoken of the small dealer restrictions which from time to time could technically disqualify him and force him out of business. In the past, we have spoken of the small dealer restrictions which from time to time could technically disqualify him and force him out of business.

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RAILROAD SECURITIES

Late last week the rail market, both in the stock and the bond lists, began to reflect the growing confidence of speculators and investors that an agreement had been reached on the question of the tax base of reorganization railroads, and that it will be included in the Senate's version of the 1942 tax bill. Bonds of the reorganization carriers developed a far more buoyant tone and the equities of those roads which have already passed through the court, such as Erie certificates, Chicago Great-Western and Chicago Eastern "A" stock, traded in expanding volume at or close to the tax base of reorganization. Such an interpretation of original intentions of the tax law would naturally be calculated to clarify the position of such bonds and stocks with respect to dividend prospects.

Equitable tax treatment would also be benefited by the reorganization program of those properties now in court. In many instances important opposition would be encountered to the potentially insuperable tax burden if no legislative remedy is provided. One of the strongest arguments of the railroads for a return to the status quo is that it is expected to bring Treasury taxation to the road under existing laws, and that such a change would be tantamount to a violation of the basic principle of the tax law.

Since that time the market has wobbled along, doing just a little bit of importance until Tuesday, Aug. 10. On that day the morning volume increased almost 100% over what it had been for the last few weeks and the market went up with the rails in the lead. It was interesting to see that the same day the market volume picked up the news came from Russia that the Nazis had been driven back from Bialystock.

Whether this was the reason for the market advance I don't know. I don't believe most of the official reports from our forces against the Japs in the Solomons is the reason either. Yet, whatever the reason the way the market advanced by doing so indicated still more advances. The industrials did not go down the four points or so and the rails did not go down the point or two of which would have changed the market outlook.

How far it will go up from here is a matter of conjecture. Technical market indexes indicate better than just a minor rally. Yet the influence of basic commodities is not too overlooked. I therefore believe the advance will be limited to any amount of intermediate movements in the industrials (about 109-111 D. J.) and 1 or 2 points in the rails (28-29 D. J.) before it meets serious resistance.

Should the news improve in the meanwhile the underlining technical position of the market remains the same and prices take higher still. But (Continued on page 622)

Volume 156 - Number 4100

THE COMMERCIAL & FINANCIAL CHRONICLE

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For Cash or Stocks
Bank and Insurance Stocks

This Week—Insurance Stocks

Probably the most discussed subject at present, in investment circles, is Inflation and what to do about it. This has been a recurrent phenomenon in more or less modified form all through the years. The situation now facing us seems eminently more threatening than any that has before. We now have real, tangible evidence of shortages in perishable goods, of vicious wage spirals, of astronomical spending and borrowing. It is no longer a question of whether we are going to have inflation but how quickly and whether its effects and result will be limited to controls and with "social objectives" a primary political consideration.

For many classes of people, inflation means loss of their sheep's clothing. This is particularly true of those whose scale of living is dependent, in whole or in part, on the income from their insurance company deposits for example, have at least taken a severe cut in their dollar income and their real income is been reduced even further. However, the earning power of the family from the door, ie, how to offset higher prices and taxes, and, at the same time, succeed in preserving the intrinsic value of the family's capital, is the time-honored problem of inflation for investors and the managers of investment funds.

Many investors, discouraged with their own efforts and despair, have turned to other shoulders, have hit upon the idea of buying insurance stocks. This idea has been vindicated in most cases. Few people have the time to measure the length and breadth of experience in handling insurance. The overwhelming majority of them is tie to the securities by the insurance companies. Results have been no monopoly in the field of insurance, human frailty exists in the insurance business as elsewhere. However, the record of the better-run companies has been outstanding and they have usually managed, through thick and thin, to build up their policies to come to advantage without jeopardizing the value of their assets.

Another reason for buying insurance stocks recently has been the belief that they will provide one of the few remaining safe havens against Inflation. Historically, inflationary periods have made a record in that respect. The case for insurance stocks has been presented and discussed in the past by many analysts, economists and investors. The only important point to be made in brief, is that inflation leads to a rise in insurable values, larger premium income, lower loss and expense ratios and, in consequence, greater earnings, dividends and liquidating values accruing to the various classes of policyholders and stockholders. Such is the orthodox, dry and soulless and such has been the customary experience when monetary depreciation has occurred. But, it is said, in the normal case, the public is so taken in by the enemy that it will try to find a lack of unanimity regarding the insurance stocks at this time. It may be of interest, therefore, to consider some of the questions raised by those who have definite reservations.

It is pointed out, by these conscientious objectors, that the insurance company has the problem of maintaining its reinsurance rates to offset inflationary experiences. And there is no question that a company that has been increasing its premium rates has to look at the question of maintaining the pace they have set and may, indeed, be more vulnerable than the general run of common stocks.

The following table gives the price history of some of the better known insurance companies during the past decade:

<table>
<thead>
<tr>
<th>Company</th>
<th>1933-1934 Price Range</th>
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<tbody>
<tr>
<td>Aetna Fire</td>
<td>33 1/2 to 35 1/2</td>
</tr>
<tr>
<td>Hartford Fire</td>
<td>26 to 28</td>
</tr>
<tr>
<td>National Fire</td>
<td>21 1/2 to 23</td>
</tr>
<tr>
<td>Phoenix Fire</td>
<td>18 to 20</td>
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</tbody>
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<tr>
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<td>National Fire</td>
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<td>Phoenix Fire</td>
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Aetna Carolina 33 1/2 35 1/2
Hartford Carolina 31 1/2 34
National Carolina 30 1/2 32
Phoenix Carolina 28 1/2 30

Aetna Insurance 18 18 1/2
Hartford Insurance 16 16 1/2
National Insurance 15 15 1/2
Phoenix Insurance 14 14 1/2

Principal Financial 25 27 1/2
Prudential 20 20 1/2
Penn Mutual 19 19 1/2
New York Life 17 17 1/2
Fireman's 15 15 1/2
Home Insurance 14 14 1/2
Philadelphia & Aid 12 1/2
Southwestern 11 1/2

Aetna Fire
Hartford Fire
National Fire
Phoenix Fire

Bought — Sold — Quoted

Some Presidents, some Chief Executives, some members of the National Securities Board or Trust Company in this city where a thorough knowledge of all classes of investment securities is desired. Highest reference. Box INS-75, Financial Chronicle, 25 Spruce St., New York, N. Y.

Insurance Companies

Executive, age 43, 22 years' experience in bond and stock brokerage business, Investment Board or National Securities Board, or Trust Company in this city where a thorough knowledge of all classes of investment securities is desired. Highest reference. Box INS-75, Financial Chronicle, 25 Spruce St., New York, N. Y.

Morton Interesting

A brief summary of the current situation of the Morton Corporation of New Jersey in reorganization for its debts, is now in progress, as shown in the following excerpt from the filing of a petition for the involuntary bankruptcy of the old Morton-Bondage Corporation, which has been prepared for distribution by British Industries Corporation, New York, New York, speciality in the present case with Bankruptcy Case No. 2, 1942.

On or about September 16, 1942, the Bankruptcy Case No. 2, 1942, in Bankruptcy Court of New Jersey, for New York, New York, was filed by the Bankruptcy Court of New Jersey, for New York, New York, for the purpose of determining the existence of the in re Morton Corporation of New Jersey, for New York, New York, bankruptcy of the old Morton-Bondage Corporation, which has been prepared for distribution by British Industries Corporation, New York, New York, speciality in the present case with Bankruptcy Case No. 2, 1942.

