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Purcell's Attack On Corporate Management Salaries Seen As Good Headline Material

Commenting on the recent speech by Ganson Purcell, Chairman of the Securities and Exchange Commission, attacking corporate management salaries, Ralph Hendershot, Financial Editor of the New York "World-Telegram," stated in his column on September 4 that the address "may be accepted as a criterion that all must be well with the security selling organizations of the country." Mr. Hendershot added that the SEC Chairman "apparently found it necessary to move over into the field of corporate management salaries in order to make an attack worthy of headlines," in the belief that "his kingdom has become so small and impotent that he may fear that his subjects (in the securities business) already have been regulated virtually out of business." Mr. Hendershot continued his discussion as follows:

"On second thought, however, the move may have been necessitated because of the fact that the security selling organizations, over which he is supposed to rule, have done so little in recent years that they couldn't possibly have made many mistakes worthy of public notice. In other words, his kingdom has become so small and impotent that he may fear that his subjects already have been regulated virtually out of business.

"In any event, he indicated that he is seeking new fields to conquer and believes industry is a likely prospect. Whether he can make it stick, though, may very well be a horse of a different color. It is possible, however, that he regarded it more or less in the nature of a raid anyway and he may now retire in good order.

"He probably should not be blamed too much for making such a raid. Philadelphia is recognized as a pretty quiet town, and the fellows in the security-selling business are rather remote from the war effort. It is true that the brokers and dealers are selling a large amount of war bonds, but they are doing that without profit, so they can hardly be held up to public ridicule for that.

"But then, again, there are a number of people in this country who believe that corporate executives do receive too much money in salaries, bonuses, etc., and they are led to believe that Mr. Purcell is going to do something about it. The dispatches, however, indicated that the SEC chief only hinted that he might have something in mind along that line. He suggested that he might use his good offices to give them a greater control over management.

"It is our understanding that the various boards of directors determine the salaries to be paid corporate managements. And we know of no law which makes it necessary for them to consult the SEC on the subject. The SEC could step in if they misrepresented the amount of salaries paid in connection with the sale of new securities, but most of these companies are not in need of new capital, and, if they were, they probably would be much too smart to lie about salaries.

"Moreover, most of them are engaged in war work, and if they needed money they probably would get it directly from the Government, since the market for securities is so nearly dead that they doubtless could not get accommodations from the general public on a satisfactory basis.

"We wonder, therefore, how the SEC could be of much help in having salaries reduced. It has moved in to some extent in establishing corporate procedure in sending out proxies for meetings and other purposes, but that is pretty round about and probably would not be very effective in salary matters. And, it must be admitted, too, that any statement it might issue would have some weight with stockholders. But there still would be a considerable gulf to span in bringing its powers down to the doorstep of directors."

Our Reporter On "Governments"

The Treasury's announcement of terms on its September financing is expected any time this week. . . . News may be out as you read this. . . . $3,000,000,000. . . . Can't be possible that this huge amount will be raised in long-term market without any preparation, and as any holder of Governments knows there has been no preparation for a long-term issue in recent weeks. . . . So, chances are, September borrowing will take the form of $1,500,000,000 or so certificates of indebtedness and balance will take form of notes—say, bearing five-year maturity and 1¾% coupon. . . . Just a guess at this stage of the game and a guess that is hard to make because of imminence of announcement. . . . But since the odds all favor a short-term offering and since purchases of short-terms are dictated more by your portfolio position than by exact figures on return, we can let this part of the analysis go with just these few words. . . .

Fact that Secretary Morgenthau raised the borrowing for this month to $3,000,000,000 surprised most of Wall Street, but that probability was indicated and reported here last week on basis of redemption of the maturing 2s and RFC ⅞s. . . . Maturities total $662,000,000. . . . Quota for war bond sales this month is only $775,000,000, due to Treasury's realization that this income-tax month and change-of-season period is always a slack one as far as money-raising goes. . . . Income tax collections will be heavy, of course, and money will be coming in from weekly discount bill sales as well. . . . But in August, war expenditures amounted to $4,882,498,436, more than triple the amount spent in August, a year ago, while spending for all purposes amounted to $5,215,417,813. . . . So far this fiscal year the Government has spent more than $10,377,000,000—an almost unbelievable figure but one which tells as no explanatory words can why the Treasury is borrowing $3,000,000,000 next week. . . .

Certificate offerings have been and apparently will continue to be popular. . . . Most widely bought issue was the last, bearing ⅞% rate, and if Treasury wants to gather the country banks into its bond-selling net, it must keep the coupon rate up around that level. . . .

And on that, most significant point is indication that uptrend in short-term interest rate seems to have been halted—at least temporarily. . . . If any movement in short-term rates develops over the near term, chances are it will be on downside. . . . As indication of how far short-term rates have traveled in last year, recent average yield on Treasury bills has been 0.369% compared with 0.114% a year ago, an increase of 0.255%. . . . Possibly you hadn't realized how high the rate had gone. . . .

In contrast, average yield on Treasury notes has gone up 0.80%, or from about 0.45 to 1.25%. . . . Average yield on Treasury bonds has gone up from 1.32% to 1.97%, an increase of 0.35%. . . . Average yield on longest-term Treasury bonds has gone up from 1.84% to 2.33%, an increase of 0.17%. . . . (Figures are from Blair Securities Corporation). . . .

Conclusions are obvious. . . . Hardening, slight as it may be from over-all viewpoint, in short-terms has taken place but has not spilled over to any extent into long-term market. . . . Control of long-term has been magnificent. . . . May be expected to continue for many, many months—and if it ever breaks down, the resulting

(Continued on page 888)

OUR REPORTER'S REPORT

Provided nothing happens in the interval it is now indicated that the public offering of new securities growing out of the consolidation of several units into the Southwestern Public Service Company will be placed on the market next Monday.

This undertaking, involving as it does more than $32,000,000 of bonds, serial notes and stock, will doubtless mark the last underwriting negotiated directly between the company and its bankers.

The business in hand was inaugurated prior to the introduction by the Securities and Exchange Commission of its UK-12 Rule, subjecting all public utility issues to competitive bids, and accordingly is being handled outside that rule.

First mortgage bonds in the amount of $20,000,000 constitute the bulk of the projected financing. This issue is scheduled to carry a 3¾% coupon and to mature in 1972. But there are indications currently that the coupon may be raised to 4%, due to the change in market conditions in recent months.

Along with the bonds, the fi-

(Continued on page 885)

INDEX

	Page
Bank and Insurance Stocks	878
Bond Selector (The)	874
Calendar of New Security Flotations	886
Investment Trusts	879
Municipal News and Notes	880
Our Reporter on Governments	873
Our Reporter's Report	873
Personnel Items	876
Railroad Securities	877
Real Estate Securities	876
Securities Salesman's Corner	879
Tomorrow's Market—Walter Whyte Says	877
Uptown After 3	884

Bull, Holden & Co. To Be Formed In N. Y.

Bull, Holden & Co., a New York Stock Exchange firm, will be formed as of Oct. 1, with offices at 14 Wall Street, New York City, by Henry W. Bull, Milton W. Holden, and George F. Brennan, to carry on a general brokerage business in securities and commodities. Mr. Brennan will be the firm's Exchange member.

Partners were formerly general partners in Winthrop, Mitchell & Co. and Winthrop, Whitehouse & Co. All employees of the new organization are, with one exception, former Winthrop, Mitchell & Co. and Winthrop, Whitehouse & Co. employees.

THE BOND SELECTOR

ATLANTIC CITY GAS COMPANY

First Mortgage 5s, 1960

First & Refunding 5s, 1957

The Army has taken over Atlantic City for all practical purposes. Since this resort city naturally depends in major measure on the influx of vacationists who sojourn at the many hotels both during summer and winter months, the fact that the armed services have taken over most of the hotels has turned the town into a soldier's haven almost exclusively. All the large boardwalk hotels have been leased to the Army or Navy, and now they are turning up the side streets and taking over hotels with a 25-room capacity and up. It is understood that the Navy will shortly have an extremely large post in Atlantic City and has already taken steps to enlarge the Steel Pier for its own facilities.

All this activity on the part of the Army and Navy up to this time has had a deleterious effect upon business in Atlantic City. When the hotels are taken over, they are naturally operated exclusively by service personnel. This has meant that the large number of people normally employed by these hotels has been released and most of them have moved from Atlantic City to seek employment in defense industries, especially in the Camden area. As far as local business is concerned, merchants are doing only a small fraction of their former volume, since the Army usually buys its provisions and equipment at wholesale from outside sources. Summing up, so far the conversion of Atlantic City from a premier resort to an Army post has had an extremely unprofitable effect upon the city's business.

Atlantic City Gas Company is no exception in this overall unfavorable business picture. Consumption of manufactured gas has fallen off considerably. There are several reasons for this, one being that normally the hotels use large quantities for cooking, and when the resort business was good the residential consumption also reached high levels. It is understood that at the present time, although all the large hotels are being used to house soldiers, cooking is confined to two hotels where all the men are fed. Residential volume of gas has declined due to the exodus of many residents formerly employed in the hotels, as pointed out previously.

All the foregoing would paint an extremely gloomy picture for Atlantic City Gas except for the fact that it is believed that the worst has now been reached and that in the Fall the situation should improve. It is quite apparent that Atlantic City will be a permanent post for the Army, and indications are that the Navy will also have established a permanent base there before long. In such circumstances, it is expected that Atlantic City and vicinity will experience an influx of officers and their families which will make up a sizable population. At the same time, armed service personnel will undoubtedly increase and facilities for feeding this growing group will have to be expanded. Efforts are also being made to acquaint the Army and Navy with the problems now confronting Atlantic City's economy and there is no doubt that the two services realize the situation and will cooperate to the fullest extent when complete organization is accomplished.

Atlantic City Gas Company serves not only Atlantic City but also many surrounding towns including Ventnor, Margate City, Longport, Pleasantville, Absecon, and many others with a combined population of approximately 110,000. Gas output in 1941 was 1,065,975,500 cubic feet compared with 1,118,145,100 cubic feet in 1940; gas sales in 1941 amounted to 960,808,500 cubic feet compared with 996,973,300 cubic feet in 1940. Daily manufacturing capacity of the gas plant at Atlantic City is 11,105,000 cubic feet; gas storage capacity is 5,414,000 cubic feet. The New Jersey Public Utility Commissioners placed a value for rate-making purposes of $5,000,000 on the properties in 1923; since then expenditures for additions and improvements of $3,891,019 have brought gross plant account up to $8,891,019. Reserve for depreciation amounts to $1,136,236.

The company's capitalization includes $4,739,000 funded debt, $882,000 of 7% $100 par preferred stock and 57,000 shares of common stock. All of the preferred and common is owned by Public Service Corporation of New Jersey, the parent company. Funded debt consists of $3,896,000 first mortgage 5s, 1960 and $843,000 first and refunding 5s, 1957. The first mortgage bonds are secured by the entire property of the company including its franchises which are perpetual. Sinking fund requires an annual payment of $25,000. These bonds have been outstanding since 1910 except for $500,000 which were offered in 1926. To date $631,000 have been retired by the sinking fund. They are callable at 105. The refunding bonds due in 1957 are a mortgage junior to the first mortgage on all the company's property, but are also secured by deposit with a trustee of $1,473,000 of the first mortgage bonds, which gives this issue a good collateral backing. They are callable at 102½ up to July 1, 1947.

Throughout the long depression years, Atlantic City Gas never failed to earn its fixed charges; in fact, preferred dividends have been paid regularly and common dividends have been paid in every year but three since 1926. There has been a downward trend of earnings during the past ten years as with most manufactured gas companies, but fixed charges were earned in 1941 1.12 times despite a decline in gross revenues. In spite of the serious reduction in gas sales during the past few months it is understood that fixed charges were just about covered during the first six months of 1942, but the chances are that the full year 1942 may reveal the company's failure for the first time to earn its bond interest completely.

The first mortgage bonds in the upper 70's and the refunding bonds quoted about four points below the first mortgage are considered good speculations for the post war possibilities inherent in the rehabilitation of the Atlantic City economy. As can be seen from the tabulation below, only in three years since 1934 have the first mortgage bonds ranged below 80, while their highs have more frequently been at or above par. The refunding bonds have had a more erratic record, but they, too, have sold well above par since 1934.

It is the general feeling of those best acquainted with the current Atlantic City problem, that the Fall and Winter will witness definite improvement. There is, of course, no suggestion that the possibility of failure to earn fixed charges fully in 1942 will have any bearing on continuation of interest. The company is owned by Public Service Corporation of New Jersey.

EARNINGS AND APPROXIMATE PRICE RANGES

	Times Charges Earned	Approximate Price Ranges 1st 5s, 1960 Bid	Bid	Ref. 5s, 1957 Bid	Bid
1941	1.12	100	—82	98	—87
1940	1.27	100	—81	99	—80
1939	1.35	91	—77½	89½	—74
1938	1.34	81	—62	78	—53
1937	1.35	102½	—72½	105½	—68
1936	1.39	102½	—99½	102¼	—96
1935	1.43	103¼	—96½	101½	—97
1934	1.49	108	—88	98	—82

Milton F. Klein Is Ward & Co. Partner

Milton F. Klein has become a partner in Ward & Co., 120 Broadway, New York City. Other partners are Bertram Seligman and John H. Stevenson, Albert Taylor having withdrawn from partnership. Mr. Klein has been proprietor of his own firm, M. F. Klein Co.

Arthur Lintott Joins Staff Of Loewi & Co.

(Special to The Financial Chronicle)

MILWAUKEE, WIS. — Arthur Lintott has become associated with Loewi & Co., 225 East Mason Street. Mr. Lintott for many years was President of Arthur Lintott, Inc., specialists in Wisconsin securities.

Garvey With Ordnance Co.

CHICAGO, ILL. — Harry M. Garvey has been granted a leave of absence from Central Republic Company, investment bankers, with which he has been associated for the past five years, to take a position with the Ordnance Steel Foundry Company, Davenport, Iowa.

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McClure Is Exec. Mgr. Of Victory Fund Comm.

CHICAGO, ILL. — Nathan D. McClure, Vice-President of Harriman Ripley & Co., Incorporated, resident in Chicago, has been granted an indefinite leave of absence to serve as Assistant Executive Manager of the United States Treasury Victory Fund Committee, for the Seventh Federal Reserve District (Chicago).

Faulkner & Campbell To Form NYSE Firm

Faulkner & Campbell, New York Stock Exchange firm, with offices at 115 Broadway, New York City, will be formed on Oct. 1. Members in the firm will be Dwight Foster Faulkner, Jr., Henry Godwin Campbell, the Exchange member, general partners, and Katherine S. Campbell, limited partner.

Mr. Campbell was formerly an individual floor broker in New York and prior thereto was a partner in H. G. Campbell & Co. Mr. Faulkner was with Cyrus J. Lawrence & Sons.

John W. Newman With H. L. Emerson & Co.

CLEVELAND, OHIO—John W. Newman has become associated with H. L. Emerson & Co., Inc., Union Commerce Building, and will specialize in State, county and municipal bonds. H. L. Emerson & Co. has bought and sold municipals for a number of years, but has not previously been in the underwriting field, it is announced.

Mr. Newman was formerly vice-president in charge of the Cleveland office of P. E. Kline, Inc.

Alfred Knapp Joins Newburger & Hano

PHILADELPHIA, PA. — Alfred S. Knapp is now associated with Newburger & Hano, 1419 Walnut Street, members of the New York and Philadelphia Stock Exchanges, as manager of their municipal bond department. Mr. Knapp was formerly manager of the sales department for Charles Clark & Co. in Philadelphia and prior thereto was sales manager of the Philadelphia office of Lobdell & Co.

Mayall With Lamson

(Special to The Financial Chronicle)

ST. PAUL, MINN. — James P. Mayall has become associated with Lamson Bros. & Co., 336 Robert Street. Mr. Mayall was recently with Harris, Upham & Co.

More Dealer Views Regarding Bid & Asked Rule

Following are some additional letters which have been sent to us by dealers regarding the SEC bid and asked disclosure rule. The Commission has set Sept. 15 as the final date for the receipt of comments from the industry concerning the suggested regulations to govern transactions in the over-the-counter markets.

DEALER NO. 27

A New York City dealer, on vacation, sent us the following letter:

I enclose for your arguments as to fair profits something elementary in another line of business but still food for thought in connection with the SEC bid and asked rule for the securities industry.

I have reference to the enclosed two cardboard holders from which I detached a fishing leader. You will note that they both are manufactured by the same firm and bear same number for trade purposes, although the price tag on one of them is 10 cents and on the other 15 cents. I bought the 15-cent one in Ticonderoga and around the corner in another store I saw the same article advertised for 10 cents and purchased same. Now then, is this right? If not, a stop should be put to it in all businesses. Compared with this situation, the securities business is angelic. Personally, I feel that perhaps the one man has a larger overhead than the other merchant, but both should have a chance to live and maybe they don't like mergers (I don't like partners—have had sad experience) and maybe they can't cut expenses any further. Should they go out of business? This is a problem... What I am trying to say is that the securities industry is no different than any other line of private enterprise and should not be singled out for arbitrary regulation as to what should constitute the amount of profit allowed on each and every transaction. Furthermore, to be in business, regardless of its nature, is a tough road as the hill to climb before one sees light for a profit is hard going and the best judge of this fact is a business man who has had actual experience in meeting expenses, rather than a lot of theorists just out of Law School.

I am willing to admit that I have had a friendly reprimand on profits, and I explained the circumstances to the NASD, and they saw light. But I don't cherish having to sit in my office and wonder every time I have a trade if I am to be called on the carpet to explain what actually is no more than a pittance of profit considering the time and personal expense involved in completing a transaction. The writer has been in business too many years in lean times and fully appreciates the problems involved in making a living. I bet I could find fault with any business and any organization if I looked them over. To criticize is easy; trying to do better yourself is another matter. I just finished my 17th visit with an account and still suggested they hold on to their securities and am still hoping that they will loosen up with some of their cash in order to help me make up some of the expense involved for time, experience (25 years), maintenance of office and records, etc., not forgetting out of pocket expenses of $63 incurred on this account. Who can tell me when to stop calling or when I will get the order? Who will repay me at least the $63 and something on top of it for my pursuit and honesty in counselling retention of list rather than swapping? YES, and I bet when I put through a trade and try to make up this loss I will get hell; but why worry too much about it, life is too short. However, I have a wife and three kids and a mother and father to support and can't take the chance of being put on the spot by arbitrary rulings and decisions. Let's all get together in a nice way and be honest with each other that the SEC-NASD has a tough assignment in judging the percentage of profit angle, and that we also have and we all want to be fair with each other and the customer by cooperating amongst ourselves. Well, why not say the profit shall not exceed a certain percentage and anything over that sum would have to be put up to a Committee or the dealer could chance it, subject to later approval which he will immediately seek. If not O.K., he could make it up to the account on later business without the account's knowledge, thereby avoiding antagonism and ill-will.

I had no intention of writing so much, but let's go to it since I have this machine at hand. I recently sent out five form letters with comments on inflation, and from past records you will see that our forms were about 100% accurate, and I am not fooling, on infla-

(Continued on page 884)

Van Artsdalen Et Al With A. L. Wright

PHILADELPHIA, PA.—Wright, Weniger & Co., Inc., 1420 Walnut Street, announce that their firm name has been changed to Arthur L. Wright & Co., Inc., and that their Bell Telephone number is now Kingsley 1060.

Walter L. Van Artsdalen, formerly Vice-President of Fernau & Co., has become associated with Arthur L. Wright & Co., Inc., as vice-president. John E. Baumann, previously an officer of Fernau & Co., and Leon H. Sullivan, manager of the trading department of that firm, are also with Arthur L. Wright & Co. George H. Chester is now vice-president and secretary of the firm.

Whitehouse & Co. Will Be Formed Soon

Following the dissolution of Winthrop, Whitehouse & Co., on Oct. 1 the firm of Whitehouse & Co. will be formed with offices at 115 Broadway, New York City.

Partners of Whitehouse & Co. will be Arthur E. Delmhorst, Francis X. Lauro, Benjamin P. Phyfe and Berton J. Delmhorst, with J. Norman Whitehouse as a special partner.

