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OUR REPORTER'S REPORT

Report that Ganson Purcell, Chairman of the Securities and Exchange Commission, has decided to make his headquarters in Washington again, stirred no end of interest in investment quarters.

There have been growing indications for some time that all was not serene, or least not so much so, as when the Commission was domiciled in the Capital, and it is assumed that Mr. Purcell's decision arises from his conviction that he can keep closer to things if he is on the shores of the Potomac.

Even though this will mean commuting to the Commission's headquarters, the traveling involved is not likely to be any more than if the head of the Commission remained in Philadelphia, judging by current gossip.

Mr. Purcell, it is understood, has been a rather frequent commuter the other way in recent weeks, particularly since he issued his last blast on the need for "full disclosure."

His remarks at that time, it was recalled, coincided with Secretary Morgenthau's complimentary remarks to the country's investment bankers for the job they were doing in distributing Treasury War Bonds without any compensation.

Meanwhile, however, there has been mounting evidence of growing antagonism to some of the Securities and Exchange Commission's pet projects, such as its proposed revision of Proxy Rules, in the halls of Congress.

Very likely, it is assumed, Chairman Purcell figures he can do a better job of "fence-mending" in that direction if he is closer to the scene than Philadelphia.

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W. L. Hemingway Elected President of ABA At Executive Council Meeting In New York

The traditional succession of officers of the American Bankers Association was continued at the meeting in New York on Sept. 30 of the ABA Executive Council at the Waldorf-Astoria, with the

W. L. Hemingway

A. L. M. Wiggins

Wm. F. Augustine

elevation of W. L. Hemingway of St. Louis from the First Vice-Presidency to the Presidency of the Association, the advancement of A. L. M. Wiggins of Hartsville, S. C., to First Vice-President, and the similar advancement of the Vice-Presidents of the Association's five divisions. Mr. Hemingway, who is President of the Mercantile-Commerce Bank and Trust Company in St. Louis, Mo., was elected Second Vice-President of the ABA in September, 1940, and First Vice-President in September, 1941. Mr. Wiggins, who is President of the Bank of Hartsville, was elected Second Vice-President of the Association a year ago. In addition, the Council re-elected William F. Augustine, Vice-President of the National Shawmut Bank, Boston, Mass., for a second term of Treasurer of the ABA.

The Executive Council of the American Bankers Association, which was in session at the Waldorf-Astoria on Sept. 29 and 30, is the governing body of the Association, whose membership of 117 bankers is elected by the member institutions of the 48 states and the District of Columbia. The five Divisions of the Association are the National Bank Division, the State Bank Division, the Savings Division and the Trust Division, and the State Secretaries Section, each of which has its own slate of elective officers consisting of a President and Vice-President.

As President of the ABA Mr. Hemingway succeeds Henry W. Koeneke, President of the Security Bank of Ponca City, Okla., who served the Association as President during the past year.

In making known the election of the new officials, the ABA announcement read:

"The succession of the new officers was made possible by the action of the retiring officers themselves. Except for the office of Treasurer, the constitution of the Association makes no provision for elections except at conventions, but it does provide for the succession in the event that the Presidency becomes vacant. Cancellation of the ABA convention at the request of the Office of Defense Transportation had the effect of freezing the present administration in office. Recognizing this, Mr. Koeneke and the five Division Presidents tendered their resignations to the Associa-

(Continued on page 1260)

Senate Begins Debate On Record Tax Bill; Tentatively Approves Individual Rate Rises

Formal debate on the new tax bill, designed to raise between $7,000,000,000 and $8,000,000,000 in additional revenue, began on the Senate floor on Oct. 6. The Senate Finance Committee's bill which was finally approved on Oct. 2, was presented to the Senate for consideration by Chairman George (Dem., Ga.). In opening debate on the largest tax bill in history Senator George attributed the length of time consumed in its preparation "to a sincere effort to prevent the drastic increases from causing severe inequities and unduly interfering with our economy."

"In framing our tax bill," he said in a prepared statement, "we had to exercise considerable care in not imposing such a severe rate on corporations as to disrupt the national economy of our country."