DIVIDEND NOTICES

AMERICAN CYNAMID COMPANY

PREFERENCE DIVIDEND

To the Board of Directors of American Cyanamid Company on August 5, 1942, declared a quarterly dividend of 20 cents per share, to be paid on the outstanding shares of the Company, payable October 1, 1942, to holders of record at the close of business December 31, 1942.

J. R. BARTLETT, Secretary

NEW YORK TRANSIT COMPANY

New York, August 30, 1942.

A dividend of 10 cents per share has been declared on the Capital Stock to stockholders of record at the close of business September 25, 1942.

J. R. BARTLETT, Secretary

TODAY'S MARKETS

Walter Whyte

(Continued from page 621)

To melt down and play them close to the vest.

* * *

Applying this specifically to the stocks you hold the ad-
vice is as follows: Air Reduction stop at 31; take half pro-
tection at 45 or better for 42. Dill Chalmers stop at 23 (stock)
at 23 last week but didn't break it; half profits at 27 or
restorer at 44; take half profits at 50 or better (stock
is now 49 bid); Union Concrete stop at 66 (lowest price
last week 66 1/2); take half profits at 70 or better. Stock
is now at 70. You bought it at 59. This gives you a gross profit
of 11 points. Crane stop at 11.

Pittston hold as an out and save speculation.

If you follow the above advice your stocks can't be hurt. If the market goes off you will be stopped out and worse than you will be taken care of by profits. If the market goes up you won't only cash in on your profits, for you will also have a position to ride along with.

More next Thursday

Walter Whyte.

(The views expressed in this article do not necessarily at any
time coincide with those of the publisher. They are presented as
those of the author only.)
The Securities Salesman's Corner

Two Suggestions For Keeping Up Sales Morale And Confidence In The Job You Are Doing

On September 13, the United States Congress passed the bill creating the Federal Deposit Insurance and Bank Stocks sold out on an interesting memo to Investment Dealers. They frankly stated that they shared the alarm of many organizations that there is in fact a large number of securities salesmen now leaving the business because of their dissatisfaction.

They made the point that many of these men, while knowing that their drop in production was due to the lack of business and the lay-off or short-time they were trying to do. They offered some suggestions that they thought might help the rebirth of confidence and interest in the profession as part of many sales organizations.

The suggestion they made was that everyone should recognize the fact that the profession is a business and the salesman is a professional man who makes a living by selling securities to others.

In quoting themselves "They bring to sell their securities to others their own personal interest and profit in their transactions. The best people in the business of selling securities to others are those who are willing to work hard at it and who get what they want the most out of the business and the profession."

The second suggestion was that every security sales man should make a plan each year of how to increase his business and how to improve his personal income. This plan should be made in the light of the general economic conditions of the country and the general conditions in the securities market.

War & Oil Production

The effect of the war on oil production was further illustrated two weeks later when it was announced that California production was dropping short of the present demand. This was due to the fact that there is a serious shortage of labor in the oil fields. This is a serious problem for the United States because it cannot produce enough oil to meet its present needs.

Thus, there is a need for continued efforts to increase oil production and for the government to take steps to ensure a steady supply of oil for the war effort.

NYSE Members Vote for Trading Unit Change

Members of the New York Stock Exchange have approved the amendment of Section 34 of Article XV of the Constitution relating to commissions and the procedure for the Board of Governors to change the exchange's fee schedule. The amendment was approved by the Board of Governors at a meeting of traders of any size. The vote was taken by the Board of Governors of the trading units of any size of 100 shares or less, for any stock.

The Board's approval of the amendment and the changes proposed by it were noted in these reports of the Board of Governors:

"Under the proposed amendment, the Board of Governors can make changes in the fee schedule by a vote of two-thirds of the voting members. The changes are to be made in the following manner:

1. The Board of Governors will have authority to change the fee schedule by a vote of two-thirds of the voting members.
2. The change will take effect immediately after it is approved by the Board of Governors.
3. The change will be published in the national newspapers and in the New York Stock Exchange Bulletin.

Other Parts of the News

* In the insurance and securities field, the New York Stock Exchange has approved the amendment of Section 34 of Article XV of the Constitution relating to commissions and the procedure for the Board of Governors to change the exchange's fee schedule.

Acknowledgments

This report has been prepared with the assistance of the National Association of Securities Dealers, Inc. and the New York Stock Exchange.
**Municipal News Notes**

Cities and counties in all sections have been facing a financial problem in meeting the "needs" which is developing as a result of increasing costs, study of the effects of the "needs" on local governments emphasizes. The spread is aceninated by difficulties in making the requisite adjustments on the other hand, it is equally difficult to curtail expenses without curtailing what have come to be regarded not only as desirable, but essential municipal functions.

The financial predicament of local governments results in part from increases in local taxes and public debt. Budgets for 1942 in some cases were set up as long ago as last June. A year ago, the public was made on a "business-as-usual" basis for the coming year. Expenditures and the higher costs which have developed as part of the war effort.

More fundamental, however, is the fact that the returns from local taxes and concern over ability of individuals to pay lowered the face of the heavy demands made by the war effort.

The latter factor, in the opinion of officials, has be en the most serious factor in the tax picture.

The "unsatisfactory position of the property tax, the backbone of revenues of local governments, will decline with the "needs" which has been pointed out by the National Association of Boards of Education.

Among the factors in this situation is the fact that Federal Government for military uses, lower assessments on inventories of smaller businesses unceabili to replenish their stocks and a smaller tax base, leading ultimately to lower assessments of properties related to automobile usage.

At the same time, reports from financial experts point out that local governments are loath to impose taxes in view of the essential demands of the Federal Government in the war effort. One fiscal official reports that his city has given some consideration to raising taxes, but that its "situation is "reluctant" to increase the local tax base.

City officials agree that capital expenditures should be curtailed not only as a matter of general policy but also because of inability to obtain materials and the desire to have projects available for the post-war period.

The inability to receive mate ri al ordered has created surplus appropriations in some locations.

Likewise, decisions to abandon all major public improvements are essential to the war effort, will ease some budget strains. This situation is aggravating the the of to other increased expenditures, thus materially improve the picture.

**Moral Tax Proposal**

**Homes Fire**

The House Finance Committee may not on a number of Administration proposals. But it has already closed the door on a major recommenda tion: The "recommendation" is that States and municipal bonds may be issued under the "outstanding" State and municipal bonds act of 1927 set up by the House Ways and Means Committee. However, the question of the ability of uses of such securities is still open.

In rejecting the former measure the Congressional tax frame work the plan to tax outstanding $1.5 billion of interest income of municipalities, into the personal income tax, as a result of public comment. It would have been a necessary step in the tax law, had it not been an essential part of the war effort.

Both this year and last year an effort was made to tax outstanding bonds and the debate has been consumed by the fact that the war has been eliminating "special privilege." It is generally believed, however, that the tax on the outstanding bonds would have been easier in the case of the large outstanding tax on the Outstanding Tax Commission's legislation were so absorbed as a matter of obligations, serving to further the test of their ability to form total tax program for war. The current provision, however, has been that the tax debt has been cut, and that the program of the tax was to be imposed on the State and local governments.