Minimum Capital Rule Held Basically Unsound

The proposed NASD minimum capital rule is still being considered by the Securities and Exchange Commission. Additional dealer comment anent the proposition follows:

DEALER NO. 53

In his recent letter to us, Reginald E. Graham of New Haven, Conn., had the following to say:

I have not yet seen any mention made of the difference of capital requirements of a firm with a large overhead in rent, employees, statistical and wire services as compared with the small dealer with minimum overhead. It seems to me that a minimum capital of $25,000 for one and $5,000 for the other would still leave the large overhead firms more vulnerable to a period of slack business than the small dealer with very limited expenses. I had felt that there was a question as to the legality of the plan as adopted by the NASD but felt that the dealers affected by it would not have the capital to fight it out. I was therefore particularly pleased with the letter written by Frank Dunne, President of the New York Security Dealers Association. It had occurred to me that the large dealers might have thought that the small dealers might better be working for them. For instance, a local dealer with several offices in smaller cities in the State has advertised on several occasions "Not One Man, But an Organization," which would seem to indicate how they felt about one-man dealers.

REGINALD E. GRAHAM

Lawson Killed In Action

Capt. Peter R. Lawson, of the United States Marine Corps Aviation, formerly a member of the New York Curb Exchange and a partner in Peter R. Lawson & Co., New York City brokerage firm, was killed "in the performance of his duty" according to word received from the Navy Department by his wife, Mrs. Antoinette Lawson. Captain Lawson was commissioned a Lieutenant in the Marine Corps soon after the entrance of the United States into the war and was promoted to Captain a few weeks ago.

REAL ESTATE SECURITIES

Real Estate Bonds — A Neglected Security!

A Financial Writer in one of the local papers remarked that maybe the reason for the low trading in stocks was because of the facts brought out in a poll conducted by the Mutual Life Insurance Company in 14 States just before Pearl Harbor.

He stated that the poll revealed that 42% of those questioned preferred to put their savings in Government bonds and 20% in real estate, while only 3% were willing to invest in corporate securities. The order of preference ran 42% Government bonds, 20% real estate, 17% life insurance, 10% own business, 8% in the bank and 3% corporate securities.

In view of the decided preference of the public for real estate instead of corporate securities, it would seem that a new avenue of business would be real estate securities.

Upon investigating real estate bonds, we find many interesting facts: High yields, in some cases in excess of 10%, many bonds carrying with them stock representing a share in the ownership of the property, and in most cases depressed prices, often placing a value on the issues of only a fraction of the assessed value of the property that secures them.

An example of high yield is the first mortgage bonds of the Hotel St. George, which pay 4% and are selling at about a 10% yield. These bonds earn their interest about 1½ times, and this November will have a sinking fund calculated to retire about 5% of the issue.

An example of bonds selling at a fraction of the assessed value, is the first mortgage fee and leasehold bonds of the Bank of Manhattan building at 40 Wall Street; the fourth tallest building in the world.

At the current price of the bonds, a value of only approximately $1,325,000 is placed for the entire bond issue. The building alone is valued at over $10,000,000 by the assessors of the City of New York, and the annual rent roll of the building is over $2,000,000. The Bank of Manhattan has a lease in the building which calls for an annual rental of almost $700,000, or more than half the value paced on the entire bond issue at current price levels.

Those bonds that carry with them stock representing a share in the ownership of the property offer a double hedge. The bonds a hedge against high corporate taxes, because representing a funded debt, the interest can be paid before the corporation is taxed, and the stock an excellent hedge against inflation because real estate has always been considered one of the most valuable things to own in case of inflation.

In The Armed Forces

George E. Dawson, advertising and publicity manager of the Wells Fargo Bank & Union Trust Company of San Francisco, is on leave of absence from the bank to join the chemical warfare division of the U. S. Army Engineers Corps as a First Lieutenant. At present he is stationed in San Francisco.

Clinton O. Mayer, Jr., chairman of the Inter-American Hospitality Committee of the New York Stock Exchange, will enter the service of the Finance Department of the U. S. Army as a Captain on Sept. 15. Mr. Mayer served as a Lieutenant in the Field Artillery during World War I.

Edward T. Spiker has been commissioned a Second Lieutenant in the United States Army chemical warfare division and will report to Dallas, Texas, for active duty on Sept. 16. He has been granted a leave of absence from the Chicago investment firm of E. W. Thomas & Co., Inc., 135 South La Salle Street.

Fred D. Stone, Jr., formerly in the trading department of John Nuveen & Co., 135 South La Salle Street, Chicago, Ill., has been commissioned a Lieutenant in the U. S. Naval Reserve, supply corps.

PERSONNEL ITEMS

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

NEW YORK, N. Y. — **Henry Guenther Reel**, formerly of Hirsch, Lilienthal & Co., is now associated with **Abraham & Co.**, 120 Broadway.

NEW YORK, N. Y. — **Oswald Love**, for many years with Harris, Forbes & Co., has become affiliated with **E. W. Clucas & Co.**, 70 Pine Street.

NEW YORK, N. Y.—**Charles H. Rauch** is now associated with **Estabrook & Co.**, 40 Wall Street.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Richard W. Goepel** has joined the sales department of **A. A. Bennett & Co.**, formerly Traction Securities, Inc., 105 South La Salle Street, and will represent the firm in Moline, Ill. Mr. Goepel was formerly with Alexander & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Lewis C. Fritts** and **Arthur B. Wilson**, both previously with Alexander & Co., Inc., and in the past with H. L. Harker & Co., have become connected with **Brailsford & Co.**, 208 South La Salle Street.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Joseph A. Babbert** has joined the staff of **Straus Securities Company**, 135 South La Salle Street. Mr. Babbert was formerly with Robert J. Phillips & Co., Hornblower & Weeks and F. H. Armstrong & Co.

(Special to The Financial Chronicle)
CINCINNATI, OHIO — **John Baas**, formerly with Magnus & Co., has joined the staff of **Westheimer & Co.**, 326 Walnut Street.

(Special to The Financial Chronicle)
KANSAS CITY, MO.—**Edwin H. Lahrman** is now with **Prescott, Wright, Snider Co.**, 916 Baltimore Avenue. Mr. Lahrman was formerly with Alexander & Co., Inc., and John J. Seerley & Co.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Charles R. Livingstone** has become affiliated with **Akin-Lambert Co.**, 639 South Spring Street. Mr. Livingstone was previously with Crowell, Weedon & Co., Sargent, Taylor & Co. and the Pacific Company of California.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Harold A. Makin**, formerly with Bankamerica Company and in the past with Edgerton, Riley & Walter, has been added to the staff of **Blyth & Co., Inc.**, 215 West Sixth Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Samuel J. Bell**, formerly with Conrad, Bruce & Co., has become associated with **O'Melveny-Wagenseller & Durst**, 626 South Spring Street. In the past Mr. Bell was Manager of the Municipal Department of the Citizens Los Angeles Co.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**William E. Lawson** is now connected with **H. R. Baker & Co.**, Bank of America Building. Mr. Lawson was previously with Leo G. MacLaughlin Co.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**James Claude Kenney**, for many years with O'Melveny-Wagenseller & Durst and its predecessor, and in the past an officer of Cyrus Peirce & Co., Ltd., has become associated with **Bingham, Walter And Hurry, Hilgers**, 621 South Spring Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Charles C. Brownson**, formerly with Fewel, Marache & Co., is now with **Davies & Co.**, Pacific Mutual Building.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Dewey T. Tackaberry** has become affiliated with **E. F. Hutton & Company**, 623 South Spring Street. Mr. Tackaberry was previously with Edgerton, Riley & Walter.

(Special to The Financial Chronicle)
MINNEAPOLIS, MINN. — **A. Lincoln Jepson**, previously with Couper-Eckenbeck Co. and in the past with Brown Bros., Kootz & Co. and Chrest & Co., is now with **C. D. Mahoney & Co.**, Roanoke Building.

(Special to The Financial Chronicle)
MINNEAPOLIS, MINN.—**Frank H. Carleton**, for the past twenty years with First National Bank & Trust Co. of Minneapolis, has become associated with **Piper, Jaffray & Hopwood**, 115 South Seventh Street.

(Special to The Financial Chronicle)
OAKLAND, CALIF. — **Adolph Marion Bleiler** has become connected with **Bankamerica Company**, 1200 Broadway. Mr. Bleiler was formerly for many years with Brush, Slocumb & Co. as manager of their local office.

PHILADELPHIA, PA. — **Ralph W. Ervin**, formerly with the Philadelphia office of Riter & Company, has become associated with **Walter Stokes & Company**, 1529 Walnut Street.

(Special to The Financial Chronicle)
ST. LOUIS, MO. — **Arthur E. Smith**, formerly for many years with Ryan-Nichols & Co., 320 North Fourth Street, has joined the staff of **Murdoch, Dearth & White, Inc.**, Mississippi Valley Trust Building.

(Special to The Financial Chronicle)
ST. LOUIS, MO.—**Joseph Rathert**, formerly for many years with Newhard, Cook & Co., is now associated with **Edward D. Jones & Co.**, Boatmen's Bank Building.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**Robert A. Finley** is now with the **Anglo-California National Bank**, 1 Sansome Street.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**Helen Leopold**, previously with Merrill Lynch, Pierce, Fenner & Beane, has become connected with **Davis, Skaggs & Co.**, 211 Montgomery Street.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**Alice Dunton** has been added to the staff of **Wood, Struthers & Co.**, Russ Building.

Tomorrow's Markets Walter Whyte Says—

Rally pulls market away from "break" point. Averages now in critical area. Move in either direction would indicate trend.

By WALTER WHYTE

The big talk last week was no longer the war or the stock market, not that the stock market has been a big talking point for these many months. The big talk was the President's speech which crowded all other news off the page ones of the nation's press. The one he made on Labor Day in which he told Congress to stop messing around and do something about inflation or come Oct. 1, he would do it himself.

* * *

Given a Hobson's choice, Congress reacted typically. "It's a dangerous and revolutionary doctrine," observed one member of Congress. Improving on this sentiment another member said, "It's dangerous to the existence of democratic government." Other members not as articulate followed along with Senator La Follette who said the President had "placed a pistol at the head of Congress."

* * *

Well, if Congress feels so strongly about it, it has no one to blame but itself. Its major contribution to an inflation check was to go along whole hog with the farm bloc in decreeing a ceiling of 110% of parity. Since then it has been in the throes of concocting a tax bill while trying to keep a weather eye on the people back home.

* * *

It was its bad luck to have to think up new taxes at the same time it was anxious about the November elections. The result is for the past four months Congress has done little except to try and mend home political fences.

* * *

Whether the President has the right to tell Congress to move over under his emergency powers is a moot question. Attorney General Biddle arguing before the Supreme Court in the recent case of the Nazi saboteurs claimed the President "as Commander-in-Chief in times of war is not bound by statutes." Whether prices, wages and profits can be called military matters I leave you to judge.

* * *

Undoubtedly, the laying down the law to Congress with an either or else ultimatum is undemocratic, still it's about time Congress realized it was elected to do a job and not to run around the country trying to keep itself in office.

* * *

We read sales of War Bonds are not up to expectations but how can the average citizen plan ahead to buy more and more bonds if he can't know what his tax burden will be. One day there is a spending tax, then a compulsory savings tax, a tax returnable at some future date. Then comes a Ruml plan followed by a still newer Treasury plan. And so it goes. Now there's still another one--a 5% tax on all incomes in excess of $12 a week called a Victory Tax. The assumption being that anybody who votes against it is against victory.

* * *

Of course everybody knows of the $25,000 income limit which seems to be a favorite subject with the President. While this may evoke indignation in some quarters most of working Wall Street would be tickled pink to make that kind of money now. In fact so widespread is this feeling that a great many Wall Street people are in favor of making it illegal to earn less than $25,000 a year.

* * *

During all this excitement the market managed to recognize the 10 day phenomenon and went up. The advance was nothing startling still it did manage to advance from 106.36 as of last week to 107.68 on Tuesday of this week. This brings the Dow figures smack up against the levels which have so far been a stumbling block since the beginning of July. A reaction from this level would not be surprising but such reaction must hold above the lows of Sept. 5—106.54. In fact the market at this writing is in such a ticklish position that any event may either shove it ahead to above the 110 figure or break it down to about 102. The di-

(Continued on page 884)

RAILROAD SECURITIES

Persistent rumors of the imminence of a secondary distribution of a large block of bonds (which may actually have come by the time of this printing) has brought about a sharp increase in speculative interest and activity in the Chicago & Alton 3s, 1949. The road is in the anomalous position of having been in default of interest on its bonds since late 1938 without any attempt being made for a petition of receivership or of bankruptcy under Section 77. The properties, therefore, are not under the jurisdiction of any court and interest payments may be made at the discretion of the management without the necessity for a court order or court approval.

One semi-annual coupon was paid in 1940, another late last year, and a third on July 15, 1942. The bonds now carry matured unpaid interest in the amount of 7½%, to be increased to 9% on Oct. 1, and confidence has been growing that the high level of earnings and the expanding cash balance may induce a more liberal distribution policy over the relatively near future. In fact, it was reported a few weeks ago that an agreement had been reached between bond holders and the management that all earnings, after deduction of a capital fund of 2½% of gross, would henceforth be passed along to bond holders. Any such agreement would naturally be limited to payment of arrears, and reestablishment of the regular 3½%.

In effect such an agreement would put the bonds on a full contingent interest basis, while bypassing the lengthy process of judicial reorganization. From the point of view of the bond holder such an agreement would be doubly favorable in that it would avoid any such sacrifice as settlement of a portion of the claim in new stocks which would appear inevitable in a reorganization formulated by the Interstate Commerce Commission under Section 77. It would also be highly constructive from the management point of view, assuring continued control by the Baltimore & Ohio which now owns all of the common stock. In judicial reorganization the equity of the old common would obviously be scaled down drastically, if not eliminated entirely.

Under present earnings conditions there appears ample justification for the renewed optimism towards the outlook for interest payments. Following a consistent record of deficit operations ever since completion of the previous reorganization in 1931, the Alton finally realized a profit last year with fixed charges earned 1.10 times. Moreover, despite the burden of higher wages and an increase of approximately 160% in tax accruals, the rate of earnings expansion has been accelerated sharply in the current year. Net operating income for the seven months through July was more than double that reported a year earlier. In fact it was moderately higher than net operating income for the entire year 1941, and the company's seasonally best period is still to come.

As prospects in the service area continue bright, and wage levels from here on will be comparable with those of a year ago, the company might well cover its fixed charges approximately 2.5 times this year, with an indicated net income of around $2,650,000. Even allowing for deduction of a capital fund of 2½% of gross revenues, which are estimated slightly over $30,000,000, the projected 1942 earnings would be equivalent to more than 7% on the Chicago & Alton Refunding 3s. With such earning power, and the company should continue to do extremely well throughout the balance of the war period, it would take little more than two years to clear up the interest arrears along with current accruals.

Annual interest requirements on the Chicago & Alton 3s amount to $1,360,500. In comparison, cash items as of June 30 amounted to $1,770,000. This compares with $792,000 a year ago, and further rapid improvement should be witnessed in the closing months of the year. In addition, miscellaneous accounts receivable aggregated $1,369,000 compared with $532,000 on June 30, 1941 and inventories of materials and supplies at $1,638,000 had been built up more than 100% during the 12 months. It does not seem unreasonable to hope that by the end of the year finances may be sufficient to warrant distribution of a full year's interest. The bonds have been hovering slightly below the 22 level at which price they would afford a return of 14% on the basis of the regular interest rate, without any consideration of payments on back accruals. The bonds are considered by many railroad men to be particularly attractive compared with the general run of new income bonds outstanding.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Sept. 4 that the tenders for $350,000,000, or thereabouts of 91-day Treasury bills to be dated Sept. 9 and to mature Dec. 9, which were offered on Sept. 2, were opened at the Federal Reserve banks on Sept. 4.

The details of this issue are as follows:

Total applied for, $709,828,000.
Total accepted, $351,288,000.
Range of accepted bids (except for one tender of $50,000):
High, 99.925, equivalent rate approximately 0.297%.
Low, 99.905, equivalent rate approximately 0.376%.
Average price, 99.907, equivalent rate approximately 0.368%.
(12% of the amount bid for at the low price was accepted.)

There was a maturity of $300,380,000 of bills on Sept. 9.

With respect to the previous week's offering of $350,000,000 of 91-day bills, dated Sept. 2 and maturing Dec. 2, the following are the results:

Total applied for, $872,936,000.
Total accepted, $350,874,000.
Range of accepted bids:
High, 99.925, equivalent rate approximately 0.297%.
Low, 99.906, equivalent rate approximately 0.372%.
Average price, 99.907, equivalent rate approximately 0.367%.
(33% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Sept. 2 in the amount of $251,301,000.

Utilities Attractive

With the Securities and Exchange Commission apparently moving in the direction of integration of certain of the larger holding companies in the utility field, it seems probable, according to Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges, that the higher valuations back of certain stock in the utility holding field are now close toward realization. The situation in United Light & Power Company, preferred shares of which offer, Goodbody & Co. believes, an outstanding example of the liberal yield eventually to be possible and of the substantial price appreciation possible, is discussed in detail in a most interesting study which the firm has just issued.

Copies of this study, and a detailed analysis of the North American Co., which also offers a situation of unusual promise, the firm believes, may be had upon request from Goodbody & Co.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: high—40¾; low—14¾; Sept. 9 price—40⅝.

Bank and Insurance Stocks

This Week — Bank Stocks

The pending Revenue Bill of 1942 is beginning to take shape and the point has perhaps been reached where the impact of new taxes on various industries and companies can be roughly computed. Apparently the only fundamental difference between the House Bill and the one likely to be reported out by the Finance Committee of the Senate, in regard to corporation taxes, will be the matter of post-war credits. In other words, it seems reasonably certain that corporate rates will call for a Normal Tax of 24% and a Surtax of 21%. The Excess Profits tax remains the chief bone of contention but will probably be around 90% (with certain allowances which might serve to reduce the effective rate somewhat) or, if the rebate principle cannot be agreed upon, a flat rate of 80% to 85%.

As far as the Banking Industry is concerned, Federal taxes have heretofore been a relatively minor item of expense. Even in 1941, it was possible for almost all of the banks to avoid any liability for Excess Profits taxes and, due to their large holdings of tax-exempt Government and Municipal bonds, most banks have thus far been little affected by the Normal Tax. Banks have been unusually sheltered in respect to the normal tax because they are permitted to charge their operating expenses against taxable income, thus leaving their tax-free income unimpaired. However, the corporate surtax provisions now being introduced into the tax system will draw the banks very effectively into the tax picture because this tax is applicable to virtually all net income. For example, the 1941 surtax of 7% served to increase the tax payments of many banks by 50% as compared with the previous year.

If a surtax rate of 21% is included in the 1942 Revenue Bill, the tax liability of most representative banks should run around 50% higher than last year and, perhaps, two or three times the amount paid on 1940 earnings. However, the Banking Industry will continue to occupy a relatively favored position tax-wise. In fact, according to present indications, it may prove to be one of the few industries which will be able to absorb these higher taxes and still earn about as much in 1942 as in 1941, after taxes. Apparently a majority of standard industrial and utility companies will earn much less this year than last. In the exceptional cases of companies earning more in 1942 than in 1941, the answer usually is that they operate in chronically depressed industries, such as Coal or Transportation, or have been special beneficiaries of the war boom.

That most of the larger banks can readily offset the new tax schedules to be imposed has already been conclusively demonstrated. In the first six months, for example, it is understood that taxes were generally reserved for at least to the extent of the most severe bill now likely of enactment. Some banks, it is reported, went so far as to provide for a surtax rate of 31% as originally proposed by the Treasury. Yet indicated earnings for most of the large commercial banks in the first half, after the higher reserves, showed no appreciable change in comparison with the same period of 1941. In other words, the banks are definitely earning more money again and, thus far at least, are able to retain as much for dividends or undivided profits as they have been accustomed to show in recent years.

Looking beyond the immediate horizon, other problems and influences wil begin to appear from time to time in connection with taxes and related matters. One item about which it is interesting to speculate is the ultimate effect on bank earnings of eliminating tax-exemption from future issues of Government Bonds. This is of no great concern for the time being because there are still some $33,000,000,000 of tax-exempt Government securities outstanding and, it is estimated, only about half of this amount is apt to be retired in the next five years. In addition, a good many billions in state and municipal issues are available. Apparently there will be enough tax-exempts to go around for a considerable period ahead because it will probably become common practice among the banks to carry such issues in their portfolios only to the approximate extent that they are needed for tax purposes.

As time goes on, of course, the banks will gradually become subject to some liability in respect to Normal taxes. Then it will be a question of whether earnings can be continuously "geared up" to a level which will permit them to absorb such taxes. That could be accomplished either by higher interest rates or by a permanently higher volume of earnings assets, or a combination of both. As things look now, the banking system is going to be holding a very much larger quantity of Governments for a very long time to come. Therefore, so long as Government Bonds pay interest, the banks will have a very considerable source of income automatically available. As a matter of fact, if the earnings assets of the banks expand to the extent that seems likely, earnings will shortly reach a point where Excess Profits taxes will no longer be an abstraction.