The Senate on Oct. 6 tentatively approved the Committee's increased individual income tax rates. These include raising the normal tax from 4% to 6% and the raising of the minimum surtax rate from 6% to 13% and also lowering the personal exemptions from $1,500 to $1,200 for married persons, from $750 to $500 for single persons and the credit for dependents from $400 to $300. Senator George estimated that the broadening of the individual income tax base by reducing the personal exemptions would add approximately 7,000,000 new taxpayers, with 600,000 more added by a reduction of the credit for dependents from $400 to $300.

It was pointed out in Associated Press accounts Oct. 6 that "the new schedule of exemptions means that single persons making more than $9.62 a week and married persons making $23.08 or more will be subject to the income tax.

"Members of the armed services who are below the grade of commissioned officers, however, would receive additional exemptions—$250 more than a civilian, if single, and $300 more if married. The House had voted to grant the additional military exemptions regardless of rank."

The Senate deferred consideration of the controversial 5% gross income levy—the so-called "Victory Tax"—which applies to all incomes over $624 and would be collected at the source through payroll deductions. Senator George said that the "Victory Tax," estimated to raise $3,600,000,000, was preferable to a general retail sales tax because of its more equitable features.

Another important section of the bill expected to cause lengthy debate is the amendment, sponsored by Senator Vandenberg (Rep., Mich.), freezing social security taxes at their present 1% rate. The Treasury is in favor of increasing these taxes on employers and employees to 2% for 1943, as is provided by existing law.

From advices from its Washington bureau Oct. 6, the New York "Journal of Commerce" said in part:

"The limit on taxes which corporations would be required to pay is set in the Senate bill at 80% of corporate net surtax income, prior to reduction of net surtax income by the payment of corporate excess profits.

"The 90% corporate excess profits tax rate is set in the Senate bill at the same rate as in the House bill, although the Senate bill provides that 10% of the

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Congressman Challenges Authority Of SEC To Apply Disclosure Rule To Municipal Bond Field

The authority of the Securities and Exchange Commission to apply its proposed bid and asked disclosure rule, X-15C1-10, to the municipal bond business was sharply challenged by Congressman Lyle H. Boren of Oklahoma in a letter written to SEC Chairman Ganson Purcell under date of Sept. 23. This was the second protest to reach the SEC from members of the House Interstate and Foreign Commerce Committee with reference to the Commission's attempt to impose its jurisdiction over the municipal field in obvious disregard of the specific prohibition against such action intended by Congress. An earlier protest was made by Congressman George A. Paddock of Pennsylvania in his letter of Aug. 28 to James A. Treanor, Jr., Director of the Trading and Exchange Division of the SEC.

In his letter to Mr. Purcell, Congressman Boren stated that a review of the hearings on the measures which amended the Securi-

(Continued on page 1262)

Five Added To Staff By H. D. Knox & Co.

H. D. Knox & Co., 11 Broadway, New York City, announce that the following have become associated with their firm: Roy R. Larson, Everett L. Wendler, Eugene R. Delin, James S. Durning, and Edward W. Schaefer. All were formerly connected with Hanson & Hanson.

NY Finance Institute Marginal Rail Course

The New York Institute of Finance announces the offering of a seven-session course in "Marginal Rails," to begin Thursday, Oct. 15. The course will be held each Thursday thereafter for seven weeks, from 5 to 7:30 p.m., at the Institute, 20 Broad Street, New York.

At the initial meeting of the class, Herbert F. Weyth, railroad analyst of Shields & Co., will discuss the current position of and the outlook for the Southern Pacific and its securities. During the remaining six sessions Mr. Wyeth will review the New York Central, Southern Railway, Illinois Central, Pere Marquette, New York, Chicago & St. Louis, Northern Pacific, Great Northern, Baltimore & Ohio, and Reading Company.

The cost of the course is ten dollars ($10). Applications should be mailed, with the tuition fee, to the New York Institute of Finance.