The tax on the outstanding financial condition of Wisconsin's local governments coupled with other factors has that the State and local governments have been a substantial tax burden.

There are four concrete suggestions, it is believed, that could be made for utilization of excess tax. These are: (1) reduce taxes, (2) increase expenditures, (3) increase State aid, (4) reduce the State's proportion of the national debt.

Listing arguments for and against the four suggestions, the organization has determined that while higher local and State expenditures would create inflationary pressures, which would hence reconcile efforts to higher taxes, the war effort created an immediate need for increasing State aid, and the State aid, it was reported, had been inadequate. The State aid had been large a capital surplus, and conclusion that grants should be made on a basis for their own financial resources and the need for housing authorities.

The organization said reserves should be built up because tax yields will be lower in years to come because revenues were needed, because the local government and possibly relief purposes might be needed. It was also recommended because it was less costly to financial Government projects on a cash flow basis and that State aid should also be built up, so that future financial aid will be available for the war, because taxpayers might be willing to help.

It recommended curtailment of debt, so that governments would be free to take advantage of funds and the time when tax receipts decline.

**N. Y. State Fund**

Investments Show Increase

In the year ended June 30, 1942, the investments in bonds funded total $330,000 over the fiscal year-end June 30, State Comptroller William McQuaid reported early this week, including the $4,787,550 in bonds of the New York City Bank. The total compared to $310,259,134 a year previously.

**FLORIDA**

**FLORIDA MUNICIPAL BONDS**

Our long experience is handling Financi.

In answer any inquiry regarding t

R.U. CRUMMER & COMPANY

**Nearly $23,000,000 has been inves¬

N.N.B. & Company**

The plants are the birth of an entire industry, mostly on up to the hill on war produc¬

Pacifica New Forming New Industrial Empire

Sheer manpower, according to reports from the Pacific Northwest Forestry—there are the reports by the Detroit, Pittsburghs and Birminghams, out of what was but a short time ago to the farms and orchards. Today they are forests, spreading over the entire country, with the rushing production of metal alloys for ships and tanks, filling huge orders for the war effort and for explosives and phosphorus for increasing the war warehouse.

**San Antonio To Buy Light Plant**

Cities of San Antonio officials have made known that the city will call for bids on a new issue of $33,000,000 of bonds for the power, light and gas distributing system for the city. This was dated Aug. 1, 1942, and due period for the bids is Jan. 31, 1943. Bids will be opened next Monday, the city officials said. This means that the rate of interest at not exceed 2.5%

Proceeds of this financing will be used for the acquisition of the physical properties of the American Light and Tracton Company, a subsidiary of the American Light and Power Company system. This is scheduled to be accomplished in conflict with the "death sentence" proc edings of the San Antonio Public Service Holding Company Act. This action will be interpreted in New York public utility and banking circles as a further step in the conflict between San Antonio and the American Light and Trac tion Company, a public power project, as to seriously affect the San Antonio Public Service Holding Company's ability to enter the port and in Seattle for a quick

**New York City Budget**

**New York City Debt Margin**

Now is $153,085,539

Despite the enormous volume of new capital projects, coupled with a large number of "reforms," the State has enabled the city to accumu¬

The Bureau said that holders of different classes of municipal bonds which would have become callable in the year 1943-44, are at present, have the threat of $38,320,000 worth of bonds for exchange. On this amount the average rate of interest was 4.2227%, and the annual amounts of interest

On the new bonds offered for the sale on the fiscal margin of the New York City Budget, the average rate of interest is 3.085%, and represents an annual reduction of $1,500,000 in the year interest.

The new bonds were offered on the basis that they would bear the rate of interest for the first two years up to the first call dates of the old bonds and a lower rate (2% to 3%) in the remaining years.

**Nassau County Told It**

Can Further Reduce Debt

J. Russel Sprague, Nassau County Executive, announced re cently at the meeting of the Nassau County Board of Supervisors that Nassau County's net debt of about $53,000,000 would be reduced by $1,000,000, and that the debt of $31,000,000 had been promised last January, will be used to reduce the debt of the County. Nassau County is the second largest county in New York State, and the $3,000,000 was described as the "reduction in the outstanding balance of the bond issue for the year 1942 in the county.

This reduction in the outstanding balance of the bond issue for the year 1942 in the county, the County Executive announced, was achieved by the issuance of $3,000,000 of bonds for the year 1942. The bonds issued were used to reduce the debt of the County by $1,000,000, and the balance of $31,000,000 was used to retire the debt of the County.

**Ohio Survey Result**

Despite heavy returns in dry markets that the price of the gasoline tax, $3.50 per gallon, has remained almost constant in recent months, indicating that the price of crude oil has been about the same.

**Major Sales Scheduled**

Canada was the largest buyer of the new issues in the first half of the year, and it is expected to continue to be the largest buyer in the second half of the year. It is reported that the Government is negotiating for the sale of a large amount of new issues to Canada.

**Springfield, Ohio**

Cornerstone and date of this project was celebrated at the corner of the new building, which will be completed in the near future.

**Philadelphia**

The story of the new building will be told in the next issue of the new building. The story of the new building will be told in the next issue of the new building. The story of the new building will be told in the next issue of the new building.
Text Of Statement Made By Frank Dungee In SEC Hearing On Minimum Capital Proposal

We give herewith in full statement made by Frank Dungee, Presi
dent, Dunne & Company, 20 Broad
Street, New York, N. Y., before the Hearing on the SEC's minimum capital by-law to the rules and regulations of the NASD.

My name is Frank Dungee, President of Dunne & Company, 20
Broad Street, New York, N. Y. I am an active member of the Secu-
rities Exchange Commission. I am a member of the New York Secu-
rities Exchange Association. I deem it a privilege to appear before this
commission and I appreciate that privilege.

Let me state at the outset that I do not intend to discuss the merits
nor do I oppose the principle of capital requirements for security dealers. What I am here concerned with is the spon-
sonship of the capital requirements by the NASD, and the circumstances under which the NASD secured a vote on this proposal taken by the Association.

It might seem strange to some to find me here today to plead for your non-acceptance of the recommendation of the Secu-
rities Exchange Commission. In my judgment, this recommendation is an undesirable, unnecessarily complex, and especially unwarranted proposal from the Securities Exchange Commission. I offer these views for the consideration of this commission.

This is my first appearance before a committee of this association in my capacity as President of Dunne & Company. I have had the opportunity to study the recommendations of the SEC. I am convinced that the proposal presented by them is not necessary for the protection of the public and that the methods proposed are not the only ones that could have been used.

I am a strong believer in the self-regulative power of the securities exchange and association. I believe that the security dealers have the ability to govern themselves, and I am convinced that they have the ability to govern themselves effectively. I am convinced that they have the ability to govern themselves in a way that is not only beneficial to the public but also beneficial to the dealers themselves.

I am not alone in this conviction. Many of my colleagues throughout the country share this belief. They believe that the self-regulation of the securities exchange is the best method of protecting the public.

I am convinced that the SEC proposal is not necessary, and that it is not desirable. I believe that the dealers, through their own association, have the ability to govern themselves in a way that is beneficial to the public and to the dealers themselves.

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War Appropriations
Total $205 Billions
A compilation of Congress' fiscal activity shows that the staggering total of $205 billion appropriated or authorized to be spent in the fiscal year 1943, is the largest single expenditure ever provided by the national government in the history of the country. The nation's defense war effort is the primary objective of the massive expenditures in 1943.