Bank stock analysts and investors must now, for the first time, give consideration to tax factors and the individual position of each bank must be studied just as is done in the case of industrial corporations. In general, banks which have been earning at a very high rate on capital funds will have less "elbow room" as respects Excess Profits taxes than those which have been earning at a very low rate. In the latter situation, a bank may be able to raise its permissible earnings ceiling by utilizing the Invested Capital Option to advantage. Thus the new tax laws, increased standardization of banking practices and other developments will be a great "leveler" and should lead to more uniformity in operating results than has been characteristic in the past.

One thing seems sure and that is that banking capital will be more productive and useful than has been true for some years. Banks with a low ratio of deposits to capital funds will obviously be in the best position to expand their deposits and earning power. Consequently those banks which have been regarded as "over-capitalized" will, at long last, come into their own. The historical relationship of 10 to 1 between deposits and capital has long since gone where the woodbine twineth. From here on, the sky is the limit—and no one knows the end thereof.

Mystery Well Brought In; Rumored Unusual Producer

As an indication of the improvement made in drilling methods in the oil industry, Tellier & Co. of 42 Broadway, members of the Eastern Oil Royalty Dealers Association, call attention to the fact that the world's largest oil well was brought in after drilling to a depth of over 10,000 feet. It is the Shell Oil Company No. 1 Sealy-Smith in Ward county, West Texas fields.

Topping the Ellenberger lime at 10,082 feet, in May, it drilled to 10,111 feet, and after cementing the 7⅝-inch at 10,077 feet, with 500 sacks, then set the two-inch at 10,106 feet, and on May 5 it made 120.1 barrels of oil through tubing.

Washed with 1,000 gallons of acid it made 67.3 barrels of oil and was shut in. Operators then began to experiment with the well, and the output was stepped up from 64 to 90 barrels an hour until field men working the Midland territory reported it doing "better than 500 barrels an hour," and "on some tests as high as 3,000 barrels an hour."

"War Reasons" Given

Shell employes are withholding all official information about the well for "war reasons."

As long as it is being experimented with the Texas Railroad Commission will permit the well to be produced just so it gets an official report on the results.

As the week ended the Shell started a 6,000-foot rotary test, No. 2 Sealy-Smith, at 2,310 feet from the north and 1,650 feet from the east lines of section 38, same block and survey for a deep Permian lime.

The Shell well has been the talking point of the industry for weeks, but despite all the pleading and other efforts the official facts are still a secret.

Facts Withheld

The "World's" oil editor attempted to find out while on his recent vacation, but like the oil writers of Midland, Odessa, San Angelo, Fort Worth, Dallas, Houston and elsewhere he found a discreet silence, with no answer given for reports favorable or critical of the Shell's policy.

The Limpia Royalty Company of Tulsa, managed by Walter E. Templeman, Neil E. Templeman and Orville G. Frantz, owns more than 12,000 acres of royalties just north of the Sealy-Smith Foundation land, and yet they, too, are without the true facts, other than it is the general belief of Texas oil men that the Shell producer is today the world's largest oil well.

Future Promising

LeRoy Menzing, assistant oil editor of the Fort Worth "Star-Telegram," and G. A. Galbraith, manager of the Texas division of Rinehart's "Oil Reports," agree with Permian Basin operators that the Shell has a whopper of a big well. Galbraith, a former Oklahoman, in looking over the map of the basin, said:

"The Shell's discovery of Ordovician production in the Sealy-Smith Foundation well assures a long future for West Texas and southeast New Mexico, as well as stimulating a wide search for the deep zone throughout the Permian Basin."

Since the Shell's strike the Phillips Petroleum Company of Bartlesville has opened big production in both the Permian and Ellenburger limes in Andrews County, and a heavy drilling campaign is starting around its two discovery wells.

Tellier & Co. specialize in offering oil royalties to registered dealers and will gladly explain the advantages this type of investment offers investors, particularly at the present time.

Ins. Stocks Attractive

The present situation in issues of Aetna Insurance Company, Bankers & Shippers Insurance Company, Continental Insurance Company, Fire Association of Philadelphia, Jersey Insurance Company, Pacific Fire Insurance Company, Reliance Insurance Company, Seaboard Surety Company and Springfield Fire & Marine Insurance Company offers attractive possibilities according to recent memorandums issued by Mackubin, Legg & Company, 22 Light Street, Baltimore, Md., members of the New York and Baltimore Stock Exchanges. Copies of these interesting releases may be obtained by writing to the Bank & Insurance Stocks Department of

DIVIDEND NOTICES

THE UNITED STATES LEATHER COMPANY

A dividend of $8.00 per share on its Prior Preference stock to apply on account of dividends in arrears on this date has been declared by the Board of Directors of this Company, payable October 1, 1942 to stockholders of record September 21, 1942.

C. CAMERON, *Treasurer*.

New York, September 9, 1942.

New York & Honduras Rosario Mining Company

120 Broadway, New York, N. Y.

September 9, 1942.

DIVIDEND No. 360

The Board of Directors of this Company, at a meeting held this day, declared an interim dividend for the third quarter of 1942, of Seventy-five cents ($.75) a share on the outstanding capital stock of this Company, payable on September 26, 1942, to stockholders of record at the close of business on September 16, 1942.

WILLIAM C. LANGLEY, Treasurer.

DIVIDEND NOTICES

CELANESE CORPORATION OF AMERICA
180 MADISON AVE. • NEW YORK, N. Y.

THE Board of Directors has this day declared the following dividends:

5% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.25 per share, payable October 1, 1942 to holders of record at the close of business September 18, 1942.

7% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable October 1, 1942 to holders of record at the close of business September 18, 1942.

7% SECOND PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable October 1, 1942 to holders of record at the close of business September 18, 1942.

COMMON STOCK

A dividend of 50¢ per share, payable September 30, 1942 to holders of record at the close of business September 18, 1942.

JOHN A. LARKIN,
Vice-Pres. & Sec'y.

September 8, 1942

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a dividend of Fifty Cents ($.50) per share on the Common Stock, payable September 30, 1942, to stockholders of record at the close of business on September 14, 1942. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer*.

Philadelphia, September 3, 1942.

HOMESTAKE MINING COMPANY
Dividend No. 857

The Board of Directors has declared dividend No. 857 of thirty-seven and one-half cents ($.37½) per share of $12.50 par value Capital Stock, payable September 25, 1942 to stockholders of record 12 o'clock noon, September 19, 1942.

Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

R. A. CLARK, *Secretary*.

September 2, 1942.

LOEW'S INCORPORATED
"THEATRES EVERYWHERE"

September 4th, 1942

THE Board of Directors on September 2nd, 1942 declared a dividend at the rate of 50c. per share on the outstanding Common Stock of this Company, payable on September 30th, 1942 to stockholders of record at the close of business on September 18th, 1942. Checks will be mailed.

DAVID BERNSTEIN,
Vice President & Treasurer

OFFICE OF LOUISVILLE GAS AND ELECTRIC COMPANY
CHICAGO ILLINOIS

The Board of Directors of Louisville Gas and Electric Company (Delaware), at a meeting held on September 4, 1942, declared a quarterly dividend of thirty-seven and one-half cents (37½c) per share on the Class A Common Stock of the Company, for the quarter ending August 31, 1942, payable by check September 25, 1942, to stockholders of record as of the close of business September 15, 1942.

At the same meeting a dividend of twenty-five cents (25c) per share was declared on the Class B Common Stock of the Company, for the quarter ending August 31, 1942, payable by check October 27, 1942, to stockholders of record as of the close of business September 15, 1942.

G. W. KNOUREK, Treasurer.

WESTERN TABLET & STATIONERY CORPORATION

Notice is hereby given that a dividend at the rate of $1.00 per share on the issued and outstanding shares without par value of the Common Stock of Western Tablet & Stationery Corporation has been declared payable on September 30, 1942, to the holders of record of such shares at the close of business on September 21, 1942.

E. H. BACH, *Treasurer*.

THE TEXAS COMPANY

TEXACO

160th Consecutive Dividend paid by The Texas Company and its predecessor.

A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on October 1, 1942, to stockholders of record as shown by the books of the company at the close of business on September 4, 1942. The stock transfer books will remain open.

L. H. LINDEMAN
Treasurer

August 20, 1942

The Securities Salesman's Corner

TWO ESSENTIALS TO BUILDING CUSTOMER GOOD WILL AND CONFIDENCE

The first thing we must do in order to gain the confidence of another is to say and do the things that he will approve. We must meet him on a basis that will encourage him to like us. One of the simplest and best methods of doing this is to find a "common interest."

Let the other fellow talk. Ask questions about what he has said; encourage him by your attitude of interest and the attention which you evidence in his remarks. Just watch and see how the flood-tide of self expression will loosen the most reticent tongue—once you get it started.

This is the way that leads to the "common meeting ground" that brings two strangers together. It could be places you've been, people you know, hobbies, political interests, pet likes or dislikes, or any of the experiences of life, that all people share together in a greater or lesser degree. When you get to this point you are beginning to "arrive" with your prospective customer. He is now starting to like you as a person. This is the first step that must be taken before any sale can be consummated.

The next step follows in logical order. Here is where you build confidence in your ability as a competent securities salesman and financial analyst. No matter how much your prospect may like you he is not likely to accept your suggestions regarding his investments unless he is first convinced that you are COMPETENT TO ADVISE HIM.

The way to do this is to know securities, the markets, current events and as much information about the entire business, financial and political situation as you can possibly acquire. Then when the questions come—you have the answers, ready! For instance, if it's rails—you'll know about the McLaughlin Bill now pending, about the latest proposal of the Treasury to allow the old capitalization as a taxation base for reorganized roads, the latest earnings of the major systems, the leading issues and their current prices, such things as the latest tax case recently coming to the fore regarding the Delaware & Lackawanna and its leased lines, carloadings, and all the other important factors that go to round out an experienced and competent securities man's stock in trade. The same background is necessary right on down the line, which would include all classes of securities—industrials, public utilities and municipals.

This knowledge can only be acquired through reading financial publications such as the Financial Chronicle and other papers of a similar standing. This kind of reading should become a daily habit—part of every salesman's regular routine.

Do these two things and see enough people who are qualified investors—the results must bring success.

Curb Clearing Corp. Closes Night Branch

At a meeting of the directors of the New York Curb Exchange Clearing Corporation held on Aug. 27 it was decided to discontinue the night branch of the Corporation, effective Sept. 1.

The last clearance accepted by the night branch until further notice was the transactions effected Aug. 28 and 29, which were combined on one clearing sheet and given to the night branch on Aug. 31.

Closing of the night branch of the Stock Clearing Corporation, a New York Stock Exchange affiliate, was reported in these columns Aug. 27, page 710.

W. W. Lanahan Merges With Alex. Brown Co.

Announcement is made that the business of W. W. Lanahan & Co. of Baltimore will be combined with that of Alex. Brown & Sons and that Colonel W. W. Lanahan will become a special partner of Alex. Brown & Sons. A number of the employees of W. W. Lanahan & Co. will be added to the staff of Alex. Brown & Sons. As is customary, the final arrangements are subject to the formal approval of the New York Stock Exchange.

Established in Baltimore in 1800, Alex. Brown & Sons is one of the oldest banking firms in the country. Two of its present partners are the sixth generation of the family of Alexander Brown, its founder. Active as underwriters and distributors of investment securities, the firm is a member of the New York and Baltimore Stock Exchanges and an associate member of the New York Curb Exchange. Its main office is in Baltimore, at 135 East Baltimore Street, branches being maintained in New York and Washington.

W. W. Lanahan & Co., established in 1909, is one of Baltimore's leading investment banking organizations. The firm has been active in the distribution of municipal and corporate securities and holds membership on the New York and Baltimore Stock Exchanges and an associate membership on the New York Curb Exchange. Wm. Wallace Lanahan is serving as Colonel in the Army Specialist Corps and is a Director of Mid-Continent Petroleum Corporation and the Equitable Trust Company of Baltimore and is a former Governor of the New York Stock Exchange.

The announcement states that Robert B. Hobbs, a partner in W. W. Lanahan & Co., who has recently been on leave of absence from the firm to serve as Assistant Executive Manager of the Victory Fund Committee for the Fifth Federal Reserve District, has just accepted an appointment with the United States Treasury Department which necessitates the severance of all private business connections. Another partner of the Lanahan firm, Daniel H. Flynn, will become associated with Alex. Brown & Sons.

CCNY Gives Course On Sales Development

The expanding role of salesmen in the distribution of merchandise during war time is emphasized in a course in Sales Development Through Retailers, offered at The City College School of Business Evening Session, Lexington Avenue at 23rd Street, by Harry E. Cohen, President of the Cardinal Hosiery, Inc. According to an announcement by Dr. Robert A. Love, Director, the course will deal with such topics as guiding the retailer in pricing, stock control, purchasing, etc., together with the coordination of sales, merchandising and advertising activities of manufacturers and retailers. Special emphasis will be placed on the problems resulting from priorities, allocations and price control regulations.

The course will be given Monday evenings beginning Sept. 28. Registration takes place Sept. 14 to 23.

Rollins Adds Sales Staff Of Selected Inv.

CHICAGO, ILL. — The retail sales organization of Selected Investments Company having become associated with E. H. Rollins & Sons Incorporated in Chicago, Detroit, St. Louis, and other middle western cities now places Rollins in the position of having one of the largest investment sales organizations in the country. The firm has for many years maintained major offices in New York, Chicago, Boston, Philadelphia and San Francisco and out of these major offices operates more than 30 branch offices.

In Chicago, E. H. Rollins & Sons Incorporated is now located in The Field Building, 135 South La Salle street. Perry Dryden, Vice-President and Director, heads this office and is also in charge of middle western operations. The Detroit office in the Penobscot Building is managed by Ray E. Davis, and the St. Louis office in the Boatmen's National Bank Building is headed by Walter C. Rawls, resident manager, and Harold H. Giger, sales manager.

Further Advance In Canadian Business

The Bank of Montreal, in its Aug. 22 "Business Summary," states that the "further advance in business recorded in July again reflected war expenditures, the expansion being noteworthy in the field of war production. The Government during the month spent $302,858,779 for war purposes, $190,358,779 on Canadian account and $112,500,000 to finance United Kingdom expenditures in this country. Up to the end of July more than one-half of the billion dollar gift to Britain had been used, bringing total appropriation on this account up to $548,928,633 since April 1." The bank's review further said:

"During the first half of the current year the principal factors indicating economic trends showed advances over the same period in 1941. The movement as a whole was modified by reduction of grain marketings and construction activity, but the output of war industries was such that the general production level reached in the six months was the highest in history. There was a gain of nearly 9% in manufacturing output, and employment registered a marked increase, particularly in manufacturing plants. Railroad carloadings gained 9.4% and the percentage gain in gross revenue receipts was still higher. The output of electric power in the six months showed a gain of 18.3%, with an all-time high for any month having been established in January. The mining industry output was virtually maintained with a negligible recession of 2.5%, though gold mining was less productive."

Security Analysts Forum

The New York Society of Security Analysts, Inc. will hold their weekly Forum on Friday, Sept. 11, at 12.30 p.m. at 56 Broad Street. This meeting takes the place of the usual Wednesday meeting. The group will be addressed by M. L. Seidman, tax expert of the accounting firm of Seidman & Seidman, who will speak on "The Pending Tax Bill," with special emphasis on changes in the treatment of capital gains.

Palmer With Cavanaugh

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Donald M. Palmer has become associated with Cavanaugh, Morgan & Co., Inc., 634 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Palmer in the past was an officer of Nelson Douglass & Co. in charge of their Pasadena office.

Investment Trusts

BUSINESS IS LOOKING UP

In the first eight months of this year the volume of shares traded on the New York Stock Exchange was roughly 25% lower than in the same period of last year.

That, however, is not the experience of the investment company field. Most open-end companies whose shares are being actively marketed report an increase of sales over last year. In some instances this gain has been substantial and in nearly all cases it has been progressive. August, normally the slowest month of the year for investment share sales, to date has been the BEST MONTH this year for a number of leading units.

For example, Hugh W. Long & Co. reports that sales of Manhattan Bond Fund through the first 28 days of August have exceeded those of any full month in more than two years. Net assets of the fund as of August 28 exceeded $9,500,000 as compared with $9,000,728 as of July 31, 1942.

Keystone Custodian Funds reports total net assets of approximately $36,800,000 as of Sept. 1, 1942, compared with $33,286,000 two months earlier. This represents a net gain of more than $3,500,000 during July and August.

Calvin Bullock in the latest issue of "Bulletin" reported that the per cent increase in dollar sales of Dividend Shares during the first seven months of 1942 amounted to 39% compared with a decrease of 26% in volume of shares traded on the New York Stock Exchange during the same period.

Business for the investment companies is looking up! We believe that particularly in these uncertain times there are many sound reasons why it should continue to do so.

Investment Company Briefs

A folder describing the distribution policy of Aviation Group Shares has been published by Institutional Securities, Ltd. It is pointed out that the features of the policy with respect to the reinvestment of dividends received are designed to meet the requirements of "living trusts."

* * *

"Opportunities in 50 Low-Priced Stocks" is the title of the Keystone Corporation's latest bulletin. Points in favor of this class of securities are summarized as follows:

"Fifty low-priced stocks, selected by unbiased investment counsel from all listed stocks, for their appreciation possibilities present this interesting picture:

1. Earned 69¢ in 1937—when they sold at 25 per share.
2. Earned $2.13 in 1941—and now sell at $6 per share.
3. Sold at 36 times earnings in 1937—and are now available at less than 3 times earnings.
4. Changes in the proposed tax bill, now under consideration by the Senate, should help rather than hurt these stocks.
5. Current return approximately 3.8%—with a wide margin of earnings protection.

6. Appreciation possibilities on recovery to 1937 high—340%.
7. Low-priced stocks appear to offer greater protection against inflation than any other class of listed securities."

* * *

Lord, Abbett's "Background" for September contains an interesting discussion of transportation problems in wartime. The peculiar problems of this country and our success in meeting them are discussed in some detail.

The latest issue of "Abstracts" analyzes a problem of universal interest to dealers. The bulletin is titled, 'The Psychologists Have An Answer For It," and reads as follows:

"Why does the average investor buy securities when they're up and sell them when they're down?

"This is no trick question; the psychologists have an answer for it. They explain that it's natural and easy for the human mind to project a trend. If a situation is black, it's natural to visualize it becoming blacker. If conditions are good, it's normal to anticipate that they will improve further. If the line on a chart points down, the implication is that it will go lower. If the line points up, the natural conclusion is that it will go higher.

(Continued on page 881)

Municipal News & Notes

Much has been written and said about the necessity for the Federal Government to practice rigid economy in expenditures not related to the war effort, but the problem faced by State and local governments have been given comparatively little attention. This is difficult to understand, too, because it is the local tax procedure which touches everyone to an even greater degree than Federal fiscal policy.

States are faced with dwindling receipts from gasoline and sales taxes, due to curtailment of automobile driving and decreased amounts of goods in many lines available to the consumer. For example, 26 States reported that their revenue from gasoline taxes in June, 1942, had declined 17% under June of 1941. In several States, the counties and municipalities receive a portion of the gasoline and sales taxes collected in their areas. Local governments likewise have experienced a decline in their revenues from various forms of merchants' taxes. Many counties have seen an enormous acreage of their farm lands removed from the tax rolls because this acreage has been taken over by the Federal Government for military training camps.

Faced as they are with these dwindling receipts, State, county and municipal governments are confronted with two simultaneous courses of action: (1) endeavor to find new sources of revenue, and (2) begin to practice a rigid economy that will eliminate many of the "services" that have become a part of local and State politics.

Some taxing bodies will adopt an economy program. They will discharge unnecessary employees; they will conserve supplies and, generally, carry out every possible plan to save money.

The bulk of the local and State taxing bodies, however, will continue to furnish "services" to the public which politicians contend are necessary. They will continue to maintain large pay rolls; they will spend money for unnecessary things, and, to meet their budgets, they will strive mightily to discover new avenues of taxation.

It is this latter group which should be curbed and made to realize that they must retrench on expenditures exactly the same as everyone else is doing—particularly while the nation is at war. The Federal Government, in the minds of most of the public, is a far-away thing; it is something which exists in a nebulous way, so far as fiscal operations are concerned. More people than ever before will pay income and excise taxes next year, but, still the average citizen looks upon the "Government" as something which does not directly touch him.

But his local and State governments are something else again. The average citizen is acutely aware of their taxing power and policies, and it is to them he turns when he seeks to air a taxation grievance.