Proposed Revision Of Capital Gains Tax Important Market Factor; Fundamental Changes Seen In The Rail Industry

Goodbody & Co., in their monthly "Market Letter," say that the "lows" in the composite war picture "were probably reached at the time of the fall of Dunkerque and again at the fall of Singapore. They contend that investors can be sure that long before the news becomes openly and visibly favorable to the United Nations the market will have begun to discount this improvement. We quote further from their letter:

"Domestic developments have been more favorable. The Senate action in mitigating the tax impact on corporations, particularly the provision exempting preferred dividends of utilities from surtaxes and in permitting consolidated returns for utility holding companies, is beneficial to many issues. The proposed provision that retention of securities held for only six months qualifies as a long term capital gain subject to only a 25% tax is most favorable. It reopens the capital markets to large investors as an important source of income. Additionally, there are indications that fourth quarter earnings statements will show frequent improvement over the second quarter reports recently released.

"In the immediate post-war period instead of originally expecting a level of 80-90 on the Federal Reserve Board Index of physical production there are now some reasons to hope that levels of 115 to 125 may possibly be witnessed for a period. A major beneficiary would, of course, be the rail industry. In many quarters it has been fashionable to assert that the rails are faced with insurmountable post-war problems and that rail securities as a whole should therefore be avoided."

In the "Market Letter" the economic fundamentals of the industry are analyzed with a discussion of post-war competition from trucks, pipelines and inland waterways, shipping and airplanes, and the speculative outlook for rail securities in the future. Included in the "Market Letter" are interesting yield tables on various carriers. Copies of the "Market Letter" may be had upon request by writing to Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges.

Forecast Earnings Of 40 Wall Street Building

The earnings outlook for the 40 Wall Street Building, Incorporated is particularly attractive at the present time according to an analysis issued by Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City, according to estimates made by the firm to show possible amounts available for distribution as interest and for use as a sinking fund for the year to end June 30, 1943. "In making this estimate," Seligman, Lubetkin's analysis states, "we have used as a base the results as shown for the six months period ended June 30, 1942 adding thereto income to be received from new leases signed since May 1, 1942 but giving no effect to any income which may be received from vacant rentable area (approximately 20% of total) having an approximate asking value of $300,000. We have also eliminated certain nonrecurring items of expense such as cost of tenant changes, part of leasing commissions and have given effect to reduction in real estate tax expense on the basis of the reduced assessment already granted, but appealed, but not considering any possible net cash refund for prior years taxes which may be received in the period. As the forecast is only for the ensuing year, the increased income which will be receivable from the Westinghouse lease in 1944 over and above what is now being received from the sublet space in 150 Broadway, has not been considered.

Estimated gross income		$2,100,000
Deductions (estimated):		
Salaries, wages, etc.	$320,000	
Real estate taxes	550,000	
Ground rent	705,000	
Light, heat, power and water	155,000	
Building maintenance—supplies & expenses	50,000	
Commissions on leases	5,000	
All other expenses	85,000	1,870,000
Estimated Net—Available for distribution		*$230,000
80% for interest	$184,000	
20% for sinking fund	46,000	230,000
*Ratio to outstanding debentures (approx.)	2%	

In addition to this forecast, the analysis contains much other valuable information pertaining to the property. Copies may be had from Seligman, Lubetkin & Co. upon request.

So. American Dollar Bonds

A most attractive reference booklet on South American Dollar Bonds has just been compiled by New York Hanseatic Corporation, 120 Broadway, New York City. The booklet arranges the outstanding dollar bonds of the various South American countries, listing first government and government guaranteed obligations, followed by states, provinces or departments, municipalities and other issues in alphabetical order. Also contained in the study are tables of approximate current yield and "high and low" for 1942 showing prices up to the present.

Copies of the booklet, which should prove of great interest, may be had upon request.

Wm. E. Straulmann Is Now With Clair Ball

(Special to The Financial Chronicle)

CINCINNATI, OHIO—William E. Strautmann has become associated with Clair S. Hall & Company, Union Trust Building. Mr. Strautmann for a number of years was Vice-President of Edward Brockhaus & Co., Cincinnati.

Wm. Simpson Joins W. D. Gradison & Co.