Dealers Continue Attacks On Bid & Asked Rule; Public Interest Held Imperiled by SEC Plan
(Continued from page 619)

Rippled auction trading. The function of the negotiator (dealer) is to find the auction function of the negotiator (dealer) is

The proponents of Rule X-15CL-10 fail to recognize the economic necessity of a-15CL-10 fail to recognize the economic necessity of a free market principle. Unless or unless an honest process or acquire certain essential characteristics, it cannot be supported by an auction (exchange) market. The main method is by auction.

Widespread distribution, Sustained public interest. Examination of past history. Periodic publishing of full financial statements... The writer of this letter has been active in the security business in Chicago during the period during which you referred to this period of history... The writer is a qualified self-employed service man, and not a member of any financial organization. He can be considered an expert on the subject.

Any regulations of Rule X-15CL-10 would "kill" the over-the-counter market, consider the following:

Securities, are, in a sense, a "manufactured" product and hence are subject to the same customs, procedures and influences. The regulations should be extensions of the rules that have governed securities for years, and that have been subject to the same laws and regulations that have governed securities for years. The regulations should be extensions of the rules that have governed securities for years, and that have been subject to the same laws and regulations that have governed securities for years.

As to the mandate of market practice which application of Rule X-15CL-10 will "kill" the over-the-counter market, consider the following:

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Securities, are, in a sense, a "manufactured" product and hence are subject to the same customs, procedures and influences. The regulations should be extensions of the rules that have governed securities for years, and that have been subject to the same laws and regulations that have governed securities for years.
In the case where an unlisted securities' dealer can properly make a fair ruling, that is, not to the detriment of the security to the individual should not exceed the "offered" price, that is, the price at which the securities are offered by other similar dealers.

The SEC has thus far started the SEC on the trail of dealers who make an unreasonable profit is in fact that some dealers have charged excessive prices, in relation to the price paid or received with special situations. Indeed, some Stock Exchange Houses have been known to charge such excesses even in connection with listed securities on the theory that they had to pay the cost of the money in forereaching these special situations which had been ignored by other people. These charges can, of course, be fixed, but, of course, the maximum which can be located would be the minimum reasonable.

There is no doubt that the practice of such dealers in charging for services is proper, if they have had exclusive information regarding the merits of the security, and the dealers, for a proper service to pay for these services. However, in such cases, perhaps the SEC should thus be empowered to require that the dealer who wishes to work in that fashion should receive special impact from the SEC. In other words, "investment counsel," or something like that, and further by disclosing the basis upon which the price paid was made, and what the price had been bought (or sold in case of advice to sell) as a good right.

In that manner, all parties would be placed on notice of the fact that the difference in "sales in securities" provision of the Securities Act would be properly preserved.

It seems that in the interest of "fair play" something like the above should be inaugurated and should be supported by your publication. I trust, therefore, that you will publish this letter, in full.—(From Luigi Criscuolo, New York City)

DEALER No. 13

A Miami, Florida, dealer furnishes us with the following copy of a letter sent to him by the National Association of Securities Dealers, Inc.:

"We have received your circular letter of the 31st, enclosing Proposals for the Reform of Certain Rules of the NASD. In our opinion, dealers are required to place before purchaser or seller at the time of purchase or sale the following information:

"If you asked that dealers make comments regarding this proposed rule and the Commission is forward to you promptly. This rule if made effective will, in our opinion, be a great benefit to all customers.

"We would be glad to place as small a margin of profit for any thing that is purchased whether it be a stock, a suit of clothes, or a commodity, and as low as the public can trade in a security to such a close margin that an over-thecounter dealer, in our opinion, could not survive.

"DEALER No. 14

Despite any amount of policing there will always be crime. No matter how good a conscience one may have, there will always be reeducation, the thievish, deplorable "man ready for an easy mark. For the sake of the consumer, and the honest dealer, the SEC should be able to determine whether or not his regarding undertaking is made for the benefit of others and am willing to take the usual risks in swindling people. A dealer should be able to make the judgment of his undertakings by a dealer who is probably the only one who will be able to handle his fees in my experience.

"DEALER No. 15

I do not believe that I can understand how I could use their ruling a reap harvest? Extremely simple. To begin with, I very carefully select my customers and am careful to use the best method. What a delicious sleeping pill for them to swallow. Then comes the psychological operation. I am many times during my talk about how the SEC is my monitor and this causes the sheep to a guardian angel. Then with the sale made, I simply give him in writing the "inside" bid and asked market. I say "inside" because I mean inside my hat. A mere fetter of the imagination is the market. I am the bulls and bears. How easy it was to take him and fleece him.

"DEALER No. 16

When will the SEC learn that honesty cannot be legislated into a profession? It is impossible that this professional will always have its share of quacks and charlatans, and whether their unscrupulous creditors and we in the security business will always be among the victims of the practice. No dealer can ever try to keep its best house clean and I know that every legitimate broker and dealer, including myself, is doing his very best, to keep our house clean. Can't the SEC find a better way than whole sale? Remember, we are the people that control the dealer relationship? This present ruling is extremely compelled to sink the ocean liner race to be rid of the few hundred rats which are on board.—(From A Maryland dealer)

DEALER No. 17

Referring to the proposed rule X-15(C)-10 DISCLOSURE OF MARKETS—WHAT MARKS MEANS—WHOLESALE market of RETAIL market.

It was late in 1940 that the NASD attempted to work out a legitimate policy toward the retail market of securities. After mature consideration, the NASD adopted a basic formula, as far as the advertisers was concerned, to retail prices for the purpose of preventing what it used to be called a "fix" or price fixing on a profit basis on sales of securities. At the same time, to ascertain that there have been no criticisms from any sources as to the fairness of the "spreads." Can the SEC, or any legislative body now point out that these spreads have been discriminatory in any manner, or that the SEC has prospered because of the excessive profits permitted?

DEALER No. 18

We have just read the article by Mr. Joseph Hayes concerning the SEC-15(C)-10 and again make occasion to commend your paper in its publication for the welfare of the "Sale of Securities business.

"The Commercial & Financial Chronicle" has quickly become the mouthpiece of Security Dealers and the most influential medium for people to make clear their interest, NASD to the contrary notwithstanding.

"We advise thousands of other Dealers share these sentiments.—(From a Greenville, South Carolina dealer)

DEALER No. 19

As far as I can tell, the NASD and the SEC combined, are putting forth, in every direction, the smallest effort of small dealers. In business, I don't care who it is, but I believes he is my business, and the best way to try to get reasonable profit. After all, it is my business, but it is getting increasingly difficult to do so. Without a doubt, the many dealers business today, are thankful to your efforts on our behalf.—(From a Virginia Dealer)

SEC Applications For Broker-Dealer Registry

A number of applications for registration with the Securities and Exchange Commission have been filed by brokers and dealers were made public.

July 20, 1940—Colson Oil Corporation, 941 Madison Avenue, New York City; 175 Madison Avenue, Boston, Mass., dealer. (From J. P. Donnelley & Sons, New York City, a sole proprietorship.)

July 22, 1940—Carlton A. Opel, 205 West Fifth Street, Cincinnati, Ohio; 1 South Ninth Street, Cleveland, Ohio, a sole proprietorship.