War Effect On State Revenues

Following along the same general trend of thought, the Tax Institute of the University of Pennsylivania, in the July issue of its bulletin, "Tax Policy," devoted considerable space to the subject. The research staff summarizes its findings as follows:

Income, alcoholic beverage and tobacco taxes will probably ride high for the duration.

Sales taxes which have been reappearing in revenue may taper off somewhat, but probably not to an alarming extent.

Motor vehicle taxes will undoubtedly decline but, despite the glooming prognostications, probably not to the extent anticipated, unless the Government requisitions pleasure and convenience cars, or prohibits the use of gasoline for such cars.

The real tailspin in State revenues is being taken by the gasoline tax. If the present basis of rationing is maintained, gas tax revenues will probably stabilize somewhere around the present yield for Summer months, but will perhaps show another sharp decline during the Winter months when a large number of cars will probably go in storage for several months.

No trends are discernible yet in the property tax.

In all, the review gives reason to believe that all is not rosy for the future of State revenues and that recent reports of numerous surpluses in State accounts are likely to be less favorable in the future.

War Impact On Revenue Bonds

The New York "Journal of Commerce" carried the following item of interest to municipal men in its "Bond Market Gossip" column recently:

The impact of the war upon governmental transportation projects has caused severe declines in revenues of publicly owned bridges, tunnels and highways. To date no project, however, has been hit so hard as to necessitate default on bond interest.

It is now reported, however, that the Thousand Islands Bridge Authority was forced to omit payment of interest on Sept. 1. The indicated failure to provide interest of course stems from the 60% decline in revenues and the inability of the Authority in past years to build up adequate reserves for just such a contingency. This is one of major defects in the revenue bond device and has deferred many investors from buying revenue bonds in the past.

An interesting sidelight is that two years ago the Authority was considering refunding its current 4% bond issue with a 2¾ or 3% issue. Had such a refunding been achieved, the Authority would be much better able to withstand pressure of revenue declines. There is no evidence at present that other important public transportation authorities will follow the Thousand Islands Bridge Authority in defaulting on bond interest.

Should the war continue for a really long time other projects will use up their reserves and be confronted with possibility of default unless aid is received from the States or Federal Government.

Municipal Dealers Face High Clerical Costs

Municipal bond dealers and brokers are very properly irritated by this new SEC attempt to invade the domain of tax exempt securities. The question of disclosure per se is relatively unimportant because profit margins on all but lowest grade municipals have been contracted materially as a result of the intense competition resulting from paucity of new issues.

What is significant is that the actual clerical costs of disclosure would be high and would tend to restrict trading in bonds of many small municipalities.

Even more aggravating from the viewpoint of dealers is that under the proposed measure, bond departments in banks would be exempt from regulation and thus accelerate competition from this direction.

President Renews Drive On Tax Exempts

President Roosevelt again asked Congress in his Labor Day message for "heavy taxes on everyone except persons with very low incomes" — taxes heavy enough to prevent anyone from keeping more than $25,000 of his income. He then reiterated his firm intention to have eliminated the tax exemption of interest on State and local securities. The Chief Executive's proposed income ceiling obviously calls for taxation of income derived from bonds now outstanding as well as future issues and indicates that further pressure will be exerted on a Congress which has hitherto proved recalcitrant on this matter. As was to be expected, this latest pronunciamento from Washington proved to be a wet blanket on activities in the municipal field.

State Motor Fuel Tax Collections Continue Decline Started In March

State motor fuel tax collections for June and July continued the accelerated downward trend which began in March as result of rubber and gasoline rationing, the Federation of Tax Administrators reports.

On a national basis, June and July gas tax collections were 13 and 16% under June and July, 1941, receipts, according to the Federation's figures for 40 states, including 13 rationed states.

For the 13 rationed states, June and July collections were 22 and 26% under collections for the same months last year.

Figures for March, April and May, which first reflected effects of rubber conservation and gas rationing, show declines of 2, 4 and 9% respectively for the three months. These declines were shown by figures for 43 states, including all 17 rationed states.

Receipts for the 17 rationed states for March, April and May showed decreases averaging 5, 3 and 15% below 1941 collections for the same three months.

Following are figures showing decreases in gas tax collections of 43 states, including 17 rationed states, for March, April and May, and of 40 states, including 13 rationed states, for June and July:

	March	April	May
43 states	—2	—4	— 9
17 rationed states	—5	—3	—15
		June	July
40 states		—13	—16
13 rationed states		—22	—26

States Collected 5 Billions In Taxes

The Federal Census Bureau reported recently that the 48 States collected nearly $5,000,000,000 in taxes in the fiscal year which ended June 30—an estimated 10% increase over the preceding year.

The biggest gains were 67% in corporation income taxes, 22% in tobacco taxes, 20% in unemployment insurance levies, 14.5% in individual income taxes, 13% in alcoholic beverage taxes and 11% in sales taxes.

Gasoline and other automotive taxes were about even, for the country as a whole, with the previous year. Collections of chain store taxes declined 33%, general property levies dropped 14%, death and gift taxes decreased 6%.

Individual Incomes Rise 30% In Pre-War To War Period

Individual incomes in the United States increased 30% during the years the nation was moving from pre-war to war status, information from the Federation of Tax Administrators showed Tuesday. Ten per cent of the rise occurred from 1939 to 1940, and 20% from 1940 to 1941.

Increases ranged from 20% in New Hampshire and Minnesota to 45% in Alabama.

In 12 states, largely in New England and the midwest, increases were less than 25%; in seven, scattered over the country, the rise amounted to 40% or more. The seven were Alabama, Delaware, Massachusetts, Michigan, Mississippi, North Dakota and Washington.

In six states—Illinois, Nebraska, New York, Oklahoma, South Dakota and Vermont—the total of individual incomes was less than in 1941 than in 1929. Failure of Illinois and New York to reach or top the earlier peak was the result of slow recovery in manufacturing, mine and service industries, the Federation said. Oklahoma's lower figure was due to the oil industry's failure to regain its prosperity. The other three states experienced agricultural losses which brought the income figures down.

The Federation's data for comparison, taken from U. S. Department of Commerce reports, excluded payrolls of the army abroad and salaries of navy enlistees at large. Payment figures were assigned to the state where the income was received rather than where it was produced.

Individual income payments, it was pointed out, are not the same as national income, since they do not include business savings, and social security taxes and benefits are computed differently.

Three States Show Increase In Property Tax Collections

With income from property and incomes in general on the rise, overdue property taxes are going out of style in at least three states, the Federation of Tax Administrators said last Saturday.

The states—Minnesota, Washington and Colorado—each collected more than 90% of their property taxes in 1940 and 1941, with 1941 collections showing a percentage rise over the year before. Delinquencies in Minnesota and Washington were lower in 1941 than at any time during the last 10 years; figures were not received for Colorado.

The decline in delinquency for Minnesota has been steady since 1932, when taxes were overdue on one-fifth the property in the state. Collections for 1941 showed delinquency of only 5.2%, and officials estimate 1942 collections will bring the figure down to 5%.

Colorado collected 95.98% of its property taxes due during 1941, compared with a 91.31% collection in 1940.

In Washington the 1941 record of 93.4% collected on a tax roll of $40,000,000 left only $2,600,000 of current taxes outstanding at the end of the year. Delinquent taxes collected during 1941 amounted to $5,500,000, more than one-third the total delinquencies on the books.

Toledo Seen "Debt-Free" By 1970

The City of Toledo, Ohio, can be debt free by 1970 if the present rate of debt payments is maintained, according to a survey prepared by Joseph H. Nathanson, finance director, and Rudy Klein, auditor. Outside of waterworks and school obligations, the present bonded indebtedness is approximately $22,000,000, with the payment on principal and interest of approximately $3,000,000 for next year, according to the survey. At the rate payment is being made the annual obligation will decrease, so that the 1951 installment will be $1,273,000, and that of 1952 will drop to $893,000, the officials said.

New Orleans Issue Removed

Municipal dealers, already suffering from the paucity of new financing, received another blow last week when the scheduled offering of the $12,000,000 City of New Orleans refunding obligations was cancelled. Present holders of the city's public improvement bonds accepted a voluntary proposal to trim the interest rate from 4 to 2% and obviated the necessity of selling the refunding issue.

The city has issued a call for redemption of the public improvement bonds for Sept. 15, at which time assenting security holders will receive new 2% obligations, and non-assenting holders will be paid off in cash. The present bonds mature in 1950, but they became callable on July 1.

Honolulu Offering Attracts Attention

The forthcoming sale of $500,000 City and County of Honolulu bonds, scheduled for Sept. 22, is said to be attracting interest in municipal circles. Unlike bonds of most other borrowers situated in the war zones, Honolulu bonds have been commanding a big premium. Before the Japanese attack on Pearl Harbor the 5% bonds of 1955 were quoted around 129 bid, 133 asked and shortly after Dec. 7 they moved down to 114 bid, 119 asked. But by now they have recovered virtually all of the ground lost and last week were 122 bid, 124 asked. The yield on the offering side is equal to a basis of about 2.75%.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over—short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

(Ed. Note—Very few municipal bond issues of major size are scheduled for award in the near future. With expenditures for local improvements held to bare necessities by the demands of war-time policies, the prospect naturally is that for some time to come the amount of new issues coming to market will be small. There should be, however, the customary pick-up in the calendar after Labor Day. It must be noted that the action of the Senate Finance Committee in approving taxation of future issues has not brought forth as yet the stream of new issues which had been expected to try to beat the deadline.)

September 11

$799,444.73 Minneapolis, Minn.

Last April the city awarded bonds to a syndicate headed by Halsey, Stuart & Co., Inc. The Northern Trust Co. of Chicago, and associates, were the runners-up in the bidding.

September 15

$525,000 Raleigh, N. C.

Last December the city awarded bonds to R. S. Dickson & Co. of Charlotte. This was a smaller block of bonds than the above offering.

September 17

$444,000 Onondaga Co., N. Y.

Although slightly under the required amount this offering is included here because of general reader interest. In January of this year the county awarded bonds to the Harris Trust & Savings Bank of Chicago. Numerous other bids were received, the second best being submitted by Halsey, Stuart & Co., Inc.

September 18

$1,140,000 Cuyahoga Co., Ohio

Last July 17, the county awarded an issue to a syndicate headed by the Ohio Co. of Columbus, whose bid topped that submitted by Blyth & Co., Inc., and associates.

September 22

$500,000 Honolulu, Hawaii

In June, 1941, the above city and county awarded an issue to Dean Witter & Co. of San Francisco. The only other bid for the bonds was submitted by the Bank of Hawaii, Honolulu.

Investment Trusts

(Continued from page 879)

"The difficult thing is to foresee a change in the trend!

"Just why this should be even the psychologists are hard put to explain. For logic points squarely in that direction. The inevitability of change is one of the fundamentals of human existence. As Justice Oliver Wendell Holmes once expressed it, 'Repose is not the destiny of man.'

"And yet it was repose—unwillingness to recognize portentous changes in the making—that has put the United Nations in the spot they're in today. That doleful slogan 'Too little and too late,' sums up the reasons not only for lost battles in the present conflict, but also for lost opportunities ever since the beginning of mankind. It's just another way of saying that to succeed in any undertaking, one must foresee and **prepare** for the changes that lie ahead.

"Things look pretty black now. Maybe they will get blacker. The stock market, with only minor interruptions, has been going down for nearly two years. Maybe it will go lower. But it is our conviction (and the conviction of our research organization) that now is the time to **prepare for a change in trend.**

"Dealers who take proper steps now will be in a position to function more effectively once it becomes apparent to everyone that the trend is up. For them there will be no lost opportunities because of preparation that was 'too little' or 'too late.'"

* * *

From Investment Company Reports

Keystone Custodian Funds:

Total net assets of the "B3" fund on July 31, 1942, were $13,105,140, equal to $14.13 per share on the 927,427 shares outstanding. This compares with total net assets of $12,084,895 at the close of the last fiscal year on Jan. 31, 1942, equal to $14.68 per share on the 823,298 shares then outstanding.

Total net assets of the "S4" Low-Priced Common Stock Fund amounted to $1,634,890 based on market values as of July 31, 1942, equivalent to $2.39 per share on the 683,078 outstanding shares; which compares with net assets of $1,734,729 on Jan. 31, 1942, equal to $2.67 per share on 650,538 shares then outstanding.

New York Stock Exchange Weekly Firm Changes

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

Presley W. Edwards, general partner in A. G. Edwards & Sons, St. Louis, Mo., has also become a limited partner as Trustee under Indenture of Trust, effective Aug. 21. B. F. Edwards withdrew from partnership in the firm on July 31.

Xavier M. Audibert retired from partnership in Gude, Winmill & Co., New York City, on Aug. 31, 1942.

Richard S. Perkins retired from partnership in Harris, Upham & Co., New York City, as of Aug. 31.

Paul M. Strieffler and Alfred R. Hunter withdrew as partners in Riter & Co., New York City. Mr. Hunter formerly made his headquarters in the firm's Philadelphia office.

Alfred Blumenthal retired from partnership in Wasserman & Co., New York City, on Sept. 3.

Anthony W. Morse, Exchange member, died on Aug. 29.

John N. Hopkinson, general partner in Hackney, Hopkinson & Sutphen, New York City, became a special partner, effective Aug. 20, on which date the firm ceased dealing with the public for the period during which all active office partners are in war service.

The proposal that R. Lawrence Oakley act as alternate on the floor of the Exchange for William W. Dean will be considered by the Board of Governors on Sept. 10.

Large Member Representation At NSTA Election Meeting

The Election Meeting of the National Security Traders Association held in Chicago on Aug. 28-29, in lieu of the regular annual Convention, which was called off because of the war, was attended by a large number of members from the entire country and was pronounced a complete success. The armed forces were also well represented at the Meeting as several former traders were present in uniform, among them Major Kenneth Owens of Camp Grant, who was Chairman of the N. S. T. A. Detroit Convention in 1940.

In addition to the National Committee meetings, a special Corporate Meeting was held on Aug. 28, which was addressed by Patrick B. McGinnis of Pflugfelder, Bampton & Rust, on the "Railroad Security Problem and How to Handle It." On Aug. 29 Austin J. Tobin addressed the members of the Association on "Federal Control of Municipal Financing." A very clever ten-minute talk was delivered by Francis T. Patton on the work of the Victory Fund Committee.

The election meeting was featured in Section 1 of the "Chronicle" of Thursday, Sept. 3, and included photos of the Association's new officers for 1942-1943 and of members of the Executive Council. In addition, there appeared messages of greeting from present and past officers and their pictures; a list of the Association's BOOSTERS, also the complete text of the address made by Patrick B. McGinnis, in which he discussed the status of railroad securities and stressed the favorable outlook for the obligations of reorganized carriers.

Among those attending the NSTA Election Meeting were:

- Thomas Akin, Akin-Lambert Co., Los Angeles, Calif.
- Henry J. Arnold, Clair S. Hall & Company, Cincinnati, Ohio.
- H. Wilson Arnold, Weil & Arnold, New Orleans, La.
- Wm. Atwill, Jr., Atwill & Co., Miami Beach, Fla.
- Gary Barthell, Harris, Upham & Co., Chicago, Ill.
- J. F. Bickmore, Boettcher & Co., Chicago, Ill.
- James J. Blake, Greenebaum Inv. Co., Chicago, Ill.
- R. M. Bloom, Mitchell Hutchins, Chicago, Ill.
- Harold Blumenthal, Swift, Henke & Co., Chicago, Ill.
- D. R. Bonniwell, Kneeland & Co., Chicago, Ill.
- Edward Bourbeau, Straus Sec. Co., Chicago, Ill.
- John H. Bowen, Lehman Bros., Chicago, Ill.
- Wm. Perry Brown, Newman, Brown & Co., New Orleans, La.
- R. Emmet Byrne, Edw. D. Jones & Co., St. Louis, Mo.
- Robert A. Canon, Stone & Webster and Blodget, Inc., Chicago, Ill.
- M. J. Carr, A. S. Becker & Co., Chicago, Ill.
- Fred J. Casey, Doyle, O'Connor & Co., Chicago, Ill.
- Thomas D. Casserly, Jr., Doyle, O'Connor & Co., Chicago, Ill.
- John W. Clarke, Chicago, Ill.
- T. J. Cline, Kneeland & Co., Chicago, Ill.
- Fred O. Cloyes, Huff, Geyer & Hecht, Chicago, Ill.
- Norman V. Cole, Ledogar-Horner Co., Cleveland, Ohio.
- Harry Coleman, H. O. Peet & Co., Kansas City, Mo.
- Phillip Collins, Kneeland & Co., Chicago, Ill.
- W. T. Combiths, W. A. Fuller & Co., Chicago, Ill.
- C. O. Condit, Brailsford & Co., Chicago, Ill.
- R. V. Condon, B. J. Van Ingen & Co., Chicago, Ill.
- Peter J. Conlan, Hornblower and Weeks, Chicago, Ill.
- Frederick J. Cook, Clement, Curtis & Co., Chicago, Ill.
- W. W. Cruttenden, Cruttenden & Co., Chicago, Ill.
- P. J. Cummings, Bear Stearns & Co., Chicago, Ill.
- B. J. Cunningham, Strauss Bros., Chicago, Ill.
- Blaise S. D'Antoni, B. S. D'Antoni & Co., New Orleans, La.
- DeWitt Davis, Welsh, Davis & Co., Chicago, Ill.
- Chester E. de Willers, Schoonover, de Willers & Co., New York, N. Y.
- Neil DeYoung, DeYoung, Larson & Tornga, Grand Rapids, Mich.
- Russell M. Dotts, Bioren & Co., Philadelphia, Pa.
- Leo J. Doyle, Doyle, O'Connor & Co., Chicago, Ill.
- H. V. Duggan, Doyle, O'Connor & Co., Chicago, Ill.
- John B. Dunbar, Thompson, Davis & Phipps, Chicago, Ill.
- F. P. Dunne, Shillinglaw, Crowder & Co., Chicago, Ill.
- Charles E. Enyart, Enyart, Van Camp & Co., Chicago, Ill.
- A. E. Farrell, H. M. Byllesby & Co., Chicago, Ill.
- Grant A. Feldman, Piper, Jaffray & Hopwood, Minneapolis, Minn.
- Ora M. Ferguson, Merrill Lynch, Pierce, Fenner & Beane, Louisville, Ky.
- Chas. F. Fisher, National Quotation Bureau, Inc., Chicago, Ill.
- Paul O. Frederick, Commerce Union Bank, Nashville, Tenn.
- Leonard Friedman, Boettcher & Co., Chicago, Ill.
- Jos. T. Fuller, Wm. A. Fuller & Co., Chicago, Ill.
- W. A. Fuller, William A. Fuller & Co., Chicago, Ill.
- F. D. Fusz, Jr., Fusz-Schmelzle & Co., St. Louis, Mo.
- F. O. Gale, Halsey, Stuart & Co., Chicago, Ill.
- Elmer J. Giesen, David A. Noyes & Co., Chicago, Ill.
- Chester M. Glass, Jr., Bankamerica Co., San Francisco, Calif.
- Oliver Goshia, Collin, Norton & Co., Toledo, Ohio.
- Thomas Graham, Bankers Bond Co., Louisville, Ky.
- Fred H. Gray, Commercial & Financial Chronicle, Chicago, Ill.
- W. A. Green, Union Security Co., Chicago, Ill.
- Wm. A. Grigsby, John Nuveen & Co., Chicago, Ill.
- John P. Grimes, Goldman, Sachs & Co., Chicago, Ill.
- Ray T. Haas, Chicago, Ill.
- Clair S. Hall, Clair S. Hall & Co., Cincinnati, Ohio
- Jos. F. Hammel, Doyle, O'Connor & Co., Chicago, Ill.
- Jack B. Hanauer, J. B. Hanauer & Co., Newark, N. J.
- Irwin R. Harris, Scherck, Richter Co., St. Louis, Mo.
- Russ Hastings, H. Russell Hastings, Detroit, Mich.
- Gilbert Hattier, Jr., White, Hattier & Sanford, New Orleans, La.
- J. C. Hecht, Butler-Huff & Co., Los Angeles, Calif.
- Larry A. Higgins, Hulburd, Warren & Chandler, Chicago, Ill.
- J. E. Hitchcock, Goodbody & Co., Chicago, Ill.
- Raymond Hofer, Ernst & Co., Chicago, Ill.
- Thomas E. Hosty, Sincere & Company, Chicago, Ill.
- John Howe, University of Chicago, Chicago, Ill.
- Duke Hunter, Hunter & Co., New York, N. Y.
- Wm. S. Hunter, Kneeland & Co., Chicago, Ill.
- M. J. Isaacs, Straus Sec. Co., Chicago, Ill.
- John W. Johnson, Daniel F. Rice & Co., Chicago, Ill.
- Edward D. Jones, Edward D. Jones & Co., St. Louis, Mo.
- Floyd E. Justice, Kidder, Peabody & Co., Philadelphia, Pa.
- Vince Kane, Ryan-Nichols & Co., Chicago, Ill.
- Hugh T. Kearns, Doyle, O'Connor & Co., Chicago, Ill.
- Edward L. Kent, Kneeland & Co., Chicago, Ill.
- Thomas E. King, Hixon, Stewart & King, Chicago, Ill.
- Walter D. Kingston, Lamar, Kingston & Labouisse, New Orleans, La.
- W. T. Kitchen, Otis & Company, Chicago, Ill.
- Edward J. Knight, Wells-Dickey Company, Minneapolis, Minn.
- James L. Knight, Remer, Mitchell & Reitzel, Chicago, Ill.
- J. P. Lannan, Kneeland & Co., Chicago, Ill.
- Thomas A. Larkin, Goodbody & Co., New York, N. Y.
- Edward L. Larson, De Young, Larson & Tornga, Grand Rapids, Mich.
- W. J. Lawlor, Jr., Hickey & Company, Chicago, Ill.
- A. M. Leary, Barrow, Leary & Co., Shreveport, La.
- Eyar L. Linder, Paine, Webber, Jackson & Curtis, Chicago, Ill.
- Corb Liston, Prescott & Co., Cleveland, Ohio.
- Elmer G. Longwell, Brown, Schlessman & Owen Co., Denver, Colorado.
- Chester A. Lucas, Stein Bros. & Boyce, Louisville, Ky.
- B. F. Ludington, Watling, Lercher & Co., Detroit, Mich.
- F. J. Lynch, P. E. Kline, Inc., Chicago, Ill.
- Wm. E. McDonough, Paine, Webber, Jackson & Curtis, Chicago, Ill.
- L. B. McElhiney, The Milwaukee Co., Milwaukee, Wis.
- Patrick B. McGinnis, Pflugfelder, Bampton & Rust, New York, N. Y.
- John (Mac) McGrevey, J. S. Bache & Co., Chicago, Ill.
- Reginald MacArthur, Miller, Kenover & Co., Inc., Detroit, Mich.
- L. J. Maebder, Gatch & Co., St. Louis, Mo.
- Charles O. Main, Ballman & Main, Chicago, Ill.
- R. Markwell, Straus Sec. Co., Chicago, Ill.
- Jerry Marquardt, Wm. H. Fuller & Co., Chicago, Ill.
- A. W. Marsland, Wood, Gundy & Co., New York, N. Y.
- A. M. MacLaughlin, Vieth, Duncan & Wood, Davenport, Iowa.
- Henry T. Mathews, Kneeland & Company, Chicago, Ill.
- Murray C. Mathews, Cruttenden & Co., Chicago, Ill.
- Frank P. Meyer, First of Michigan Corp., Detroit, Mich.
- Henry P. Meyers, Goldman, Sachs & Co., Chicago, Ill.
- Don G. Miehls, Blair, Bonner & Co., Chicago, Ill.
- Ralph Moberly, Edw. D. Jones & Co., St. Louis, Mo.
- Arch Montague, W. E. Hutton & Co., Cincinnati, Ohio.
- Paul I. Moreland, Allman, Everham & Co., Detroit, Mich.
- W. S. Morrison, Harris Trust & Savings Bank, Chicago, Ill.
- Fred G. Morton, The Milwaukee Co., Milwaukee, Wis.
- Howard E. Morton, McMaster, Hutchinson & Co., Chicago, Ill.
- R. Victor Mosley, Stroud & Co., Philadelphia, Pa.
- Morris M. Moss, Friedman, Brokaw, Samish, St. Louis, Mo.
- Cy Murphy, Mackubin, Legg & Co., New York, N. Y.
- James H. Murphy, Cruttenden & Co., Chicago, Ill.
- James F. Musson, B. J. Van Ingen & Co., Inc., New York, N. Y.
- Harry L. Nelson, Blyth & Co., Chicago, Ill.
- Chris. J. Newpart, Merrill Lynch, Pierce, Fenner & Beane, Chicago, Ill.
- Lowell Niebuhr, Lowell Niebuhr & Co., Chicago, Ill.
- W. J. Noel, R. E. Crummer & Co., Chicago, Ill.
- Lawrence H. Norton, Remer, Mitchell & Reitzel, Chicago, Ill.
- Edwin P. O'Brien, Sincere & Co., Chicago, Ill.
- W. O. Olsen, Kneeland & Co., Chicago, Ill.
- John M. O'Neill, Stein Bros. & Boyce, Baltimore, Md.
- E. E. Parsons, Jr., Wm. J. Mericka & Co., Cleveland, Ohio.
- Francis F. Patton, Executive Chairman Victory Fund, Chicago, Ill.
- Carr Payne, Cumberland Sec. Corp., Nashvile, Tenn.
- Herbert Pettey, Nashville, Tenn.
- Wm. Pflugfelder, Pflugfelder, Bampton & Rust, New York City.
- Roger S. Phelps, Campbell, Phelps & Co., New York City.
- Glenn L. Pierce, Western Union, Chicago, Ill.
- B. Winthrop Pizzini, B. W. Pizzini & Co., New York, N. Y.
- Robert A. Podesta, Kebbon, McCormick & Co., Chicago, Ill.
- Norman J. Powers, Kneeland & Co., Chicago, Ill.
- Earl W. Price, E. W. Price & Co., Kansas City, Mo.
- Wm. B. Prugh, Prugh, Combest & Land, Kansas City, Mo.
- Henri P. Pulver, Goodbody & Co., Chicago, Ill.
- Ralph G. Randall, Mason, Moran & Co., Chicago, Ill.
- Carl H. Reusch, Fox, Reusch & Co., Cincinnati, Ohio.
- Robert M. Rice, R. M. Rice & Co., Minneapolis, Minn.
- Henry J. Richter, Scherck, Richter & Co., St. Louis, Mo.
- Geo. U. Robson, Robson, Link & Co., Miami, Fla.
- J. E. Roddy, Scharff & Jones, Inc., New Orleans, La.
- J. A. Rogers, Hickey & Co., Chicago, Il.
- Stanley Roggenburg, Roggenburg & Co., New York, N. Y.
- John K. Roney, Wm. C. Roney & Co., Detroit, Mich.
- Arthur I. Rottenberg, Brailsford & Co., Chicago, Ill.
- J. N. Russell, Gillis, Russell & Co., Cleveland, Ohio.
- Walter F. Saunders, Dominion Sec. Corp., New York, N. Y.
- Earl M. Scanlan, Earl M. Scanlan & Co., Denver, Colo.
- Charles G. Scheuer, Valkquet & Co., Chicago, Ill.
- C. A. Schoeneberger, Alfred O'Gara & Co., Chicago, Ill.
- Paul Schroeder, Cornell, Schroeder & Co., Chicago, Ill.
- Harry Sebel, Straus Sec. Co., Chicago, Ill.
- Harold J. Sembach, Remer, Mitchell & Reitzel, Chicago, Ill.
- Joseph W. Sener, Mackubin, Legg & Co., Baltimore, Md.
- Jones B. Shannon, Miller, Kenower & Co., Detroit, Mich.
- Miles Sharkey, O'Melveny-Wagenseller & Durst, Los Angeles, Calif.
- L. E. Shaughnessy, Park-Shaughnessy & Co., St. Paul, Minn.
- Bradford W. Shaw, Blair, Bonner & Co., Chicago, Ill.
- Donald B. Sherwood, Stifel, Nicolaus & Co., Chicago, Ill.
- Henry Sincere, Sincere & Co., Chicago, Ill.
- Alfred D. Smith, National Quotation Bureau, Chicago, Ill.
- Bertram R. Smith, Ernst & Co., New York, N. Y.
- Dudley Smith, Investment Bankers Assn., Chicago, Ill.
- Harold B. Smith, Sweetser & Co., New York City.
- Kermit B. Sorum, Allison-Williams Co., Minneapolis, Minn.
- Paul W. Spink, Faroll Bros., Chicago, Ill.
- Howard E. St. John, Collin, Norton & Co., New York City.
- Don Stevens, Ryan-Nichols & Co., Chicago, Ill.
- Robert Strauss, Strauss Bros., New York and Chicago.
- J. F. Tegeler, Dempsey-Tegeler & Co., St. Louis, Mo.
- Harry Tenenbaum, Peltason, Tenenbaum, Inc., St. Louis, Mo.
- Austin J. Tobin, New York, N. Y.
- Edward V. Vallely, A. C. Allyn & Co., Chicago, Ill.
- Benj. H. Van Keegan, Frank C. Masterson Co., New York, N. Y.
- Walter E. Vieth, Vieth, Duncan & Wood, Davenport, Iowa.
- R. C. Vinnedge, Halsey, Stuart & Co., Inc., Chicago, Ill.
- Leonard Vogel, Glaser, Vogel & Co., St. Louis, Mo.
- Thompson M. Wakeley, A. C. Allyn & Co., Chicago, Ill.
- Graham Walker, National Quotation Bureau, New York, N. Y.
- R. A. Walsh, Dempsey-Tegeler & Co., St. Louis, Mo.
- Hallam Watts, W. L. Lyons & Co., Louisville, Ky.
- Arthur I. Webster, E. W. Price & Co., Kansas City, Mo.
- Edward H. Welch, Sincere & Co., Chicago, Ill.
- J. Austin White, J. A. White & Co., Cincinnati, Ohio.
- Buford G. Wilson, Jack M. Bass & Co., Nashville, Tenn.
- L. J. Wolf, A. G. Becker & Co., Chicago, Ill.
- Francis C. Woolard, Kneeland & Company, Chicago, Ill.
- E. F. Wrightsman, Harvey Fisk & Sons, Inc., New York City.
- Ray W. Young, Remer, Mitchell & Reitzel, Chicago, Ill.
- Israel Zippin, Carl Marks & Co., Chicago, Ill.
- Mark Zollar, Welsh, Davis & Co., Chicago, Ill.

Simplifying Rules On New Issues Is Urged

Simplification of regulations on new securities issues would encourage many corporations to finance "on their own," relieving government of that much of the burden, Albert H. Gordon, partner of Kidder, Peabody & Co., New York, and a member of the Industrial Securities Committee of the Investment Bankers Association of America, said on Sept. 3 in addressing the annual convention of the National Association of Securities Commissioners at St. Paul.

Acknowledging that the government must do the lion's share of the war financing, Mr. Gordon argued that everything possible should be done to facilitate corporate financing through non-government channels. In that way, he said, the machinery of the nation's capital markets could take the load from the Treasury of raising millions of dollars of what should be the business of private finance.

As one specific means of encouraging the use of the regular financial machinery, he urged that companies which had previously filed registration statements with commissions regulating the issuance of securities, and had kept them up to date, be relieved of filing another detailed registration statement upon the issuance of new securities.

Using the General Motors Corporation as an illustration, Mr. Gordon said it had made arrangements to borrow hundreds of millions of dollars on loans guarteed by the government under the "V" plan. The loans run for 5 years and cost the corporation 2½% annually, of which ½% goes to the government for its guarantee.

"If General Motors could borrow publicly," he said, "it could undoubtedly borrow for 5 years at 1½% and we are sure that it would have considered doing its financing through the public route if it were not for the long delay required for the SEC registration and the sacrifice in time and energy which would be required of its executives when they are so seriously needed for wartime operating problems.

"We cannot think of any other single specific step which would do more to revitalize corporate financing through public channels," he concluded.

Reach Agreement On Standard Report Form

Substantial agreement on a uniform form for financial reports of all investment firms has been reached after three years of effort by the National Association of Securities Commissioners and a special committee studying the problem, it was announced by James W. Treanor, Jr., director of the trading and exchange division of the Securities and Exchange Commission.

At a conference held at the Chicago regional office of the SEC, which was attended by representatives of securities dealers, state commissions and stock exchanges a tentative form was adopted which will be submitted for approval to the boards of governors of stock exchanges, the National Association of Securities Dealers, and the annual meeting of the National Association of Securities Commissioners in St. Paul. The new form would be placed in use about the first of the year.

The new form would require investment firms to prepare a single report for submission to the Exchanges, state commissions, and the SEC, which would accept copies of the annual statements when they must be filed with stock exchanges and state commissions. The Federal agency under the new plan would receive copies of financial reports directly. Under the present set up investment firms now must submit different annual statements to State Commissions and stock exchanges but none to the SEC, which, however, has access to the reports filed with stock exchanges.

A resolution for a uniform form was first introduced at the 1940 annual convention of the national association by John T. Jarecki, then Illinois State Securities Commissioner. A committee, headed by Vern G. Zeller, head of the Wisconsin Securities Commission, was then delegated to work toward the adoption of such a form.

Among those attending the conference were Mr. Zeller, Paul L. Selby, President of the National Association of Securities Commissioners; Kenneth Smith, President of the Chicago Stock Exchange; William Gould, Philadelphia, representing the National Association of Securities Dealers; Robert Baird, Milwaukee, Treasurer of the latter association; Arthur Franklin, Treasurer of the New York Stock Exchange, and William Davis of the Illinois Bankers Association.

Pa. & Del. Factory Employment Advance

Employment in Pennsylvania factories increased slightly in July to a new peak of about 1,178,000 workers and wage disbursements held near the record level of June, approximating $40,600,000 a week, according to reports to the Federal Reserve Bank of Philadelphia from 2,848 establishments. According to the bank the number employed ordinarily shows no change in the period, but the volume of wage payments usually declines about 2%. Total employee hours worked was somewhat less than in June. Increases over a year ago amounted to 5% in employment, 21% in payrolls and 12% in working time. The Reserve Bank's announcement further said:

"Activity in July was unusually well maintained in most major lines, the principal exceptions being textile and leather products. Wage payments continued to show the largest increases over 1941 in the heavy industries, where the gain was 29% as against only 6% at plants making lighter goods.

"Earnings of factory workers in this State rose to a new high average of 91 cents an hour in July, an increase of 10 cents over a year earlier. The average number of hours worked per week declined somewhat from the 12-year peak of 42½ in June. Weekly income decreased slightly to an average of $37.81, following substantial gains in earlier months, but was $5.55 larger than in July, 1941."

The bank also stated that at reporting factories in Delaware, employment and payrolls expanded 2% and 5%, respectively, from June to July. Increases in activity were especially pronounced in the food industries and in certain heavy goods lines. Gains over a year ago amounted to about 15% in employment, 45% in wage payments, and 21% in total employee hours worked.

Stock Market Looks Higher

After demonstrating impressive ability to withstand unfavorable news during the past two months, the stock market may experience within the next few weeks a definitely more optimistic attitude towards the outlook for the war. Corporation tax uncertainties are approaching an end, and there are reasons to hope that rates are near a maximum. Stock prices on the average have improved roughly 15% from the April 28th lows despite Axis successes exceeding most expectations by a good margin. A further gain of 10% or so seems to us to be a good possibility if the sentiment changes as we think likely.

As the winter months draw near, an increasing number of persons may become confident that Germany will fail to break the Russian armies in 1942. Regardless of what happens later, Germany may well need to halt and consolidate her position after such large advances. The opinion may soon become popular that the Axis powers have lost their last chance to win the war.

This optimism may be reinforced by increased bombing of Germany. In fact, we may enter a new phase of the war by the end of the year. An all-out air attack on Germany seems definitely in prospect. The planes are being built and the men trained. Some airplane experts are predicting a devastating effect that will bring Germany to her knees. Whether or not the attack will succeed in this end, with the aid of an invasion, it seems most probable that there will be a period or periods of optimism as to the outcome.

Inflation is receiving a great deal of advertising, and there seems to be considerable doubt as to the efficacy of control measures unless the increasing spending power of the lower income groups is drastically reduced through taxation or compulsory saving. It must be kept in mind that it is not enough to put a ceiling into effect on hourly wages when employment is rising as well as average hours worked, and when consumer goods are becoming scarcer. We already are noticing a marked increase in the number of investors worrying about inflation. Common stocks are one of the first things people think of as an inflation hedge, and stock markets in other countries have already reflected this tendency. Last week industrial stock averages in London registered a new high since June 1939. If war developments should be substantially less favorable than the optimistic possibilities set forth above, the threat of inflation would seem to be correspondingly increased, with a counter-balancing market effect. —E. F. Hutton & Co.

NY Inst. Of Finance Announces Courses

Emil Schram, President of the New York Stock Exchange, has joined the Board of Advisors of the New York Institute of Finance, the successor organization to the New York Stock Exchange Institute which was discontinued as a department of the Exchange in 1941. It was announced a few weeks ago that Mr. Robert Cluett, III, Governor of the Exchange, had become associated with the Institute as Co-Director. Since severing its connection with the Exchange the Institute has broadened its curriculum to include basic business training courses for employees of all types of financial institutions. Courses in accounting, shorthand, economics and income tax practice are available.

A feature of the Fall Term program are the four-week courses designed to prepare young women for brokerage clerical positions vacated by men entering the armed services. The Institute envisages a sharp increase in the number of women workers in the financial district during the next year.

Among the new courses offered men and women who have had considerable financial experience are: "The Appraisal Method of Security Analysis" to be taught by Benjamin Graham, well-known Wall Street analyst and co-author of "Security Analysis," by Graham & Dodd; "Current Economic Problems Affecting Investment Management" to be taught by Louis H. Whitehead, member of the firm of Whitehead and Fischer; "Corporate Normal and Excess Profits Taxes," designed for experienced tax men and women, to be taught by Dr. J. Stanley Halperin, Tax Attorney, and "Public Speaking for the Salesman" to be taught by Dr. William J. Reilly, Director of the National Institute for Straight Thinking and author of several books on the subject.

"Current Economic Problems Affecting Investment Management," which will be conducted by Louis H. Whitehead of Whitehead & Fischer, is a course designed for the benefit of all persons engaged in the securities business who advise individuals with respect to their investments. Methods of forecasting the trends of business activity and security prices are considered. A portion of every session is devoted to a discussion of current happenings and their bearing on each of the various classes of securities. The course of developments during the progress of the term will have a great bearing in determining the emphasis to be placed on various phases of the subject. Special attention will be devoted to "Inflation" and an analysis of the "American Economy in War-Time." Among the other topics to be considered are: "Taxation and War Financing," "Tax-Sheltered Investments," "Misconceptions Concerning the Attributes of Common Stocks as a Hedge Against Inflation," "Tariffs and International Trade," and "Present Indications of Post-War Trends."

Mr. Whitehead also conducts a course in Business Economics.

Patrick B. McGinnis, Railroad Analyst of Pflugfelder, Bampton & Rust, the best-known Wall Street specialist in Reorganization Rails, will resume his course on this subject as soon as the Supreme Court decision in the Chicago, Milwaukee, St. Paul and Pacific case has been announced. One - hundred and twenty - five experienced market analysts attended this course last term. Many had to be turned away due to lack of space. The course in "Receivership Rails" is intended as a practical shortcut for those interested in the new securities resulting from railroad reorganizations, rather than a detailed study of the railroad industry as such. An attempt is made to outline a method of determining the values of the various new securities in relation to their past, present and prospective values when the roads are returned to private management.

The Institute's course in "Public Utility Break-Up Values" will be taught by Owen Ely, Statistician, Hirsch, Lilienthal & Co., and Financial Editor of the "Public Utilities Fortnightly." This course provides a medium through which practicing security analysts and market students, whose time for individual research is limited, can participate in the study of the current status of the large public utility holding companies and their subsidiaries. A different holding company system is studied each week and an attempt is made to outline a method of evaluating the securities of companies faced with compliance with the Public Utility Holding Company Act. The first part of each session will be devoted to a discussion of current news affecting the utilities.

All of the courses of the New York Institute of Finance are given in the late afternoon and early evening and are open to the public. Most of the students and all of the instructors are actively engaged in business during the day. Registration for the Fall Term extends from September 1 to 17, with classes commencing September 21.

New Margin Acct. Rule Given NYSE Members

Attention to a new method devised for carrying miscellaneous accounts under Regulation T was called to members and member firms of the New York Stock Exchange under date of Aug. 25 by the Department of Member Firms of the Exchange, in which it was noted that "the purpose of the new procedure is to effect operating economies in connection with the carrying of general and special miscellaneous accounts for customers." In explanation the notice says:

"Recently a member firm devised a simplified recording method which the firm believed it could employ to advantage where a customer has a general account and also a special miscellaneous account used solely for the purpose of holding funds released by liquidating transactions in the general account and funds deposited and available as margin on future transactions. The suggested method, which was discussed in detail by the Exchange with respresentatives of the Securities and Exchange Commission and the Board of Governors of the Federal Reserve System, appears to meet the requirements of Regulation T and the firm has been permitted to adopt the new method. In view of this situation, the Exchange believes that other member firms carrying margin accounts for customers may be interested in adopting the new method and therefore wishes to take this opporunity to explain it in detail.