(Special to The Financial Chronicle)

CINCINNATI, OHIO—William S. Simpson has become associated with W. D. Gradison & Co., Dixie Terminal Building, members of the New York and Cincinnati Stock Exchanges. Mr. Simpson, a member of the Cincinnati Exchange, was for many years a partner in C. H. Reiter & Co.

J. H. Fisher Merged With Frank Cahn Co.

BALTIMORE, MD.—The investment business of J. Harmanus Fisher & Sons, which was established in 1874, has been consolidated with Frank B. Cahn & Co., Equitable Building, members of the New York and Baltimore Stock Exchanges, it is announced.

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Detroit Traders Ass'n Elect New Officers

DETROIT, MICH. — H. Russell Hastings was elected to the Presidency of the Securities Traders Association of Detroit and Michigan, Inc., it was announced by Ray P. Bernardi, Secretary. Mr. Hastings was formerly Vice-President of the Association.

H. Russell Hastings

Paul I. Moreland, Allman, Everham & Co. was chosen Vice-President. Don W. Miller, McDonald, Moore & Hayes, formerly Treasurer of the Traders Association, was elected Secretary, and Charles J. Boigegrain, Straus Securities Co., was named Treasurer for the coming year.

Traywick Officer Of Southern Investment

CHARLOTTE, N. C. — Howard C. Traywick has become Vice-President of Southern Investment Company, Inc., Johnston Building. Mr. Traywick was formerly local manager for Scott, Horner & Mason, Inc. and prior thereto was with McAllister, Smith & Pate, Inc.

DEALER BRIEFS

Baltimore, Md.

The only cheering statement I can make to my fellow brokers is to recite an old story of a Scottish sea captain. On one of his trips across the Atlantic during which a storm had been raging for several days, the Captain had been constantly annoyed by a panicky passenger who had been coming up to the pilot house and repeatedly asking in a pathetic voice, "Will it ever clear up again?" The veteran Captain looked him square in the face and replied, "All I can say is that it always has."

If we could put this idea across to the clients, we believe business would improve and investors would eventually reap a reward for taking a chance under present conditions.—*Howard R. Taylor, Acting President, Baltimore Stock Exchange and Proprietor of Howard R. Taylor & Co.*

Boston, Mass.

It would seem to us, with the exception of the now popular railroad securities, that our local mills and traction companies should do better. Increased demand for their products and services, plus high invested capital, are the speculative features which should attract attention.—*Ralph F. Carr, Ralph F. Carr & Co.*

Fort Wayne, Ind.

While the security business in and around Fort Wayne is far from normal we have had an excellent demand all year for local securities which we consider greatly under-priced and also low and medium-grade rail bonds. Although many of our clients have been investing liberally in Defense Bonds which absorbs the greater portion of funds received from called bonds and preferreds, we are enjoying our best year since 1937. Our listed business has picked up considerably and we have noticed in the past three months that the investors here are becoming more security minded and are turning from the conservative to the more speculative type of securities—*Leonard J. Fertig, Leonard J. Fertig & Co.*

Grand Rapids, Mich.

The market in this section has been unusually quiet over the past few months; however, there seems to be a limited demand for the better grade of municipal offerings whenever they can be obtained. It is our belief that with the tax status of the municipals finally decided upon that the market will pick up. —*P. S. Morris, McDonald, Moore & Hayes*

Springfield, Mass.

At this writing the "break-through" of the stock market in volume on the upside has confirmed the belief of many that we are in the first stages of a "bull" cycle. A large reservoir of buying power exists and we think that courage to employ this marketwise is gradually developing.—*D. Loring Pope, Hayden, Stone & Co.*

Philadelphia, Pa.

We continue in the belief that medium-grade bonds, particularly rails, offer the best opportunity for maintenance of steady income and enhancement in price. In all likelihood high income tax rates will be maintained for some time to come so that an early termination of the war could not possibly permit payment of higher dividends on stocks, when for a time most companies would earn less.