July 26, 1940—Charter Bank & Trust Company, P.O. Box 573, St. Paul, Minn.; 305 S. Fourth Street, Minneapolis, Minn., a sole proprietorship.

July 27, 1940—Connecticut Credit Union League, Inc., 46 Hillside Avenue, New Haven, Conn. (From A. M. Jordan, Frank, 175 Liberty St., New York City, a sole proprietorship.)

July 27, 1940—Southern Securities Company, 277 Fifth Avenue, New York City. (From R. J. W. Barrett, 37 West Street, New York City, a sole proprietorship.)

July 25, 1940—Philip Howard & Company, 345 Alamo Place, Manitou Springs, Colo., a sole proprietorship.

July 24, 1940—Richard Davi¬

son, 172-90 Highland Avenue, E. Elmhurst, N.Y., a sole proprietorship.

July 30, 1940—James Niles Harper, Jr., 500 Elmwood Avenue, Buffalo, N.Y., a sole proprietorship.

July 31, 1940—Clark & Com¬
pany, 40 Wall Street, New York City, a sole proprietorship. (From A. B. F. Corcoran, a special partner in the firm in addition to P. Bradley Clark and John A. Train, 20 West 40th Street, New York City.)

(C. G. McDonald & Co., 121 Pfuhl Building, Detroit, Mich., James W. Crawford and Pauline Budden)
UP-TOWN AFTER 3

The MOVIES

Orson Welles is the man of whom it was once said, "There, but for the grace of God, go I." But KRO with its eyes on balance sheets doubtless feel they must get cross-eyed) jeans don't see that way. For under the title of "The Most Ambitious Adventure Ever Undertaken by the Movie Makers" is the last picture Welles will make for them. As everybody know "The Magnificent Ambersons" is the nabISCO Washington shopping afternoon. hope to attract the demise of an American family just entering its shirt sleeve cycle. The picture has its points but it is a negative "Kane," technically.

It has tricky sound effects, arty camera angles and strange lighting montages but when you've said that you've seen the Amberson magnificence it describes the events which touch the family of the Ambersons. The balance of the evening's goings-on the gasbag has its effect. Death desey and economic progress leave their marks. And so it goes. It is a family in the twilight of its grandeur-a story similar story Bambi. A family with rubbery legs who has such a time of it on the ice he is grinning. But when he grows up becomes too stiff, too wooden. The one character in "Bambi" that stands out is the buck toothed rabbit, Thumper. Thumper is small, but he is the most engaging character in the film. And he's a part of the"Amberson" story. As the title implies, is laid in some mythical South Sea isle where a boat carrying Abbott & Costello, Vin Hollywood, and the shadowy figure of a stork arrive. They get along famously with the natives. All would have been idyllic if it weren't for the fact that they are about to experience some unpleasant surprises via volcanic eruptions, etc. Of course our heroes tangle with the savages and everything works out well in the end, as you didn't know.

AROUND THE TOWN

Billy Rose's latest Diamond Horseshoe (W. 46th) show is a bang-bang-hang-on-the-verge-of-being-boring one. The program itself, "the noise is terrific. But Thumper. Thumper is small, but he is the most engaging character in the film. And he's a part of the"Amberson" story. As the title implies, is laid in some mythical South Sea isle where a boat carrying Abbott & Costello, Vin Hollywood, and the shadowy figure of a stork arrive. They get along famously with the natives. All would have been idyllic if it weren't for the fact that they are about to experience some unpleasant surprises via volcanic eruptions, etc. Of course our heroes tangle with the savages and everything works out well in the end, as you didn't know.

Form's D. L. Colvin Co.

The Penthouse Club

A most unique restaurant in a beautiful location, overlooking Central Park to the north.

Serving best food, skillfully prepared.

Entertainment after 11 P.M.

Telephone Plaza 5-5192

The Horse and Star

Federal Reserve Bank of St. Louis

Advocates Investment In Stocks

Most people do not realize the tremendous difficulties experienced every day by the conscientious investment adviser who is fully aware of the interdependence of the various economic factors affecting prices, money, bonds or stocks, real estate, income, and other important trends, to the point where a mistake may result in serious losses if certain possible events materialize. Obviously, since an investor cannot possibly know about all the possible hazards now facing him, the solution of many of his difficulties is compromise. Loans will be inelastic. The market cannot move very far. But it can do little but try—by spreading the risks intelligently—spreading the risks intelligently. This sounds very discouraging, but it is not. The power of dollars may decrease. The power of gold may decrease. But if it is not the case that the investor will be able to control the future and to get the best out of it by his control over his investments. Then he is not the investor who will have a future.

For some time past we have advanced the purchase of common stocks though comfortably as corporate earnings would be the first—because they are the last—of the economic factors affecting prices, money, bonds or stocks, real estate, income, and other important trends, to the point where a mistake may result in serious losses if certain possible events materialize. Obviously, since an investor cannot possibly know about all the possible hazards now facing him, the solution of many of his difficulties is compromise. Loans will be inelastic. The market cannot move very far. But it can do little but try—by spreading the risks intelligently—spreading the risks intelligently. This sounds very discouraging, but it is not. The power of dollars may decrease. The power of gold may decrease. But if it is not the case that the investor will be able to control the future and to get the best out of it by his control over his investments. Then he is not the investor who will have a future.

The Horse and Star

Our story is that the latest SEC (the one that said it was a "monumental" story. Now that SEC has an ex-president, Mr. Thumer. Thumer is small, but he is the most engaging character in the film. And he's a part of the"Amberson" story. As the title implies, is laid in some mythical South Sea isle where a boat carrying Abbott & Costello, Vin Hollywood, and the shadowy figure of a stork arrive. They get along famously with the natives. All would have been idyllic if it weren't for the fact that they are about to experience some unpleasant surprises via volcanic eruptions, etc. Of course our heroes tangle with the savages and everything works out well in the end, as you didn't know.

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Our Reporter's Report
(Continued from First Page)

chases without obtaining the certifi-
cation of the depository bank. The "indicted" capital profit to be returnable.

Last Of Long
What will probably prove to be the last utility financing by direc-
tives of the Federal Reserve in the form of community power and light
interests appeared assured by the appointment of the Electric Community Power & Light Co.
and loaned to the Southern and Mutual into the Southwestern Public

Since the program leading up to the financing involved, was under way
for several months, the confusing and competitive bidding rule
regulated by the Securities and Exchange Commission, the new
members involved are expected to go
direct to the company's bank-
ing interests instead of being put up to a competitive bid.

The financing, designed to raise $34,000,000, incl. $18,500,000 of first mortgage and col-
lective mortgage bonds, $3,500,000 in serial notes, and $1,500,000 in 6% cumulative preferred stock of
with warrants, is expected shortly after Labor Day.

Going To The "Main Street" rule adopted by the New York Stock
Exchange in late July, and put into its first setback on Tuesday
when, Read & Company undertook to sell stock of
Standard Oil Company of Ind-
iana in name of the Harkness
Bankers.

Bankers, however, the "issue in the twilight" market took a
big hit, change refused to grant permis-
sion to give the stock to the public, and the stock was not
offered on the floor.

Until the occasion of this under-
writing, bankers had capitulated and in effect endorsed the
Exchange's rule - covering
other banks and listed securi-
ties.

Bohler's Banks' Reserve
In the New York area falling to
$120,000,000, as compared with
$180,000,000 as last reported.