"The purpose of the new procedure is to effect operating economies in connection with the carrying of general and special miscellaneous accounts for customers. Heretofore, a customer's general account and his special miscellaneous account were required to be maintained as separate ledger accounts, each confined to the transactions and positions provided for in Sections 3 and 4 (f) (6), respectively, of Regulation T. Under the new plan a single ledger account is used for the purpose of recording all such transactions and positions without regard to whether they are for the general account or the special miscellaneous account, and a single margin card is used to show the status of the combined accounts. However, where the new plan is adopted a new record of a permanent nature is required to be prepared in a certain prescribed form and to be maintained for the same period as that applicable to ledger sheets. This record must be kept on a trade date basis and probably will be maintained in the Margin Department in most cases.

"It is important to note that where the new method is adopted with respect to a particular customer, the special miscellaneous account may not be used to hold that customer's securities whether deposited to meet a Regulation T margin requirement or otherwise. Where a customer deposits securities not required for Regulation T margin purposes, it is necessary, under the new method, to record their receipt directly in the general account. The maximum loan value of the securities under Regulation T as of the date of receipt may then be transferred to the special miscellaneous account by means of appropriate entries in the memorandum record kept for the purpose of meeting the requirement of Section 4 (a) of Regulation T that 'An accurate record shall be maintained showing for each such account the full details of all transactions in the account.' Careful consideration should be given to this point before deciding to adopt the new method.

"Where the simplified method is used, statements sent to customers affected thereby must bear the following legend:

'This is a combined statement of your general account and of a special miscellaneous account maintained for you under Section 4 (f) (6) of Regulation T issued by the Board of Governors of the Federal Reserve System. The permanent record of the separate account as required by Regulation T is available for your inspection upon request.'

The ledger account should also bear the legend:

'General and special miscellaneous accounts combined.'

"Inquiries relative to this matter should be directed to the Department of Member Firms, Room 801, 11 Wall Street."

Mortgage Recordings Up

An increase of 3% in the volume of home mortgage financing in July over June brought the total volume of recordings for the month up to $353,500,000, the Federal Home Loan Bank Administration reported on Sept. 5.

This is the first time since April that a month-to-month rise has been observed in this series, according to Bank Administration economists. Cumulative mortgage recordings of less than $20,000 during the January-July period amounted to $2,359,000,000, or 11% less than in the same months of 1941.

"It appears that a respite, perhaps temporary in nature, has occurred from the sharp drops in total recordings noted earlier in the year," said the report. "May, June, and July each showed a practically uniform decline of 20% from 1941 figures."

Savings and loan associations, as usual, led all types of lenders in both number and amount of mortgages recorded—34.4% of the number and 32.2% of the total dollar volume. Savings and loan associations and mutual savings banks, however, both showed a decrease in home-financing volume from June to July. Commercial banks registered an 8% rise and life insurance companies 7%, while the changes for individuals and miscellaneous institutions approximated the national gain of 3%.

For the first seven months of 1942, each class of lender revealed a curtailment in comparison with last year, although considerable variations in magnitude were noted. Declines for commercial banks, savings and loan associations, and mutual savings banks were between 15% and 18%, while the remaining lending groups indicated reductions ranging from less than 1% to 3%.

UP-TOWN AFTER 3

THE MOVIES

That "gorgeous hunk of man," Victor Mature, comes through in **"Footlight Serenade"** with a bang-up performance in a part made to order for him. As a boxing champ with the qualities of a Tommy Loughran and a Slapsie Maxie, he is loved by the ladies. A Broadway producer sees in him the answer to his box office prayers and makes him a star in a musical comedy. Mature, who also likes the ladies, finds show business very interesting. For not only does it give him a chance to offer parts to his feminine companions but also gives his ego plenty of room to expand in. Comes a cropper, however, against chorine Betty Grable, who has eyes only for her big moment, John Payne, also in the cast as Mature's sparring partner. Story is good. Acting excellent and music catchy—(20th Century-Fox). . . . **"Across The Pacific"** gives one of Hollywood's best directors, John Huston, another chance to show his job in "Maltese Falcon," was not a flash in the pan. Humphrey Bogart, rough, tough ex-Army officer, runs into two very interesting people on board a ship bound for the Panama Canal. The first is Miss Mary Astor, who keeps Bogart's male interest at fever heat; the second is Sydney Greenstreet, the mysterious fat man who makes a deal with Bogart for vital military secrets. As a spine-tingling spy melodrama, **"Across The Pacific"** is top drawer stuff. Its portrayal of Jap espionage and American counter-espionage is as realistic as it's exciting—(Warner Bros.). . . . **"The Talk Of The Town"** brings together Jean Arthur, Cary Grant and Ronald Coleman in one of those brilliant comedies which will keep you amused from the first reel until the final fadeout. It's a sort of modern Mr. Deeds Comes To Town. For while its subjects, arson, murder and sabotage in a small New England mill town, seem strange fodder for comedy material, the sparkling dialogues by Irwin Shaw and Sidney Buchman make it grand laugh material. Grant, whom the local powers look on as a rabble rouser, is arrested for arson. He escapes and hides in Jean Arthur's house which has just been rented to Ronald Coleman, an eminent law school dean and candidate for Supreme Court appointment. How Miss Arthur and Cary Grant overcome his scruples and get Coleman into their corner is the crux of the story—(Columbia). . . . **"The World At War"** is the U. S. Government's first attempt at documentary pictures, and by far the best American film of its sort yet to be released. It is no soft speaking movie afraid to place blame or careful of whose toes it steps on. It traces the rise of Fascism from the Jap Manchurian invasion in 1931 until the attack on Pearl Harbor on Dec. 7, 1941. The foreword says: "The editors are Americans, and therefore partisan, but every effort has been made to let the facts speak for themselves." They do. Step by step it traces the pattern of Fascist aggression from the China "incident"; the Ethiopian invasion; the farce of sanctions; Hitler's march into Austria; the Spanish rebellion and the mockery of non-intervention. Then Munich, Czecho-Slovakia, the Munich pact signed by Hitler, Chamberlain, Mussolini and Daladier. Then Albania, followed by Poland, Holland, Belgium and France. It's an appalling film, spellbinding in its realism of events as they happened. A good deal of the film was taken from Axis movies confiscated here; newsreels taken by Nazi sources, Italian and Jap sources of scenes on the spot. Aside from its considerable interest as just a film it actually traces history in the making, and ties up events of the past ten years with the war we are in today. You owe it to yourself to see it.

ABOUT THE TOWN

Besides Harold Willard, who describes in clinging baritone the longings of a man for a maid, Miss Odette Athos, who does the same thing in contralto but from a feminine angle, and Paul Taubman, who does the piano accompaniment for these gusty sighs from anguished hearts, the **Penthouse Club** has still more talent, but this time aimed at the bar flies. The new addition is a Latin gentleman by the name of Chico who, to the casual eye, is the bartender. But bartender or not, Chico has a soul filled with music and at the slightest provocation, provocateur in this case being Caridad Garcia, who sings longingly of old Mehico, Chico bursts out. Unfortunately Chico cannot be heard over the "two Scotch and soda's—one Tom Collins—make it weak — one scotch and water, no ice" — so to satisfy his musical urge he lets fly with the maraccas. The result is startling, to say the least. Gentlemen solemnly contemplating the lines of their palms, as pointed out by Frances Thomas, awaken from their reveries like old fire horses. . . . "Tell that guy to stop making that noise and send over another drink of whateryahavin." . . . If you'd like to see Army and Navy brass hats and a smattering of dollar-a-year men smacking their lips while casting approving eyes at the scenery drop in at New York's Number One restaurant—**The Colony** (E. 61st). Since Messrs. Cavallero and Florentino have put a tent under the ceiling of the staid ante room you have to almost get a letter from FDR to get a reservation here. Of course there's no entertainment here. But if you've wondered if Army and Navy bigwigs, big business moguls and social leaders eat with the left or right hand, the **Colony** is the place to find out.

"Revelers" Announce Cancellation Of Outing

"The Revelers" announce that their annual outing will not be held this Fall. This decision was reached by the Outing Committee after giving consideration to the present emergency and its demands on members of the association, many of whom are now serving in the armed forces.

Chosen Beauty Queen

Miss Marjorie Lohrman was chosen Miss Schroon Lake 1942 at the eighth annual regatta at Schroon Lake. Miss Lohrman is the daughter of William E. Lohrman, Wm. E. Lohrman Co., 76 Beaver Street, New York City brokerage firm.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 877)

rection of the move in the next few days will give you the immediate trend.

* * *

Meanwhile all the stocks held on recommendations by you should have the yardstick of "stop" and "half profits" applied. Up to this writing all the stocks area bove their critical prices and under the profit-taking levels. Until either levels are seen last week's advice applies.

* * *

More next Thursday.

—Walter Whyte

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

Rules On Hawaii Safe Deposit Boxes

The Federal Reserve Bank of New York under date of Aug. 25 called attention to the text of Regulations Relating to Safe Deposit Boxes issued by the Governor of Hawaii and at the same time made available a press release issued in connection with such regulations.

The press release notes that measures were taken recently to insure that currency and securities will be removed from all safe deposit boxes within the territory of Hawaii, the action being instituted by the issuance of the regulations relating to safe deposit boxes, by Governor J. B. Poindexter. From the press release, contained in the circular issued by Allan Sproul, President of the Reserve Bank, we also quote as follows:

"Under the regulations, every person renting a safe deposit box at a local bank or trust company must open it before Oct. 1 in the presence of an official designated by the United States Treasury or, at the option of the renter of the box in the presence of a representative of the bank or trust company renting the box. These persons will then satisfy themselves that no currency or securities are contained in the box in violation of the regulations relating to currency or the regulations relating to securities. Persons having currency or securities in such boxes in violation of the regulation will be obliged to deposit the currency with a bank. Securities must be perforated with the official symbol 'H' and placed in a custody account or shipped out of the territory.

"This is one more important step in preparing the territory economically to resist any invasion attempt. As long as war is being waged in the Pacific, it is the view of military and other qualified authorities that there exists the constant threat of attack on Hawaii. Every military measure is being taken to repel any force that may appear off these shores; the security of the territory and the private citizen will be further protected if there is nothing here which may fall in the hands of an invader to be used by him against us.

"The first step in the economic protection of the territory against invasion was taken by the United States Treasury in cooperation with other Federal and territorial agencies with the introduction of a special issue of currency for use only in Hawaii. Hawaiian series currency is now also in circulation on Midway, Johnston and Palmyra Islands. (See "Chronicle" of July 23, page 274.—Ed.)

"The second aspect of the Hawaiian program was the perforation of practically all securities in the territory with the official symbol 'H.' This enables the ready identification of securities now here, so that, if such securities should fall into enemy hands, the theft could be readily established and suitable measures taken."

More Dealer Views Regarding Bid & Asked Rule

(Continued from page 875)

tion, etc. Never has any issue of bonds not paid our accounts (even suggested those which were not paying and later paid); yields ranged from high-grades to most speculative, a record, we think. Also, we service accounts not only before, at the time and after trades as most dealers do, but we argue amongst ourselves in office for the benefit of accounts when rendering service and opinions. Now, then, with all this should I not be entitled to special consideration? It means that percentage of profit is a hard thing to figure out, but if approached by the authorities in a cooperative spirit in the manner I have suggested, I feel confident that we will all try hard to work it out. I have had no ill-words with the SEC-NASD. As a matter of fact, our relationship has been extremely cordial. However, I don't like to be constantly subject to nervousness as to what some person will consider fair or unfair. I would like to run my business knowing my limitations. If the profit limitations are not what I sincerely consider fair, then I can cut down on my type of service, which I would be reluctant to do. But if we are allowed a certain percentage of profit, plus more by agreement, it would remedy most of the unfavorable conditions which the SEC believes now exist. I write all this because I am afraid that this ticklish situation (Rule X 15-C 1-10) is going to be shoved down our throats in a tantamount to commission basis and customers to know basis, which will hurt all concerned. Or else it will be by way of arbitrary decisions which I abhor as unfair. An example: is it fair to ask my type dealer to make less than a syndicate issue, which does not take down stock into position but only on sale, and can make up to 40% profit in some cases, as I have noted. I do as much work on my own accounts. Sure, I don't tell the accounts of profits involved like the syndicates do, but they print a big folder which no one really reads. Does the SEC want me to sit up nights to get oversmart as to how I can do likewise with accounts. I don't want to and won't, but the Commission can't blame those who act in that manner if they feel they are being arbitrarily abused. Let's all try to pull together.

I don't want my name mentioned, not for reason that I fear reprisals, for I fear no man nor group of men, as I have shown the NASD in my rebuttal arguments. But I don't think it is right to subject myself to a flow of pro and con letters as I have no time for dispute with the world. Good luck to all and cooperation is all I suggest, with no hammers over heads nor hands behind backs while shaking.

DEALER NO. 28

In his recent letter to us Reginald E. Graham of New Haven, Conn., included the following comment with reference to the SEC bid and asked rule:

As to the "bid and asked" rule now under consideration, it occurs to me that this is a hell of a time to question the honesty and integrity of the industry that was mainly responsible for the financing and promotion that has built the industrial strength of the country to its present status. As near as I can figure out there would not be any Stock Exchange if it had not been for the work done by investment dealers and promoters in the past. Under present conditions it has its place, but I for one do not believe that stock exchange firms that do not actively work in the over-the-counter field should be allowed membership in the NASD. There are many cases where all the work has been done by a dealer and the customer has bought the security through a stock exchange firm on a commission basis. It seems to me that the SEC would do well to look over some of the hundreds of issues that are listed and do not sell for weeks at a time and then at price changes as high as 50% and over and a spread in the bid and asked that looks like the year's high and low prices. If the SEC thinks we need more regulating why don't they put up fences (profit limitations) and then punish those who jump over and not interfere with the relationship with our customers. It seems to me that they are not giving consideration to the questions of distribution, sales resistance, time element and cost of securing quotations and the fact that a customer making a purchase is not apt to take into consideration the number of calls a salesman makes before he makes a sale when he considers the profit on a transaction.

REGINALD E. GRAHAM

DEALER NO. 29

B. S. Lichtenstein of B. S. Lichtenstein Co., New York City, writes the "Chronicle" as follows:

We would like very much to have someone explain to us the reason for the SEC suggesting Rule X 15-C 1-10. The SEC seems to be policing the business without this rule and with great effectiveness.

We would refer you to page 713 of today's issue of the "Chronicle" in which you discuss the affairs of Guaranty Underwriters, Inc., of Jacksonville, Fla. The SEC has cited this concern for a hearing "to determine whether the registration of the corporation as a broker-dealer should be revoked." This action is taken because it is charged that the concern sold "various securities at prices far in excess of the prices which the registrant paid for such securities, and far in excess of the prevailing market prices therefor."

In view of the SEC's activity it would seem that the new proposed rule is entirely unnecessary.

B. S. LICHTENSTEIN

Bars Use of Crude Rubber For Protective Clothing

Specifications eliminating use of crude rubber or latex in the manufacture of rubberized fabric for protective clothing were issued by the Director General for Operations of the War Production Board on Sept. 1. Crude rubber, however, may be used in cements or tapes necessary for seaming purposes.

The new specifications apply to war orders and orders placed by any agency of the United States Government, as well as to civilian orders.

The restrictions do not apply to:

1. Rubber life saving suits designed for use by seamen.
2. Aviation waders, self-inflating life preservers, dual tube belts and ponchos when required to fill war orders.
3. Commercial diving equipment.
4. Rain coats and parkas scheduled for delivery to or for the account of the United States Navy at any time prior to Oct. 1, under delivery schedules or purchase orders in existence on Aug. 1.

Our Reporter's Report

(Continued from First Page)

nancing embraces $6,000,000 of new serial notes, $6,000,000 of new 6½% preferred stock and 185,000 shares of new common.

The latter will be offered direct to stockholders in Community Power & Light Company and General Public Utilities Inc., which are the units involved in the consolidation.

San Antonio Issue Moving

Reports indicate that the $33,950,000 City of San Antonio Electric and Gas revenue bonds, carrying 2½, 2¾ and 3% coupons, and due serially Aug. 1, 1944 to 1972, are moving out satisfactorily.

These bonds, which are backed by properties of former San Antonio Public Service Company which are to be purchased with the funds derived from the sale of the securities. Issued as special obligations of the city, the bonds and interest theron are payable from revenues derived from the operation of the electric and gas system operated by the municipality.

Handled by bankers, chiefly through their municipal facilities, the bonds are reported to be moving along in good style to investors.

Secondary Rails Active

Secondary railroad bonds continue to pace the general listed corporate market with traders quite evidently seeking out special situations.

The creeping advance in that quarter of the list has been persistent now for the better part of a month subject, of course, to sporadic profit-taking.

While it is impossible to definitely pin down such buying observers are satisfied that some railroads are picking up small quantities of selected liens for their own accounts in anticipation of new legislation which would ease the tax burden now incumbent on retirement of such issues by purchases in the open market.

Treasury Data Due

It is now expected that the Treasury Department will announce details of its projected $3,000,000,000 undertaking by the end of the week.

In keeping with precedent established in connection with previous large undertakings in its war financing program, Secretary Morgenthau and his aids have conferred with Reserve officials and banking and investment groups.

The coupon rate which such issues will carry is no longer a serious consideration, due to the close grip which the Government maintains over interests costs.

Currently the major problem is to properly gauge the temper of the market to assure that the new issues will fit substantially into the portfolios of banks, insurance companies and other large scale investment organizations.

Special Offerings Mount

Passing of the summer-end holiday provided a fillip to the "special offering" market which had been comparatively dull for a fortnight.

With the holiday out of the way, banking groups took hold of the job in determined style and succeeded in marketing a series of issues of sizeable proportions.

One group worked off 20,000 shares of Woolworth & Company at 28 with a 50-cent special commission, while another disposed of 12,800 shares of Allis-Chalmers at 23½ with a similar commission.

Another block of 100,000 shares of Parke, Davis & Co., slated for similar offering, was seen assured of quick absorption.

Few NASD Members Required Disciplining

ST. PAUL, MINN. — The National Association of Securities Dealers, Inc., self-regulating instrument of over-the-counter securities dealers, examined finances and business practices of 2,500 members during the last 18 months and had to discipline but 6% of the membership, Wallace H. Fulton, NASD Executive Director told delegates to the 25th annual convention of the National Association of Securities Commissioners here today. The latter organization is made up of State Securities Commissioners. Mr. Fulton said that in only 2% of the cases against members were findings of Business Conduct Committees sufficiently serious to warrant severe disciplinary action in the form of expulsion from the Association.

The speaker revealed that the securities business has contributed more than $1,000,00 to its own efforts to regulate its affairs through NASD. Mr. Fulton said that no searching review of so many securities dealers as that conducted by NASD had ever before been undertaken.

Of the 2,500 examinations thus far completed, he said that 167 resulted in complaints being filed for violations of NASD rules of fair practice, one of which requires that the member charge prices that are fair in view of all relevant circumstances. Fifty-two of the complaints resulted in expulsion of the member involved, 59 brought fines ranging up to $2,000 and in 14 instances members were suspended from the Association for periods as long as a year.

"The facts of our enforcement work and the figures I have recited on the amount the industry has invested in making NASD effective, pay testimony to the fact that the securities business is not just giving lip service to the idea of self-regulation," Mr. Fulton said. "Those who have sponsored and supported the idea have invested liberally of their time and money to give it its life blood, to keep it alive and to strengthen it in its every fiber. Admittedly, there are certain elements, even among our own membership, who would not mourn the demise of the NASD; there are others who would prefer not to acknowledge that the idea behind NASD has proven itself; however, those who by direct or indirect action, would undermine this idea, will, if they have not already done so, find that the Association is a powerful force for the good of the business, our government and the public investor. It has established itself securely in its unique field of service to all these interests."

He denied that the answer to some of the problems of regulating the vast over-the-counter business was to be found in the simple method of passing rules designed to destroy those who engage in improper practices. It would be possible, in this way, Mr. Fulton said, to destroy the business itself.

"It is not necessary that everyone engaged in the business be harassed and burdened with cumbersome restrictions in order that a few who abuse their trust be brought to justice," Mr. Fulton declared.