Many reorganized rails will doubtless be able to withstand a substantial falling off in earnings without jeopardizing the payment of interest on the new junior securities which at today's price are yielding high returns. Since bond interest is paid before income tax, the investor measurably minimizes the risk of a reduction in income. —*George A. Bailey, George A. Bailey & Co.*

State Mediators Withdraw From Efforts To Settle Strike Of J. S. Bache Co. Employees

Efforts to end a strike of employees of the Stock Exchange firm of J. S. Bache & Co. by mediation failed on Oct. 6 and it was indicated that the New York State Mediation Board has "withdrawn from the case." The New York "Times" of Oct. 7 stated that according to Jules S. Freund, Executive Secretary of the New York State Mediation Board, company representatives notified Max Meyer, mediator, that they would not consider at this time the union's demand for a 15% wage increase for the workers.

The "Times" also stated:

"The Board feels that at this time it can be of no further aid," Mr. Freund said, "and it looks now as if it might become a test of strength between the company and the union."

"Jules S. Bache, head of the Wall Street firm, declared yesterday that he was 'extremely gratified by the loyalty shown by the many employees who remained at their posts.' He added that an 'appreciable number' of the employees that quit work on last Friday had returned to their jobs and that despite the smaller staff the firm was carrying on business as usual."

The strike of some 150 employees was called on Oct. 2 by Local 20940 of the American Federation of Office Employees, an A. F. of L. affiliate.

With regard thereto the "Times" of Oct. 3 stated in part:

"The strike followed a National Labor Relations Board election on Dec. 29 last, when two-thirds of the back-office employees of the big commission house designated the American Federation of Office Employees Local 20940, American Federation of Labor, as their bargaining agency. At that time the union asked for a blanket increase in wages of 40%, according to Mr. Bache. Told that this was impossible in view of the state of the business, the union served notice that it intended to call a strike.

"The Bache organization uses teletype printers, which can be operated by stenographers. These, it was reported, worked through the day with little difficulty, and other firms helped out by relaying orders over their wires. By early afternoon traffic was moving so smoothly that the firm was able to resume sending quotations.

"Mr. Bache declared that the firm had been attempting, especially since the declaration of war on Dec. 7, last, to adjust wages to the rising costs of living. He said there had been upward adjustments of 10 and 15% at the end of last year and said the firm had been making other advances regularly all spring and summer in individual cases. He showed a list of wage increases which had been put on his desk for approval on Thursday."

From the New York "Herald Tribune" of Oct. 3 we quote in part as follows:

"In the memory of old-time brokers, including Jules S. Bache, 80-year-old head of the 50-year-old brokerage house, it was the first union strike in the history of Wall Street.

"Mr. Bache said last night that he considered the action of his employees, members of the American Federation of Office Employees, Local 20940 of the American Federation of Labor, a challenge from 'unionism' to all Wall Street houses. 'There's no room for unionism on Wall Street,' he said last night at his home, 814 Fifth Avenue, 'and this will be a fight for other firms as well as mine.'

"Employees of the firm walked out at 1:15 p.m. after Harold L. Bache, representing all the part-

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Edw. Wichman Joins M. H. Bishop & Co.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN.—Edward W. Wichman has become associated with M. H. Bishop & Co., Thorpe Building. Mr. Wichman was formerly sales manager for J. W. Goldsbury & Co. and prior thereto served in a similar capacity with McCahill & Co. In the past he was head of his own firm, E. W. Wichman & Co. in Minneapolis.

Form Bates & Lindley, N. Y. Exchange Firm

John G. Bates and Daniel Allen Lindley have formed Bates & Lindley, members of the New York Stock Exchange, with offices at 14 Wall Street, New York City. Mr. Bates will act as alternate on the floor of the Exchange for Mr. Lindley, the firm's Exchange member.

Mr. Bates was formerly a partner in Taylor, Bates & Co. for many years. In the past Mr. Lindley was a partner in Shields & Co.

REAL ESTATE SECURITIES

BRIGHT FUTURE FOR NEW YORK APARTMENT HOTELS

The real estate mortgage bonds of New York City apartment hotels should greatly benefit by an anticipated increase of business. With the curtailment of fuel oil and the inability to use motor cars, because of the rationing of gasoline, it seems highly probable that a number of people living in suburban villages will close up their homes for the Winter months and come into town to live.