Since banks are slated to be sub-
ject to a $2,000,000 per month
reserve on demand deposits in the months ahead, it is likely that
action to ease the situation will be undertaken, when and as war-
anted.

It All Depends
While it cannot be said that in-
vestors have lost confidence, and enjoyed the extreme dullness of the market, the situation is by no means quite so satisfac-
tion is readily linked to operating profits.

If earnings have been running along everything seems to be all right for banks. A tough
ough then the air is a bit bluer.

SEC Considering Minimum Capital Rule; Dealers Urged To Continue Opposition
(Continued from page 620)
capital, and equally disastrous results could happen to both because the key points that underlie the concept of the rule are not well known to the public. This concept of the rule is, for instance, the belief that a large dealer could affect a much greater percentage of the people than the small firm. The fact that the Federal Reserve has placed the rules into force is the consequence of the fact that the public is not well aware of the consequences.

The Association will never accomplish its ideal through the enforcement of the Minimum Capital Amendment and forcing the

From the "NASD News" of June 15, 1942, we quote, "The Board does not in any way feel that these minimums are guarantees of the solvency of member firms. They are rather means of protecting the public from firms of the smaller size, and we hope to deal with them in future issues. However, the Board believes that these measures are effective. It states that the problem of enforcement of Association rules is one that program reduced with the adoption of the minimum capital requirements was not

The character of the requirements being laid upon the enforcement of the
interests of customers in the bank in its zeal to protect the investor forgets the fact that the bank has the right to exist and to make a living for himself. The Board was not dealing upon its experience, that the problem of enforcement of Association rules was one that program reduced with the adoption of the minimum capital requirements was not

The problem of operating real practices is one thing, but the attempt to control should not be made through the limitation of

How did the Board of Governors arrive at a minimum of $5,000 net capital, or $10,000 minimum? It will be observed that there is not the slightest evidence that the stock was first offered on the floor.

Until the occasion of this under-
writing, many bankers had capitulated and in effect endorsed the
Exchange's rule - covering
other banks and listed securi-
ties.

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vestors have lost confidence, and enjoyed the extreme dullness of the market, the situation is by no means quite so satisfac-
tion is readily linked to operating profits.

If earnings have been running along everything seems to be all right for banks. A tough
ough then the air is a bit bluer.

Do not hallucinate.

I do not wish to preclude that the minimum amount of net capital that a firm must have is determined according to the business. A large business must have the announced purpose of the NASD in regard to a hypothetical case. Let us say that we have $1,000 net capital in our firm. If we were to take a long position in the stock, we decide to take a long position in the stock. We are offered 150 shares of $150 at $150 a share, or $22,500. We will then be able to lend our money at 5% to another stockholder, who will pay us $15,000. If the stockholder does not pay us, we would lose all of our capital. In other words, if this business of determining ability and the class of capital, net capital should not be the measure to go for if it should be the measure to go for if it is not to go for. If I sell my stock in the market, I will be able to take the $15,000 as capital. However, in this case, I will lose a sizeable amount, and the market will go down. My interest is, therefore, to the amendment of the regulation was not yesterday. I say can make some constructive suggestions that will change our minds.

Cardially yours,
H. E. McCutcheon
H. E. McCutcheon & Company

DEALERS NO. 51
A. Sycamore, N. Y., dealer writes us as follows:
"Your last year's report, published in the last issue of "NASD News" may be entirely correct. It is difficult for me to express what I think of the

Let us focus our attention on what appears to be a worm-hole in the New York area. In other words, Mr. Dewar states:
"If the securities merchandising firm's capital and financial com-
monly confined to a relatively few houses of substance, as it was a few years ago. We believe that people tend to look at the

We should note that in this case we have come to an agreement that there is a minimum of $1,000 net capital, or $10,000 minimum that we should have. We are not proposing that any firm should absorb the

I am afraid that you have not noted that the condition is not the same. We have come to an agreement that there is a minimum of $1,000 net capital, or $10,000 minimum that we should have. We are not proposing that any firm should absorb the

It would be unfair to accuse Mr. Dewar of making this state-
ment in a literal sense of humor, let us say it as debatable from the standpoint of being supportable in fact.

Must we admit that there is no higher professional or working

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Calendar of New Security Flotations

Following is a list of issues whose registration statements are 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, fifteen days after filing. The underwritings are of certain foreign public authorities which normally become effective in seven days. These dates, as stated, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b). Offersings will rarely be made before the day following.

THURSDAY, AUG. 20

NU-ENAMEL CORPORATION has filed a registration statement with the SEC for $10,000,000 of 4% cumulative preferred stock, par value $50 per share. The proceeds will be used to retire $1,000,000 of 5% cumulative preferred stock. The stock is distributed to holders of the preferred stock, who authorized the exchange, either by written consent or by a written agreement with the company. The exchange is to be made in accordance with the terms of the registration statement.

Address—South Michigan Ave., Chicago, Ill.

M. A. C. & W. N. Social Security Trust Fund, the principal underwriter.

Underwriting—None.

BOLSTER-CAROT ELECTRIC CO. has filed a registration statement with the SEC for $2,500,000 of 4% cumulative preferred stock, par value $50 per share. The proceeds will be used to retire $1,500,000 of 5% cumulative preferred stock, par value $50 per share. The stock is distributed to holders of the preferred stock, who authorized the exchange, either by written consent or by a written agreement with the company. The exchange is to be made in accordance with the terms of the registration statement.

Address—250 East Washington St., Chicago, Ill.

M. A. C. & W. N. Social Security Trust Fund, the principal underwriter.

Underwriting—None.

TUESDAY, SEPT. 1

The Tryon Company has filed a registration statement with the SEC for $20,000,000 of preferred stock, par value $50 per share. The proceeds will be used to retire $5,000,000 of 5% cumulative preferred stock. The stock is distributed to holders of the preferred stock, who authorized the exchange, either by written consent or by a written agreement with the company. The exchange is to be made in accordance with the terms of the registration statement.

Address—30 West 40th St., New York, N.Y.

Business—Company manufactures, fabricates and sells wireless radio and television equipment and accessories.


Underwriting—None.

Calendar of New Security Flotations

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MONDAY, AUG. 24

FOTOMAC ELECTRIC POWER CO. has filed a registration statement with the SEC for $5,000,000 of 4% cumulative preferred stock, par value $50 per share. The proceeds will be used to retire $2,500,000 of 5% cumulative preferred stock, par value $50 per share. The stock is distributed to holders of the preferred stock, who authorized the exchange, either by written consent or by a written agreement with the company. The exchange is to be made in accordance with the terms of the registration statement.

Address—Photomac Electric Power Company, Inc., 72 Water St., New York, N.Y.


Underwriting—None.

CAMILLA CANADIAN MINING CORP. has filed a registration statement with the SEC for $5,000,000 of preferred stock, par value $25 per share. The proceeds will be used to retire $2,500,000 of 5% cumulative preferred stock, par value $25 per share. The stock is distributed to holders of the preferred stock, who authorized the exchange, either by written consent or by a written agreement with the company. The exchange is to be made in accordance with the terms of the registration statement.

Address—1140 Alspal Ave., Sidbury, Ont., Canada

Business—Company engaged in the mining and producing of gold, silver and base metal ores.

Underwriting—None.