"We sincerely believe, and our experience of the last three years has fortified us in that belief, that the standards of the business can be placed on a high professional level without imposing upon the business severely restrictive rules and regulations which would undermine its capacity to serve the investor and our government, which in these critical times, has found our investment and securities organization a vital force in financing the war effort."

Fleek Lauds Security Business Regulators

The myth that the policeman and the policed must always quarrel was exploded on Sept. 2 when John S. Fleek, President of the Investment Bankers Association of America, appearing on the program of the annual convention of the National Association of Securities Commissioners in St. Paul, gave the regulators of the securities business credit for "taking a positive course of action to make compliance with regulations less burdensome."

In his audience, in addition to the State officials who enforce the "blue sky" laws of the States, were representatives of the Federal regulatory body, the Securities and Exchange Commission of Philadelphia, and Mr. Fleek included them in his commendations.

He said that Federal and State authorities, working jointly, had given the investment bankers of the country "a definite manifestation of a helpful attitude of promoting the legitimate securities business while protecting it as well as the investing public from the crooks who constantly try to attach themselves to our fringes."

One specific "cooperative action" to which Mr. Fleek referred, involved a uniform financial statement form which is to be officially considered at this annual meeting of the Commissioners. There would be extremely worthwhile savings to dealers operating under the laws of several States if a standard form could be agreed upon, he said. To illustrate, he explained that if a dealer wanted now to operate throughout the country, he might have to have his accounting firm draw up and certify each year as many as 25 different financial statements which would contain essentially identical information but arranged according to the special directions of as many regulatory bodies and required on as many different dates.

Adoption of the uniform form to eliminate this wasteful duplication of effort and expense would be the second step in simplifying compliance with regulations that has reached acceptance stage during the last year and it resulted directly from the development of a cooperative attitude among the State Commissioners, the Federal regulatory body and the securities industry, Mr. Fleek said. The earlier result of cooperation he referred to was the development of a uniform form for registering new securities issues under State laws. This standard registration form, also sponsored by the National Association of Securities Commissioners, through a committee chairmaned by Vern G. Zeller, the Wisconsin Commissioner, has so far been adopted by 13 States within the last year.

Chicago Home Borrowings Show Drop In Six Months

The borrowing of $180,970,000 on security of residential property by 54,891 Illinois and Wisconsin families the first half of 1942 reflected the influences of war to the extent that 12.31% less was borrowed than in the same period of the year before, according to A. R. Gardner, President of the Federal Home Loan Bank of Chicago. The dollar volume, however, was still about $30,000,000 more than two years ago. Statistics are based on mortgages for $20,000 or less, by all types of lenders, including individuals as well as savings, building and loan institutions, banks, mortgage and insurance companies and others.

Mr. Gardner, in the advices made available Aug. 29, said that the decrease of $34 in the average size of home mortgage loans this year compared with last, witnesses to the intensified activity both in building and in buying of lower cost dwelling units. This emphasis, he believes, has offset the tendency for both real estate prices and for home building costs to rise above last year's. It is also stated that in Illinois 33.44% of all the home mortgage money was borrowed from savings, building and loan associations which continued to be the largest single source of financing the first six months of 1942. In Wisconsin, this group of institutions accounted for 31.53% of all borrowings. In June, Mr. Gardner said, dependence on these associations for home-owner funds in both States of the district was the second heaviest for any month in 1942.

Must Protect Against Rent Control Evasion

Freedom of action in the sale of homes covered by Federal rent control is threatened by cases reported to have occurred where such property has been sold under circumstances that indicate that the sale may have been for the purpose of evading rent control, it was pointed out on Aug. 22 by the National Association of Real Estate Boards in a statement renewing the pledge of the realtors of the country to cooperate in securing fair and equitable administration of the rent control law as part of the anti-inflation program. The Association emphasizes at the same time that in any measures taken to prevent evasion of the law we must keep absolutely free the right of an owner to sell his property, and the right of American citizens to buy and own their homes. From the Association's announcement we also quote:

"OPA officials have asked the NAREB to meet with them immediately as consultants on evolving a proposal for meeting situations that may be attempts to circumvent rent control. They emphasize their desire to develop a solution that will not interfere in any way with the legitimate sale of residential property. They assure the Association that a recent news report, published in some of the most important newspapers of the country to the effect that OPA is planning to require a down payment of at least 30% for the purchase of any rented home in a defense-rental area, is entirely without foundation, and that no definite formula as to a stipulated down payment or as to a maximum monthly payment has as yet been worked out.

"Any such requirement would of course conflict with the 10% down payment plan which is an integral part of the FHA mortgage insurance procedure, the Association points out."

Inflation Crisis Near Says First Natl. Bank of Boston

"Since the war began, in September 1939, the cost of living in this country has advanced by about 16% but we are now entering the critical stage in the inflation development, the First National Bank of Boston says in its current "New England Letter." "Unemployment is rapidly disappearing and there is a growing shortage of skilled labor," the bank states, continuing: "Government expenditures are being stepped up to $77,000,000,000 annually for this fiscal year. Consumer instalment debt is being repaid at the rate of $300,000,000 a month but it is expected that the bulk of these obligations will be liquidated by next summer. Purchasing power is exceeding consumers goods available. The inflation gap for this year is estimated at around $25,000,000,000, with the consequent terrific upward pressure on prices.

"Many warnings have been issued by Government officials and other authorities about the dangers of inflation but we have not yet come to grips with the problem. Certain constructive steps have been taken in line with the President's anti-inflation program: such as, price ceilings on most commodities; restrictions on consumer credit; the imposition of heavy taxes, particularly on corporation and personal incomes in the middle and upper brackets; sales of bonds to the public on a fairly substantial scale, and the rationing of essential commodities, of which there are shortages.

"There are two points in the President's program, however, that are not being made effective: stabilization of wage payments and of farm prices. These items not only do not come under the provisions of the Price Control Act but determined efforts have been made to increase further the income of farmers and wage earners, despite the fact that they have been the chief beneficiaries of the war boom. Since the beginning of the war, hourly earnings of factory workers have increased by 27% and weekly earnings by 45%, while the cost of living during this period has advanced by only 16%. Farm prices are 70% above the August 1939 average, while the Department of Agriculture estimates that farm cash income for this year will be in the neighborhood of $15,000,000,000, or about one-third above last year, and the highest on record. In contrast, those whose incomes have remained fixed have had a slash in purchasing power of 16% since the war began.

"Particularly in time of war there should be no favoritism in governmental policy toward wage payment. Such discrimination stirs up discontent at a time when unity is highly essential. On the other hand, to increase the income of the 56,000,000 persons employed in civilian and in military service, in keeping with the rise in living costs, would be as futile as it is dangerous, since wage payment in its many ramifications constitutes anywhere from 85% to 90% of the total cost of goods. The net result would be a powerful stimulus to prices which, in turn, would automatically increase wages and so on. This process would develop into a vicious circle that might defy correction.

"Since farm prices and wage payments constitute such important elements, each time they advance they carry the cost of living with them. The consequence is that while the money income of these two groups grows larger, each dollar buys less. An upward spiral is generated which, in the long run, would provide a mirage of merely illusionary gains. But the mischief does not end there. We would build up a high and fragile price structure."

Proposes To Rehabilitate Spanish Cultural Life

A broad plan for the Americas to help Spain rehabilitate her cultural life and to encourage tourist travel to that country was recently proposed by President Roosevelt, who said the program was predicated on the assumption that Spain remained neutral in the present conflict.

The President said that he had received a report from Carlton J. H. Hayes, U. S. Ambassador to Spain, revealing that some Spanish art treasures, literature and historic buildings had been damaged by the civil war. The plan for repair would be purely voluntary and financed by gifts from individuals and foundations. Mr. Roosevelt added that the Spanish Government also had expressed to Ambassador Hayes an interest in obtaining more visitors from the Americas.

The plan is now being explained to several Latin American countries by Nelson A. Rockefeller, Coordinator of Inter-American Affairs.

Calendar of New Security Flotations

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

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

Offerings will rarely be made before the day following.

THURSDAY, SEPT. 10

PARK AVENUE & 91ST STREET, INC.
Park Avenue & 91st Street, Inc., through trustees has filed a registration statement with the SEC for voting trust certificates for 5,475 shares of capital stock, $1 par value

Address—Address of trustees 18 East 48th Street, New York City

Business—Apartment building

Offering—Registration is in connection with the extension of a voting trust agreement from Sept. 30, 1942, to Sept. 30, 1947. The voting trustees have consented to act under the voting trust agreement, as amended, after Sept. 30, 1942, the present termination date

Registration Statement No. 2-5038. Form F-1. (8-22-42)

MONDAY, SEPT. 14

MASSACHUSETTS INVESTORS TRUST
Massachusetts Investors Trust has filed a registration statement with the SEC for 1,160,706 shares of beneficial interest with aggregate amount of proposed cash offering of $18,896,294

Address—19 Congress Street, Boston, Mass.

Business—Investment trust

Underwriting—Massachusetts Distributors, Inc., is named principal underwriter

Offering—Shares offered to the general public under this registration statement will be offered at net asset value plus 7% of the offering price. In a transaction involving $100,000 or more, the offering price will be net asset value plus 4% of such offering price

Proceeds—For investment

Registration Statement No. 2-5040. Form A-1. (8-26-42)

WEDNESDAY, SEPT. 16

STILLWELL WORSTED MILLS, INC.
Stillwell Worsted Mills, Inc., a newly organized company, has filed a registration statement with the SEC covering 30,000 shares of preferred stock, $10 par value; 30,000 shares producers common stock, $10 par value and 60,000 shares of common stock, $10 par value

Address—East Avenue, Harrisville, Rhode Island

Business—Plans to engage in business of worsted yarn and cloth manufacture, including dyeing and finishing

Offering—The 30,000 shares of producers common and the 60,000 shares of common stock are to be offered for sale at $10 a share. The 60,000 shares of common will be offered to a group of approximately 30 executives and key employees of the old Stillwell Worsted Mills and the 30,000 shares of producers common stock to other persons than above now employed by Stillwell Worsted Mills and its subsidiaries. Stillwell Worsted Mills, Inc., the new company will acquire properties of Stillwell Worsted Mills, the old company, located in Rhode Island, Virginia and Connecticut and certain stocks of finished cloth located in New York and Illinois. The statement says the new company does not intend to engage in the business of top manufacture in which the old company has engaged and intends to continue to engage.

The new company also plans to issue and have outstanding $2,910,000 of first mortgage serial bonds, maturing from 1944 to 1967, which will carry an interest rate varying from 2 to 5%

The statement says that the new company has no present intention of issuing the preferred shares, planning to hold them for ultimate conversion of the producers common shares.

Registration Statement No. 2-5041. Form A-1 (8-28-42)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

BOND INVESTMENT TRUST OF AMERICA
Bond Investment Trust of America has filed a registration statement with the SEC for 41,544 units of beneficial interest. Total includes 1,544 units of beneficial interest now issued and outstanding to the extent that the same may be repurchased and thereafter reoffered, together with 40,000 units authorized but not heretofore issued

Address—49 Federal Street, Boston, Mass.

Business—Investment trust

Underwriting—Whiting, Weeks & Stubbs, Inc., Boston, principal underwriter

Offering — At market with aggregate amount of proposed cash offering totaling $4,097,900, with certain discounts allowed on large single transactions

Proceeds—For investment.

Registration Statement No. 2-5037. Form A-1. (8-21-42)

CALIFORNIA UNION INSURANCE CO.
California Union Insurance Co. filed a registration statement with the SEC for 29,659 shares common stock, $10 par value

Address—San Francisco, Calif.

Business—Engaged in the underwriting of fire, automobile and other forms of insurance

Underwriting—Paul H. Watson is named principal underwriter; Don B. Wentworth may be an underwriter

Offering—The common stock registered will be offered to the public at a price of $22 per share

Proceeds will be used for additions to capital and surplus

Registration Statement No. 2-4992. Form A-1 (4-30-42 San Francisco)

Registration effective 1 p.m. ESWT on June 6, 1942.

CAMILLA CANADIAN MINING CORP., LTD.
Camilla Canadian Mining Corp., Ltd. filed a registration statement with the SEC covering 500,000 shares of capital stock, par value $1 per share

Address—Toronto, Ont.

Business—Mining and milling

Underwriting—Enyart Van Camp & Co., Chicago, underwriter

Offering—Offering price is 25 cents per share, U. S. funds

Purpose—For development, exploration, equipment, milling plant and working capital

Registration Statement No. 2-5013. Form S-3. (6-15-42)

Stop order proceedings discontinued and registration statement withdrawn Sept. 4, 1942.

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

Address—9 Green Street, Augusta, Maine

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

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

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

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

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

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

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

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

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

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

Central Maine Power Co. on Aug. 5, 1942, filed a request with the SEC to withdraw trust indenture data in view of decision to sell the proposed issue of $5,000,000 10-year serial notes at private sale. On July 16, 1942, company filed an amendment with the SEC to withdraw the proposed notes from registration and such withdrawal was approved Aug. 19, 1942

Amendment filed Ang. 22, 1942 to defer effective date

EASTERN COOPERATIVE WHOLESALE, INC.
Eastern Cooperative Wholesale, Inc., filed a registration statement with the SEC for $150,000 4% registered debenture bonds maturing July 1 of each year from 1944 to 1956, inclusive (exclusive of 1950). Company states that $50,000 in maximum principal amount which shall mature in 1944 and $30,000 is maximum principal amount which shall mature in any one of the other years

Address—135 Kent Ave., Brooklyn, N. Y.

Business—Wholesale dealer in groceries allied products, including, among other related activities, warehousing and packaging

Underwriting—No underwriter named

Offering—The securities are being sold by the Cooperative directly to its stockholders and friends interested in the cooperative movement without the interposition of any underwriter, dealer, broker or salesman, at 100. No commission will be paid to anyone in conjunction with such sale

Proceeds—Will be used to repay certain private loans and also to reduce certain accounts payable now outstanding for current merchandise, the balance to be used for working capital

Registration Statement No. 2-5002. Form S-2. (5-27-42)

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

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

Address—120 Cherry Street, Buffalo, New York

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

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

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

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

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

Amendment filed Aug. 7, 1942, to defer effective date

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

Address—Chicago, Ill.

Business—Short term financing etc.

Underwriting—No underwriter named

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

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

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

Amendment filed Aug. 11, 1942, to defer effective date

Equipment Finance Corp. filed on Aug. 13 an amendment to its registration statement in which the proposed offering is stated as follows: Sold prior to registration to employees of Curtiss Candy Co. 1,238 shares of common, no par value, at $100 per share and offer of rescission is being made re above shares, to be publicly offered at $100 per share, 2,993 shares for total of $299,300. Purpose of issue as amended includes wagons, horses and facilities for operation of horse-drawn vehicles.

Registration Statement—Effective 12:45 p.m., ESWT on Sept. 2, 1942, as of 5:30 p.m. Aug. 11, 1942.

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

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

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

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

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

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

Amendment filed Sept. 5, 1942, to defer effective date

INTERIM FINANCE CORP.
Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Amendment filed, July 30, 1942 to defer effective date

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

Amendment filed Aug. 17, 1942, to defer effective date

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

Address—Dallas, Texas

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

Underwriting — No underwriters are named in registration statement

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

Proceeds will be used for working capital purposes

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

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

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

Address—Coatesville, Pa.

Business—Steel manufacturer

Proceeds—Payment of bank loan

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

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

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

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

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

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

Address—8 South Michigan Ave., Chicago

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

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

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

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

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

Nu-Enamel Corporation on Aug. 26 filed an amendment to its registration statement giving the public offering price at $2 per share

Amendment filed Aug. 14, 1942, to defer effective date.

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

Address—Dallas, Texas

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

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

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

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

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

Amendment filed Aug. 21, 1942, to defer effective date

Southwestern Public Service Co. on Aug. 31 filed an amendment to its registration statement fixing the proposed issue of 3¾% first mortgage and collateral trust bonds due 1972 at $20,000,000, the amount of serial notes at $6,000,000 and the amount of preferred stock at 60,000 shares, all issues to be offered to public through underwriters. The $1 par common stock (185,000 shares) is to be offered first to common stock holders of Community Power & Light Co. and of General Public Utilities, Inc., other than Community as a stockholder of General, the offering to be made through warrants, the unsubscribed shares to be sold through underwriters

THE TRION COMPANY
The Trion Company has filed a registration statement with the SEC for 6,000 shares of 7% cumulative preferred stock, par value $100 per share.

Address—Trion, Georgia.

Business—Company manufactures, finishes and fabricates cotton goods in its plant at Trion, Ga.

Underwriting—Courts & Co., Atlanta, Ga., is named principal underwriter. Other underwriters will be named by amendment.

Offering—The 6,000 shares registered are issued and outstanding and are being offered for the account of a corporation and individual stockholders. The price to be paid for the stock by the underwriters and the offering price to the public will be supplied by amendment.

Proceeds—The registrant is not to receive any of the net proceeds which will go to the selling stockholder.

Registration Statement No. 2-5035. Form S-2. (8-13-42)

Amendment filed Aug. 31, 1942, to defer effective date

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

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

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

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

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

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

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

Amendment filed Aug. 27, 1942, to defer effective date

UNITED GAS CORPORATION

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

Address—2 Rector Street, New York City

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

Underwriters—None

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

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

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

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

Amendment filed Aug. 24, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

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

Address—4th & Main St., Cincinnati, Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

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

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

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

Amendment filed Sept. 1, 1942, to defer effective date

WASHINGTON NATIONAL INSURANCE CO.

Washington National Insurance Co. has filed a registration statement with the SEC covering $1,000,000 being estimated amount of employee contributions during first ten years of employee's retirement plan

Address—610 Church Street, Evanston, Ill.

Business—Employees retirement plan

Offering—The savings and profit sharing pension fund of the Washington National Insurance Co. employees, is a trust, and is referred to as the plan of the fund. The plan is a voluntary contributory employees retirement plan under which, after it becomes effective, those eligible employees, who elect to become participants and depositors under the plan, will deposit in the fund 5% of their compensation, but, in no case, more than 5% or more than $250 a year

Registration Statement No. 2-5036. Form C-1. (8-20-42)

Amendment filed Sept. 5, 1942, to defer effective date.

WEST INDIES SUGAR CORP.

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

Address—60 E. 42nd St., New York City

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

Underwriters will be named by amendment

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

Proceeds will be received by the selling stockholders

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

Amendment filed April 21, 1942, to defer effective date

Baker Takes War Post

The White House announced on Sept. 1 that President Roosevelt had accepted the resignation of George P. Baker, Vice Chairman of the Civil Aeronautics Board, to permit him to devote full time to special work with the War Department. Mr. Baker has been serving part time as Chief of the Requirements Division in the Army Quartermaster General's Office since last Spring.

Accepting the resignation with a "sincere feeling of regret," the President said that "the advancement of civil aviation during your period of service with the Civil Aeronautics Board has been outstanding."

Zoning & Bldg. Code Revisions Are Urged

Almost 20% of the property in the average American city has so completely fallen within the blighted class that, were it concentrated in one district and destroyed, the resulting economic loss would probably in the long run turn out to be an actual gain, Frederick P. Camp, President of the Mortgage Bankers Association of America, said on Sept. 5 in an announcement that at the organization's forth-coming Conference on Wartime Mortgage Finance at Chicago about a fourth of the meeting would be devoted to studying present war housing and its effect on post-war urban rehabilitation. The meeting is scheduled for Sept. 30 to Oct. 2 replacing the Association's 29th annual convention canceled earlier.

Mr. Champ declared:

"Any problem is insignificant compared with the nation's immediate task of winning the war, yet it must be admitted that some post-war problems, such as the long-neglected need for urban rehabilitation, ought to be carefully studied now because the guide to much of what will be done later is being established in war housing now.

"Zoning laws in many cities, long hamstrung by restrictions that made no sense whatever, have been over-turned by the immediate needs of war housing. It will be to the everlasting benefit of the nation if we can keep them over-turned. Too much of the average American city is zoned for commercial properties. A great deal of it must be turned back for residential use. This should cut down small retail business failures, help the municipal tax picture and aid in retaining city populations in cities.

"Some authorities now contend that one store for every twenty-five families is about right on an average and for food stores, for example, the ratio ought to run around one for every fifty families.

"Municipal authorities can make an important wartime contribution by revising their outworn zoning ordinances now. Fortunately, many are doing so. In some, restrictions against 'row' type houses have been lifted, in others 'dry wall' construction—long banned— is now permitted. The FHA has performed a fine public service in suggesting building code reforms and urging minimum constructions standards for war housing. The wisdom of the agency's scientific and sensible suggestions should not be lost on public officials in the post-war period."

Signs Widener Art Bill

Legislation authorizing government acceptance of the Joseph E. Widener art collection was signed by President Roosevelt on Sept. 3.