It is also possible that in view of the domestic help problem due to the increase in defense factory employment, some people will find it more convenient to give up their apartments and reside in hotels.

Another source of income is from the wives and mothers whose husbands and sons have entered the armed services. We know of several instances where such women have chosen to live in an apartment hotel instead of their former large apartments.

There are quite a few well known apartment hotels in New York City that have bond issues. Among them are the Alden, Beacon, Broadmoor, Dorset, Drake, Granada, Lombardy, Madison, Mayfair House, Park Central, Park Crescent, Ritz Tower, Savoy Plaza, Sherry Netherland and the Windemere.

Of the fifteen apartment hotels mentioned above, ten of the bond issues are traded with stock representing a share in the equity ownership of the property. Besides being an inflation hedge, this feature is very desirable in the event of any unusual amount of increased business. An example of this is the Mayflower Hotel in Washington, D. C. In reorganization, each bondholder received a $600 mortgage bond plus 100 shares of common stock of the hotel which were traded as a unit. The bonds are now 99 bid and the stock has a seperate bid of 3⅞.

Three of the remaining issues that do not carry a share of the equity have, however, other features that will benefit their bondholders in the event of a substantial improvement in revenue.

The Mayfair House (bonds are traded under name of 60 East 65th Street) has a fixed interest rate of 3%. An additional 2% is payable if earned. Also after fixed and additional interest totaling 5%, the bondholders participate in 25% of the net earnings of the property.

The Dorset Hotel bonds in addition to a fixed interest rate of 2% have a provision which provides that after the payment of such fixed interest, operating expenses and taxes, any remaining income is divided three ways; one third for additional interest, one third for bond retirement and one third for the owners.

The Alden hotel has a sinking fund requirement that 50% of the net income after the payment of fixed interest requirements (currently 3½%, increasing to 5%) must be used to retire bonds.

The fifteen bonds mentioned are all in the low price field ranging from 8 on the Beacon to 37 on the Alden. At current market levels, the bonds with fixed interest requirements all offer very high yields, i.e. the Mayfair House in excess of 10%. With the potential improvement of earnings pointed out in this article, it would seem worth while investigating some of these apartment hotel bonds.

Morris Berman Joins Wm. C. Seufferle Co.

CINCINNATI, O.—As of Oct. 1, 1942, the William C. Seufferle Co., Carew Tower, absorbed the firm of Berman & Co., it is announced. Morris W. Berman, formerly of Berman & Co., is now associated with William C. Seufferle Co.

R. Strauss Will Make Headquarters In Chicago

CHICAGO, ILL.—Robert Strauss who came out from New York to open up Strauss Bros. branch in Board of Trade Building, will remain here permanently, where he will continue to have the assistance of Bernard J. Cunningham, as resident manager.

Money Invested In Savs. & Loan Associations Up

People set aside more money in savings, building and loan associations out of July income than in any except one month of all last year, and at the same time the associations sold the largest volume of War Bonds to the public of any month since their participation began, according to a report of the United States Savings and Loan League, Chicago. The report issued Sept. 26 added that withdrawals were less than in the same month of 1941, and that this was the third month in a row when this situation has prevailed.

Fermor S. Cannon, President of the League, sees in the figures definite hope that the backbone people of the country are increasingly alive to the dangers of inflation and are doing something about it, viz., saving money instead of spending it. The net gain in members' funds for July was 27.5% greater than a year ago, and their War Bond purchases were so much greater that they defy comparison. The League advices also state:

"The $162,984,000 July intake represented a new high for this time of the year in the entire post-depression period, although the month after mid-year is customarily a time of heavy new investments in the thrift and home financing institutions. It was the second month in a row which had seen more money flowing in than its counterpart month in 1941, the previous peak. The estimated War bond sales of $40,000,000 by the Associations in July was 38% greater than the next highest month, which was January. This was accounted for partly by more Associations pushing the sales of these bonds than ever before, as well as the cumulative effect of the efforts made earlier in the year to merchandise War securities."