EASTERN COOPERATIVE WHOLESALE RECEIPT CO., Inc., has filed a registration statement with the SEC for $10,000,000 of preferred stock, par value $50 per share. The proceeds will be used to retire $5,000,000 of 5% cumulative preferred stock, par value $50 per share. The stock is distributed to holders of the preferred stock, who authorized the exchange, either by written consent or by a written agreement with the company. The exchange is to be made in accordance with the terms of the registration statement.


Business—Company engaged in the cooperative marketing of electric equipment, supplies and materials.

Underwriting—None.

KELLOGG DRUG CO. has filed a registration statement with the SEC for $27,500,000 of preferred stock, par value $50 per share. The proceeds will be used to retire $13,750,000 of 5% cumulative preferred stock, par value $50 per share. The stock is distributed to holders of the preferred stock, who authorized the exchange, either by written consent or by a written agreement with the company. The exchange is to be made in accordance with the terms of the registration statement.

Address—720 South Dearborn St., Chicago, Ill.

Business—Company engaged in the manufacture and sale of pharmaceutical products.

Underwriting—None.

KENTURY CORPORATION has filed a registration statement with the SEC for $10,000,000 of preferred stock, par value $25 per share. The proceeds will be used to retire $5,000,000 of 5% cumulative preferred stock, par value $25 per share. The stock is distributed to holders of the preferred stock, who authorized the exchange, either by written consent or by a written agreement with the company. The exchange is to be made in accordance with the terms of the registration statement.

Address—250 East Washington St., Chicago, Ill.

Business—Company engaged in the manufacture and sale of pharmaceutical products.

Underwriting—None.

GOLDEN, ROGER H. & CO., NO. 2 has filed a registration statement with the SEC for $7,500,000 of common stock, par value $10 per share. The proceeds will be used to retire $3,750,000 of 5% cumulative preferred stock, par value $50 per share. The stock is distributed to holders of the preferred stock, who authorized the exchange, either by written consent or by a written agreement with the company. The exchange is to be made in accordance with the terms of the registration statement.

Address—1101 Market St., Philadelphia, Pa.

Business—Company engaged in the manufacture and sale of pharmaceutical products.

Underwriting—None.

FRIEDERICH E. KUEHNE, has filed a registration statement with the SEC for $5,000,000 of preferred stock, par value $25 per share. The proceeds will be used to retire $2,500,000 of 5% cumulative preferred stock, par value $25 per share. The stock is distributed to holders of the preferred stock, who authorized the exchange, either by written consent or by a written agreement with the company. The exchange is to be made in accordance with the terms of the registration statement.

Address—200 Park Ave., New York, N.Y.

Business—Company engaged in the manufacture and sale of pharmaceutical products.

Underwriting—None.

MEDIA VACUUM INDUSTRIES, INC., has filed a registration statement with the SEC for $10,000,000 of preferred stock, par value $25 per share. The proceeds will be used to retire $5,000,000 of 5% cumulative preferred stock, par value $25 per share. The stock is distributed to holders of the preferred stock, who authorized the exchange, either by written consent or by a written agreement with the company. The exchange is to be made in accordance with the terms of the registration statement.

Address—200 Park Ave., New York, N.Y.

Business—Company engaged in the manufacture and sale of pharmaceutical products.

Underwriting—None.

INTERNAL FINANCE CORPORATION has filed a registration statement with the SEC for $5,000,000 of preferred stock, par value $25 per share. The proceeds will be used to retire $2,500,000 of 5% cumulative preferred stock, par value $25 per share. The stock is distributed to holders of the preferred stock, who authorized the exchange, either by written consent or by a written agreement with the company. The exchange is to be made in accordance with the terms of the registration statement.

Address—200 Park Ave., New York, N.Y.

Business—Company engaged in the manufacture and sale of pharmaceutical products.

Underwriting—None.

HAMILTON WATCO CO. has filed a registration statement with the SEC for $5,000,000 of preferred stock, par value $25 per share. The proceeds will be used to retire $2,500,000 of 5% cumulative preferred stock, par value $25 per share. The stock is distributed to holders of the preferred stock, who authorized the exchange, either by written consent or by a written agreement with the company. The exchange is to be made in accordance with the terms of the registration statement.

Address—255 Alspal Ave., Sidbury, Ont., Canada

Business—Company engaged in the manufacture and sale of pharmaceutical products.

Underwriting—None.

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Address—255 Alspal Ave., Sidbury, Ont., Canada

Business—Company engaged in the manufacture and sale of pharmaceutical products.

Underwriting—None.

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Address—255 Alspal Ave., Sidbury, Ont., Canada

Business—Company engaged in the manufacture and sale of pharmaceutical products.

Underwriting—None.
LONG STEEL CO. of Michigan has filed a registration statement with SEC for $750,000,000 of senior debentures and convertible debentures due 1955. The debentures will bear interest at 5.75% and the convertible debentures will bear interest at 6.5% until converted. The debentures and convertible debentures will have identical terms in all respects. The proceeds will be used for the acquisition of new facilities for manufacturing, expansion of existing facilities and working capital purposes.

The company has filed a registration statement with SEC for $50,000,000 of 5% first mortgage debentures due 1957. The debentures will be used for the acquisition of property for the expansion of the company's operations. The company also has filed a registration statement with SEC for $30,000,000 of 5% first mortgage debentures due 1962. The proceeds will be used for the acquisition of property for the expansion of the company's operations.

The company's common stock is listed on the New York Stock Exchange, the Chicago Board of Trade, and the Pacific Coast Stock Exchange. The company's principal subsidiaries are: Long Steel Co. of Detroit, Inc., Chicago, Ill.; Long Steel Co. of St. Louis, Inc., St. Louis, Mo.; Long Steel Co. of Milwaukee, Inc., Milwaukee, Wis.; Long Steel Co. of Kansas City, Inc., Kansas City, Mo.; Long Steel Co. of Los Angeles, Inc., Los Angeles, Calif.; and Long Steel Co. of Seattle, Inc., Seattle, Wash.

U.S. Chamber of Commerce Proposes 10% Sales Tax And 5% Withholding Tax

A Federal tax program to raise $12,000,000,000 in new revenue for war purposes, at the same $9,000,000,000 tax bill passed by the House of Representatives, was put before the Senate Chamber of Commerce Committee on August 11. The Chamber, speaking before a joint session of the two present Congresses of the United States, made recommendations in this connection to the proposal to adopt a 10% sales tax and a 5% withholding tax on incomes of $5000 and over.

The Chamber proposed a 10% sales tax in addition to the existing 2% sales tax. Under the Chamber's proposal, the tax would be imposed on all goods and services, with the exception of food, clothing, and other necessities.

The Chamber also proposed a 5% withholding tax on incomes of $5000 and over. This tax would be levied on all incomes, including salaries, wages, and dividends. The Chamber stated that this tax would provide a significant amount of new revenue for war purposes.

The Chamber recommended that the tax would be imposed on incomes of $5000 and over, with the proceeds to be used for the purchase of war bonds and for the support of the war effort. The Chamber also recommended that the tax would be levied on all incomes, including salaries, wages, and dividends.

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Purcell Reports Progress in Conference Between SEC and Dealers on Problems

Representatives of the securities industry and the Securities and Exchange Commission held the second in a series of joint conferences in Philadelphia on Aug. 17 at which time preliminary reports of the investigations of two groups, studying uniform federal accounting standards, cooperation between exchanges, trading practices and assistance to the war industry, were discussed.