The joint resolution, authorizing approprlation of sufficient funds to pay the State of Pennsylvania any tax required under Sate law because of transfer of the collection from Philadelphia to the National Gallery of Art in Washington, passed the Senate on Aug. 25 and the House on Aug 27.

The President requested the legislation on Aug 20 and estimated the tax at $195,000 (referred to in these columns of Aug. 27, page 715). The Federal Government has estimated the collection's present value at $3,900,000.

Single Men To Get First Call In Draft

Warning of the "serious military situation," Maj.-Gen. Lewis B. Hershey, Selective Service Director, instructed State headquarters on Sept. 1 to apportion induction calls so that the heaviest load will fall on boards with the most single men or men with only "collateral" dependents.

Gen. Henshey said that "in so far as is feasible," no board should call "one type of registrant with dependents substantially in advance of other boards."

United Press advices from Washington added:

"He also directed local boards to complete by Oct. 16 the initial classification of all registrants liable for military service so that the selective service system will be prepared to fill calls during the coming year which will be equal to or in excess of the monthly calls made in August, September and October of this year.

"The effect of his order, he said, will be to level off inductions so that men from small towns and from cities will be called on an approximately uniform basis.

"As soon as local boards have reconsidered the classification of all registrants having collateral dependents (wives, children and other relatives with whom the registrant does not maintain a bona fide family relationship) Gen. Hershey's instructions said, they should then reconsider the classifications of all registrants with wives, but no children.

"Registrants with both wives and children should not be made subject to induction until such action is authorized by the national headquarters, he added."

CCC To Purchase Entire Supply Of Cotton Linters

The War Production Board ordered on Sept. 2 that the country's total supply of cotton linters be sold to the Commodity Credit Corporation.

Cotton linters are essential in the manufacture of explosives, plastics and other vital war materials. Free flow of adequate supplies of linters into these uses is threatened by marketing, prices and transportation difficulties, the WPB said. To remove all such obstacles to maximum linters supply, the WPB stated, the amendment offers all sellers of linters an immediate market, at fixed prices, and requires that all producers accept orders from the CCC without regard to preference ratings.

The amended order makes it illegal to deliver linters to any one other than CCC and illegal for any person other than CCC to accept delivery of them. The corporation may not deliver any cotton linters to any person without express authorization by WPB.

It is contemplated that only cotton linters suitable for production of chemical cotton pulp will be purchased by CCC, it was stated. Any substandard bales rejected by CCC will be disposed of under specific direction of WPB.

War Damage Insurance Over $80 Billions

The War Damage Corporation has collected premiums of $106,000,000 for protection of property against enemy attack in its first two months' operation, Secretary of Commerce Jesse Jones reported on Sept. 3 at the first directors' meeting.

Mr. Jones, who is Chairman of the $1,000,000,000 WDC, a subsidiary of the Reconstruction Finance Corporation, said that, on the basis of premiums paid, it is estimated that approximately $80,000,000,000 in war damage protection is in force. He added that of the more than 3,500,000 policies that have been written to date, many are far more than $100,000,000, but the great majority are for less than $10,000.

It is reported that the American Telephone and Telegraph Co. and the United States Steel Corp. have taken out more than $1,250,000,000 each.

The WDC has sold insurance to the big railroads, utilities, privately owned war plants, apartment houses and hotels, as well as to thousands of residences and farms, and many self-liquidating public projects. The Port of New York Authority insured all its giant bridges and tunnels, and the San Francisco-Oakland bridge also is on the books of the WDC.

WPB Tightens Control Of Civilian Construction

The War Production Board on Sept. 2 ordered further drastic cuts in the amount of civilian construction to be allowed without specific authorization and imposed new restrictions upon multiple residential and certain types of commercial construction.

Revising its previous order of last April, which placed all civilian construction under Federal controls, the WPB listed the following new classes of construction, together with their present and former cost limits:

Residential, $500 and $200; multiple residential, $500 and $1,000; agricultural, $1,000, unchanged; industrial, $5,000, unchanged; certain types of commercial, $5,000 and $200; other types of commercial, including highway, subsurface and utilities construction, $5,000 and $1,000.

The WPB also cautioned builders against making commitments for materials until permission to build actually had been granted. The fact that a builder has all necessary materials on hand and needs no priorities will not in itself govern whether he should be permitted to use them in construction, the WPB said.

Included among the types of commercial construction reduced from $5,000 to $200 are buildings for lodges, associations, fraternities or sorority houses, auditoriums or assembly houses. Also included are buildings designed for occupancy by not more than five establishments selling goods food or drink, or providing services. In the latter group are small stores, soda fountains, bars and tailor, barber and cobbler shops.

The WPB said large quantities of materials had been going into their construction under the original order following $5,000 to be spent during any 12-month period. In every instance where estimated costs are under the established limits, the WPB said, the owner, before he may begin construction, must be able to acquire enough material to complete the project without priority assistance. Furthermore, the project must not require the use of any material on the site or off the site, to supply gas, electricity, water, steam, telephone or sewage disposal service.

The WPB's original order was reported in these columns of April 16, page 1557.

AMA Regional Offices

Establishment of seven regional offices to administer field activities of the Agricultural Marketing Administration was announced Aug. 31 by the Department of Agriculture. Regional headquarters will be at New York City, Atlanta, Chicago, Des Moines, Dallas, Denver, and San Francisco, and regional administrators assumed duties on Sept. 1.

Roy F. Hendrickson, Administrator, in announcing the assignment of regional administrators, said that the wartime responsibilities of AMA have so increased that a more thoroughly regionalized organization is necessary.

During the first half of September, while the regional administrators are becoming established there will be no change in the normal line of responsibility of field workers to their superior officers. Effective Sept. 15, the field functions of the Distribution Branch, part of the field functions of the Purchase Branch and certain other functions will be assigned to the regional administrators for supervision. Subsequently, further responsibilities will be delegated to them, it was explained.

Army Mails Checks To Service Men's Dependents

The War Department mailed on Sept. 1 the first Army checks under the new Service Men's Dependents Allowance Act. It was estimated that a total of about $2,000,000 in allowances accumulated since June 1 was sent out for approximately 20,000 applications received and processed up to Aug. 29. The mailing of the checks now was in accordance with the bill recently signed by President Roosevelt advancing from Nov. 1 to Sept. 1 the date for initial payments (referred to in these columns of Aug. 27, page 728).

It was estimated, according to the Associated Press, that eventually there would be approximately 500,000 applications for every 1,000,000 men in the Army, with an average of two dependents for each application.

The Navy Department began mailing its checks on Aug. 24.

Cgo. S. E. Memberships

CHICAGO, ILL.—Barrett Wendell, Vice-President of the Lee Higginson Corporation, has been elected to membership in the Chicago Stock Exchange by the Executive Committee, it was announced. Mr. Wendell, who has been engaged in the securities business for almost 40 years, during all of which time he has been associated with Lee Higginson, is the third officer of a corporation dealing in securities to be elected to membership, following adoption of the Exchange's new rules.

A membership in the Chicago Stock Exchange has been posted for transfer to Marshall Forrest, Executive Vice-President of Ames, Emerich & Co., Inc., of Chicago. Ames, Emerich & Co. was formed in 1911 to do a general investment business in Chicago, and Mr. Forrest has been associated with the company since that time. Mr. Forrest is the fourth applicant to take advantage of the Exchange's new rules permitting the admission to membership of officers of corporations dealing in securities.

U. S. And Brazil In Pact To Develop Food

An agreement between the United States and Brazil providing for the development of basic foodstuffs in Northern Brazil was signed at Rio de Janeiro on Sept. 3. The accord calls for the expenditure of about $2,000,000 by the United States and a Brazilian outlay of 5,000 contos a year.

The agreement was signed by Nelson Rockefeller, Coordinator of Inter-American Affairs, and Jefferson Caffrey, Ambassador, for the United States, and Oswaldo Aranha, Foreign Minister, and Apolonio Salles, Agriculture Minister, for Brazil.

Registration Revoked

The Securities and Exchange Commission has ordered the revocation of the registration of Frear & Co., Inc., Woodward Building, Washington, D. C. on charges of wilful violation of the Securities Act of 1933 and the Securities Exchange Act of 1934 in connection with the sale of securities of Pinlex, Inc., a corporation promoted by Philip A. Frear, head of Frear & Co., Inc. The stock had not been registered with the SEC, Frear & Co. contending that the securities were exempt from such registration and that less than $30,000 of the stock had been sold.

White's Municipal Analysis Found Valuable Aid

Examination of "White's Analysis of Municipal Bonds," just published by J. Austin White, proprietor of J. A. White & Co., Cincinnati investment house, discloses that the book fills a long-standing gap in the source of information essential to every municipal dealer and investor. The author takes the quite correct stand that too little is known about the willingness and ability of municipal debtors to pay off their obligations, and his book undertakes to supply this information with the economic background of local subdivisions.

The book shows the importance of manufacturing, farming, mining, railroad employment, and resort business to each county in the United States and for each city of 10,000 or more population. It also shows the extent of, or lack of diversification in the manufacturing activity of each local unit, wherein such activity is important. Another feature of this new departure in municipal information is the detailing of the characteristics of population of every such city and county, based upon the extraction of the people in the community. Also given is the percentage of total population engaged in agriculture, manufacturing and mining.

It is possible for the reader to tell at a glance how important the foreign element is in any particular city or county which may be under discussion. A basic new factor in this information is the segregation of the foreign element into two groups: that from northern and northwestern European countries and that from southern and southeastern European countries. This foreign white stock includes two generations, both the foreign born and also the native born white population of foreign born parents. Thus the reader can quickly ascertain the relative importance of all of the foreign element, as indicated by the percentage of the total population.

Mr. White's new book is the result of several years of endeavor, compiling masses of data. His primary purpose has been to present specific information of value to those who buy, sell and own municipal bonds. His rating of diversification of industry in a community is the first such undertaking we have seen in this important field, which applies as well, to the division of the foreign element in a community, according to the source of such element. Moreover, the reader can easily determine the exact relative importance of the three basic activities — agriculture, manufacturing and mining, to the economic life of a given unit.

Although "White's Analysis of Municipal Bonds" concerns itself primarily with the "Willingness to Pay" and "Ability to Pay" of municipal debtors, it is pointed out by Mr. White that he very definitely has no intention to discredit the Capital aspect of any given situation. By the "Capital aspect" we mean the ratio of the debtor's obligations to his wealth. He simply did not treat of this phase, since this information is usually easily obtainable and is generally given in all descriptive offering circulars, in the form of a financial statement of the municipality. Every investor should, of course, carefully examine the financial status of any local unit before seriously considering the purchase of any of its obligations.

Copies of the book are now available for distribution at a cost of $5 per copy. Mr. White advises us that he shall be glad to send copies without advance payment, for a 10-day examination, being confident that even with a little use the interested parties will agree as to its value. All inquiries should be addressed to J. Austin White, Union Central Building, Cincinnati, Ohio.

Schram Made Advisor To NY Finance Inst.

Emil Schram, President of the New York Stock Exchange, has joined the Board of Advisors of the New York Institute of Finance, the successor organization to the New York Stock Exchange Institute which was discontinued as a department of the Exchange in 1941.

Since severing its connection with the Exchange, the Institute has broadened its curriculum to include basic business training courses for employees of all types of financial institutions. Courses in accounting, shorthand, economics and income tax practice are available.

A feature of the Fall Term program are the four-week courses designed to prepare young women for brokerage clerical positions vacated by men entering the armed services. The Institute envisages a sharp increase in the number of women workers in the financial district during the next year.

All of the courses of the New York Institute of Finance are given in the late afternoon and early evening and are open to the public. Most of the students and all of the instructors are actively engaged in business during the day. Registration for the Fall Term extends from Sept. 11 to 17, with classes commencing Sept. 21.

Urges Filing Uniform Financial Reports

At the closing meeting of the National Association of Securities Commissioners in St. Paul, Minn., on Sept. 4, the adoption of uniform financial reports by regulatory authorities and others in the securities field to simplify the work of providing statements was urged by Vern Z. Zeller of the Wisconsin Commission. Mr. Zeller is chairman of the committee assigned to the task of conducting the uniform reports study in cooperation with the National Association of Securities Dealers, the Investment Bankers Association and the Securities and Exchange Commission.

James A. Treanor, Jr. of Philadelphia, Director of the Trading and Exchange Division of the SEC, expressed concurrence of the SEC in the move to adopt uniform reports.

Joseph Schneider, Kentucky Securities Commissioner, was elected President of NASC, succeeding Paul Selby, Chief of the Ohio Division of Securities.

Other new officers of the Association are: Andrew Markey, New Jersey, First Vice-President; Stanley Pogue, Illinois, Second Vice-President; Curtis White, Colorado, Secretary, and John L. Carter, Arkansas, Treasurer.

Visit N. Y. S. E.

W. E. Wood, President, and H. A. Hitch, Comptroller, of the Virginia Public Service Co., were guests on Sept. 3 of the New York Stock Exchange. First mortgage bonds of the company, which operates in Alexandria, Va., were admitted to the Stock Exchange list on Aug. 31 in the principal amount of $26,000,000.

They were welcomed by Robert L. Stott, Chairman of the Board, in the absence of Emil Schram, President. The officers of the company visited the bond trading room of the Exchange and also several of its offices.

Our Reporter On "Governments"

(Continued from first page)

chaos in the market easily could lead to absolute "freezing," scarcely a happy prospect no matter how you look at it. . . .

THE BIG BOND DEAL

As this writer looks at the September deal, its main importance lies not in its size or in the terms chosen but in the possibility that it forecasts a major bond financing for October. . . . The long-term market is being given a rest. . . . The talk of a quarterly deal running into billions is increasing steadily. . . . All over, rumors of the need for a definite set financing policy and the strength of the "big quarterly bond deal" forces are heard. . . .

There's every reason to expect a bond deal in October and an issue designed to appeal to all investors. . . . And the short-term quality of the September borrowing makes that forecast a little more certain. . . . Maybe the issue will total $5,000,000,000. . . . Bonds would be essential, of course. . . . Books might be kept open from two to three weeks with subscriptions permissible from all. . . .

In short, it would be the old Liberty Bond sale idea, dressed up in 1942 interest terms and characteristics. . . .

INSIDE THE MARKET

No matter what type of bond the Treasury chooses for the next important financing in the long-term market, some dealers believe the "tap" 2½s, selling at 100.10 and due in 1967/62 will appear most attractive on a comparative basis. . . . Issue yields 2.47% to call date. . . . Is not eligible for bank portfolio purchase but can be bought by others. . . .

One dealer reports he has had a surprisingly large number of inquiries from stock brokerage houses and individuals for one and five-bond and ten-bond lots of the "taps." . . .

Chances of Federal Reserve System increasing its repurchase rate on discount bills growing less due to stabilizing of bill rate level recently. . . . Issues attracting subscriptions running above $870,000,000 per week, definitely showing importance of this type of security. . . .

Purchase of Treasury 2¾s of 1965/60 and sale of Treasury 2½s of 1972/67 on a nine-point spread being suggested by several dealers on basis that issues are out of line and 2¾s should rally ¼-point more than 2½s of 1972/67 in any recovery move. . . .

Ability of market to take any sort of news about financing totals —even $3,000,000,000 borrowings "out of the clear"—without budging more than a few 32nds just one more confirmation of supporting power. . . . Some dealers look with eagerness for big move on downside because "it will increase trading profits." . . . Answer to that is "yes, perhaps temporarily, and then you'll get a frozen market to keep the banking system from going bankrupt." . . . The alternative is awful to consider. . . .

RESERVES AGAIN?

Banks in New York district are down to $265,000,000 of excess reserves again, indicating the $415,000,000 increase brought into being by the lowering of central reserve city bank requirements recently will be used up shortly. . . . New York banks received $345,000,000 of excess reserves, lost millions within a few hours after increase was created. . . . New York Federal Reserve Bank reported a few days ago that banks in the second Reserve district have made net payments of $8,499,000,000 for new Government issues since the beginning of 1942. . . . Breakdown of figures shows banks paid out $1,934,000,000 in August, $1,625,000,000 in July, $1,254,000,000 in June—and the figures run that way all the way back. . . . Besides, there are the currency circulation gains and the fact that money supplied to the Treasury by banks in New York is siphoned to other regions, due to the plain fact that payments on large war contracts are made elsewhere. . . .

No side-stepping the issue. . . . Changes in reserve requirements will have to come again—and soon again. . . . New York and Chicago banks may look for additional easing of their special positions and then general reduction in requirements will come. . . .

BOND REDEMPTIONS

Been many rumors around recently about widespread and heavy redemptions of war bonds. . . . Particularly since intensification of the war bond sales campaign. . . . Check of authoritative figures reveals these rumors are ill-founded, utterly false and must be repudiated. . . . On percentage basis, in fact, there are less redemptions now than in peace days. . . . Less than half. . . .

Here are some figures to confirm these statements. . . . Redemptions of all savings bonds in July—and this includes the baby, defense and war bonds—totaled $25,500,000, or 0.23% of the $11,077,800,000 total of savings bonds outstanding. . . . Redemptions as compared with the month's sales of $900,900,000 bonds amounted to 2.8%, against a figure of 3.9% shown last March. . . .

In the year ended June 30, 1941, redemptions had averaged 9.8%. . . . Now they're less than half that level. . . . On stamp sales, only 5.8% of the turn-ins to date have been for cash rather than bonds. . . . The official report is 42.58% of stamps sold have been redeemed, while 86.31% of these redemptions have been for bonds and the balance, for cash. . . .

It's unnecessary to bore you with figures. . . . The plain fact is, the rumors of huge cash-ins which probably have reached your ears recently are wrong. . . . No matter what the reason—patriotism, growing recognition of the investment virtues of the 10-year 2.9% bonds, increasing earnings and thus lessening pressure for sudden sale—the fact is, we're holding the bonds we do buy. . . .

But we're not buying enough. . . . The August sales record was disappointing, the Treasury's conservatism—inspired by our response—in setting the September goal is discouraging. . . . Only the support of the American people will do this job in the final sense. . . . And to get back to market analysis, the way things shape up now, bank financing of the war will have to be the Treasury's principal hope in the coming months. . . .

Cashiers To Hold Outing

The annual outing of the Cashiers Association of Wall Street, Inc., will be held on Sept. 12, 1942, at the Elks Club House, Oakwood Heights, S. I. Facilities will be available for softball, handball, horseshoe pitching, bowling and ski ball. Facilities of the club also will be available on Saturday morning for those who are able to go out early.

McClure With Chicago Victory Fund Group

Nathan D. McClure has accepted the appointment as Assistant Executive Manager of the United States Treasury Victory Fund Committee for the Seventh Federal Reserve District, it was announced on Sept. 6 by C. S. Young, President of the Federal Reserve Bank of Chicago. Mr. McClure is Vice-President of Harriman Ripley & Co. and has been granted an indefinite leave of absence in order that the Victory Fund Committee may have the benefit of his full-time services. He will assist in the Government's program of placing as much as possible of the future Treasury issues with investors other than banks which carry demand deposits.

The Seventh Federal Reserve District Victory Fund Committee is composed of the leading commercial and investment bankers. Mr. Young is Chairman and Francis F. Patton is Executive Manager.

Bear, Stearns Opens Dept. Under Finney

Entry of Bear, Stearns & Co., 1 Wall Street, New York City, members of the New York Stock Exchange and other leading Exchanges, into the field of State and Municipal financing was revealed today in the announcement by the firm of the establishment of a department to engage in underwriting, distributing and trading in municipal bonds. Howard Finney, Jr., who for several years has been associated with C. J. Devine & Co., has joined the Bear, Stearns organization as head of the new department.

"Our decision to enter this field at this time," said Salim L. Lewis, partner in charge, "results primarily from a conviction that expansion is best undertaken when business is relatively quiet. The Municipal Bond business is experiencing such a period now. We have entire confidence in its future opportunities, and this confidence extends to all phases of the securities buisness."

Ferris Moulton With Gordon Saunders Co.

Ferris S. Moulton who headed the New York office of R. H. Moulton & Co. for many years, has been admitted as a general partner of Gordon Saunders Co., 64 Wall Street, New York City, specialists in Canadian securities.

Mr. Moulton has specialized in municipal finance for the past 20 years and has been on the municipal division council of the Investment Bankers Association for the past four years. He is a member of the municipal committee of the New York group of the Investment Bankers Association and a charter member of the Municipal Bond Club of New York. He was formerly vice-president of that club and is presently secretary of the Bond Club of New York.

Gordon Saunders Co. also announces that their phone number has been changed from Bowling Green 9-7558 to Digby 4-8990.