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.—**Cornelius J. Leary** is now associated with **Reynolds & Co.**, in their branch office in the Empire State Building. Mr. Leary was formerly with Dyer, Hudson & Co. and Hirsch, Lilienthal & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Harry S. Allen**, previously with Thompson Ross Securities Co., has joined the staff of **Brailsford & Co.**, 208 South La Salle Street.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Arthur D. Mayfield** has become connected with **Providence Securities Corporation**, 3650 East 112th Street. Mr. Mayfield was previously with Otis & Co. and prior thereto for many years with Stifel, Nicolaus & Co., Inc.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **J. Edward Mesirow** and **Harvey M. Wilson** have become affiliated with **Ryan-Nichols & Co.**, 105 South La Salle Street. Both were formerly with Thompson Ross Securities Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Hugo Moses**, for many years with Thompson Ross Securities Co., is now connected with **Webber-Simpson & Co.**, 208 South La Salle Street.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **John J. Fallon** has been added to the staff of **Dodge Securities Corp.**, Terminal Tower.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN.—**Jack Hersey** has become affiliated with **Paine, Webber, Jackson & Curtis**, Rand Tower. Mr. Hersey was formerly with Harris, Upham & Co.

(Special to The Financial Chronicle)

PUEBLO, COLO. — **Berlin C. Church** is now with **Hutchinson & Co.**, Thatcher Building.

H. S. Woodman Joins Distributors Group

H. Stanton Woodman has joined the staff of Distributors Group, Inc., 63 Wall Street, New York City, as wholesale representative. Mr. Woodman for the past six years has been financial advertising representative of Barron's Weekly.

Montgomery Now V.-P. Of Ferris, Exnicios

WASHINGTON, D. C.—Thomas C. Montgomery has become associated with Ferris, Exnicios & Co., Inc., Washington Building, members of the Washington Stock Exchange, as Vice-President. Mr. Montgomery was formerly Vice-President of the recently dissolved firm of Waggaman, Brawner & Co., Inc.

J. F. Reynolds With Bear, Stearns & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—John Foster Reynolds has become associated with Bear, Stearns & Co., 9 South La Salle Street. Mr. Reynolds was previously with Kidder, Peabody & Co. and prior thereto was an officer of Hickey & Co., was with Hickey, Doyle & Co. and Burr & Co.

Don Craft Now With Collin, Norton & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO.—Don M. Craft has become associated with Collin, Norton & Co., 508 Madison Avenue, Toledo, Ohio. Mr. Craft was formerly with Goodbody & Co. and Blyth & Co. Prior thereto he was a partner in Paine, Webber & Co., with which he was connected for many years.

In The Armed Forces

George F. Cramer, formerly an officer in the recently dissolved firm of Waggaman, Brawner & Co., Inc., Washington, D. C., is serving as a Captain in the U. S. Army.

Chapman H. Hyams, 3rd, formerly partner of Hyams, Glas & Carothers, New Orleans, La., has been commissioned a Captain in the United States Marine Corps Reserve, and at the present time is stationed at Quantico, Va.

Paul M. Ohnemus, former secretary and member of the trading department of Enyart, Van Camp & Co., Inc., Chicago, is now serving in the U. S. Army.

William A. Titus, Jr., Vice-President of F. J. Young & Co., Inc., New York City, is taking a leave of absence for the duration. Mr. Titus will report as a Lieutenant U. S. N. R., at the Naval Air Training Station at Quonset Point, R. I.

Tomorrow's Markets Walter Whyte Says——

Street in frenzy of optimism. Mass opinion almost completely bullish. Following crowd not a profitable pastime.

By WALTER WHYTE

Since last week's column was written the market in its own inimitable way turned around and ran up with dust flying in its wake. This of course puts me in the minority, a very lonesome minority. For after being bullish for many months, last week I warned a market top was in the making.

* * *

Still, after spending all these years in trying to forecast market trends I have come to one conclusion: Market trading is, at best, a lonesome affair. For anybody to make money out of the business of buying and selling stocks one has to be a lone wolf. What goes for the man next door will seldom work for you. Every man interested in the market (assuming his interest is practical, not theoretical) must work out his own plans and form his conclusions accordingly.