Commissioner Estabrook & reported that considerable progress had been made in the SEC, said that considerable progress was being made in these and other phases of the program, particularly the group discussing uniform form financial reporting, but that formal proposals were not yet ready. Mr. Purcell said that he will call another general conference when a substantial number of reports from the group meetings are received.

From the Philadelphia "In"quirer of Aug. 18 we take the following:

"Despite anticipation to the contrary, Mr. Purcell said that the question of the proposed discarding of the counter-dealer brokers had been accomplished in each case. "The only report came from the group dealing with the shape of a new reporting system. The members of that committee have been writing a report to the commission policy as to what it will do in providing a report acceptable to all of the agencies that it must receive this information."

"It was reported for a week or two so we will have something for submission to the annual meeting group of representatives of the Securities Commissioners to be held in St. Louis next week in Sept.ember," Mr. Purcell said.

"We granted liberally James A. Treasure, Jr., a director of the trading and exchange of SEC, for being instrumental in the effort of the representatives of the commission and the industry itself to make sure that every general agreement had been reached in such short order."

"The remainder of the day, fol-lowing the two-hour session, was spent discussing the measures of security and possible features of change in industry in meeting with various executives and directors of the various companies. It was better to lay their plans for future developments than we had agreed that until one or more of the sub-committees in was completed as to accomplishments, no further discussion of the general group would be held."

"As asked to what had been done by the sub-committee handling the increased contribution by the industry in the SEC, Mr. Purcell replied that it had been assigned to the national governmental agencies — Treasury Department, RFC and so on — that the industry could expect to be called upon to cooperate in this type of work, but did not elaborate as to its scope."

"All those who attended the first meeting on July 6 and at this meeting with the exception of Andrew W. Reid, President of the Detroit Stock Exchange, H. Deway, Chairman of the Board of Directors (a New York Association) of Securities Dealers, for some reason were not present."

The first meeting was reported in these columns of July 23, page 28.

Allotment Figures On Recent Treasury Clys.

Final subscription and allotment figures were released on Aug. 17 of $1,900,000,000 of 5% Treasury Certificates of Indebtedness. The certificates were announced on Aug 13 by Secretary Morgenthau, indicating that total subscriptions to the issue were made up of $2,372,817,000, of which $1,698, 327,000 were allotted. The books for the offering were opened Aug. 6. Description of the certificates and preliminary results of the offering were given in our issue of Aug. 13, page 54.

In connection with the current offering of an additional amount of 2 1/2% Treasury Bonds of 1946, the "taper" issue — the subscription books were closed at the close of business Aug. 11. The bonds had been opened Aug. 3. Total subscriptions through Aug. 13 aggregated $1,143,085,206. Subscriptions for bonds, designated especially for investment by other than commercial banks, were allotted in full. When these "taper" bonds were first offered in May sales totaled $802,078,700.

Subscriptions and allotments for Treasury Bills were divided among the several Federal Reserve districts and the Treasury.

District

Total

Directed

$237,118,000

South

705,440,000

1,653,070,000

New York

1,495,280,000

32,856,000

Philadelphia

1,392,300,000

315,600,000

Cleveland

77,052,000

52,027,000

Cincinnati

84,145,000

114,145,000

Chicago

91,863,000

109,412,000

Indianapolis

35,939,000

35,939,000

Minneapolis

21,384,000

21,384,000

St. Louis

84,357,000

84,357,000

Dallas

7,090,000

7,090,000

Atlanta

10,000

10,000

Total

$2,377,118,000

$1,653,070,000

Note: The figures are preliminary.

Result of Treasury Bill Offering

Secretary of the Treasury Harry L. Hopkins, Aug. 17 asserted that the figures for $300,000,000, or thereabouts, of 91-day Treasury bills bids Aug. 16 and 17 were in line with the performance of Aug. 14, were opened on Aug. 17 at the Federal Reserve Banks.

The details of this issue are as follows:

Total applied for, $711,549,000.

Total accepted, $352,400,000.

Range of accepted bids.

High rate, 1.00%.

Low rate, .9667%.

We refer to the following report, as to the bidding rates:

Approximately .9976%.

Average price, .9999%, equivalent rate.

Approximately .9732%.

36% of the amount bid for at the low price was accepted.

There was a maturity of a similar issue of bills on Aug. 19 in the amount of $251,718,000.

Our Reporter On "Governments"

(Continued from first page)

the sale brought in more than the best guesses had been told by the story.

The certificates were bought heavily by country banks, figures show, indicating the favorable reaction to the sale of the medium for any institution or individual with excess cash that must be handled.

The sale is still in dailly, utterly unintrigued but pickup is expected over the next few days as investors and dealers recover from the long closed period. All of the figures have been held for some time and looked for by many.

The sale of 2s due in 1951-49 are still attractive in comparison with the bond and long-term stocks due to the fact that they haven't been fully distributed and also the fact that they are in the portfolios of so many institutions. As the weeks go by, these 2s should become more attractive no matter what your maturity position is.

Canada is starting its first sales of deposit certificates.

New securities bear 5% interest, maturity 29 years, and are medium for any institution or individual with excess cash that must be handled.

Canada is starting its first sales of deposit certificates.

New securities bear 5% interest, maturity 29 years, and are medium for any institution or individual with excess cash that must be handled.

Insurance companies bought more than 50% of May issue of taps bought only 40% of total issue, this indicating statistically the widespread interest in the Victory Fund. The new issue looks good, the word being used in this context, for the sale.

Change in reserve position of New York City and Chicago banks will add a $400,000,000 of excess reserves in these cities, thus easing the market. Along with this goes Reserve announce-ment that banks can rely on the Federal Reserve any Treasury and sold to the system at the full face value. Report of the Reserve agreement in effect gives banks greater freedom to help themselves over the maturities that were left and return to original positions when special at- tention passes."

TREASURY BILL RISE?

For a few weeks we should be free of cash borrowing announce-ments and have time to catch our breath. But it's possible that even this looked for breathing spell will be interrupted by some story concerning an increase in the total of Treasury bills offered each week.

At present, the maturing bill total is at $250,000,000, as compared with $158,000,000 in recent months. The Treasury is selling only $250,000,000 bills a week, and this is receiving only $100,000,000 new cash out of its weekly sales. Until now, it was receiving $300,000,000 new cash out of its weekly sales.

Feeling among experts is the total of bill sales may be increased soon to the $500,000,000 mark. Thus giving Secretary Morgenthau a little breathing spell. With daily expenditure getting dangerously close to the $200,000,000 level, the bills must yield more revenue than currently, it is said.

Sales of bonds and certificates are expected especially if the disturbance in the bills is nationwide and the securities reach the country banks. They may be used as a medium for equalizing irregularities in the market and for expressing the one effective way to put all idle cash to work for the Treasury at the present time.

Federal Reserve's ruling on purchase of bills indicates this increase is being considered. Incidentally, Reserve is buying huge amounts of bills and probably 50% of the $100,000,000 a week. With daily expenditure getting dangerously close to the $200,000,000 level, the bills must yield more revenue than currently, it is said.

Sales of bonds and certificates are expected especially if the disturbance in the bills is nationwide and the securities reach the country banks. They may be used as a medium for equalizing irregularities in the market and for expressing the one effective way to put all idle cash to work for the Treasury at the present time.

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