* * *

When the industrials (DJ) were under 100 I was flatly bullish. If I recall the period correctly I was then also in the minority. Well-wishers on every side kindly informed me the market was headed lower. There was no reason for it to go up. Technical data was quoted, and misquoted, to me ad nauseum. Still, I saw what I believed were certain signs which pointed, if not to immediately higher prices, then certainly not to lower ones. Of course there was a time element to figure on, but as that was not clear, I simply advised readers to buy certain stocks and continued to advise holding them while everybody else was either standing on the sidelines or was openly pessimistic.

* * *

Two weeks ago I wrote the market had finally begun to act as if the long awaited rally was underway. Well, the rally did come but it didn't show the gumption I was looking for. So last week I turned around, went out on a limb and advised the acceptance of profits at specific prices.

* * *

Well, you know what happened. The column was scarcely in print when the market, after a slight hesitation, tore right through the first obstacle on a sharp pick up in volume. The bears of yesterday promptly began deserting the short side, the sideliners also began coming in and the cry around the Street was, "Hold your hats, boys! Here we go."

* * *

It's all very exciting. But if there was ever a time for the careful trader to keep his wits about him, the time is now. It's no intellectual feat to dive in when everybody is yelling the water's fine. It's the exceptional man who decides whether it's fine for him as well as for the next guy. The time to buy stocks is when nobody wants them. The time to sell them is when everybody else is beginning to scramble for them.

* * *

Of course there are exceptions. Back in the summer of 1929 when every signal called for a reaction the public had the bit in its teeth and carried prices about 40 points higher. It's possible the same thing can occur from here. Possible but not probable. For what obtained in the halcyon days no longer applies today. There are too many unsettled problems for the market to cope with to allow of any runaway market.

* * *

Two weeks ago I wrote the market indicated a rally to about 112-116. As this is written the market has already gotten within a few pennies of the 112 figure. Whether or not it has enough strength to get up to the upper level of the price range is something I can't foresee at this time. But I do know the market is right in the middle of a move from which a reaction can begin. Everybody knows it isn't easy to sell stocks when the market is going down. It takes a little more than the average man has to sell them when they are going up. But because it takes the courage to do this it is the only thing to do.

* * *

You bought Air Reduction at 30. Half profits were advised at 35 or better. Stock is now about 36. If you still want to hold on to your half position I suggest you raise your stop to 34.

* * *

Allis Chalmers, bought at 23 is now across 25. It's slow and disappointing. Take half profits across 26 but don't carry the position below 24.

(Continued on page 1254)

RAILROAD SECURITIES

The publicity given to the possibility of important wage increases to rail labor did not prevent the development of an explosive railroad stock market last week. The five most active stocks on the Stock Exchange were rails, with only one of the group, Atchison, Topeka & Santa Fe, being in the dividend paying class. Of the 15 most active stocks, eight were railroads, all on the up side and with advances ranging to more than seven points. The immediate stimulus to the reawakened interest was the action of the Atchison directors in increasing the quarterly dividend to $2.50 a share compared with $1.50 a share paid in the previous quarter and $1.00 a share prior to that. While it was pointed out that the latest declaration was not to be accepted as establishing a regular rate, the action of the directors, when taken in conjunction with resumption of payments on Southern Railway preferred, was taken as a sign of a growing realization on the part of railroad management that the owners of the properties were entitled to a greater material participation in the new found prosperity of the railroad industry.

As to whether or not this growing confidence that the long dividend drought is finally to be broken all along the line is warranted will presumably be evident within the next week or so. It is understood that directors of both New York Central and Southern Pacific will hold meetings next week, and in many quarters it is expected that the matter of dividends will be discussed at that time. Both of these roads have now cleared up their bank and RFC loans, contracted in the late 30s, and naturally there has been considerable pressure from stockholders for recognition of their rights. Sentiment is particularly strong for dividend action by New York Central, with holders pointing to the absence of near term maturity problems which might be held up as a reason for conserving all possible cash. It is further claimed that the cash outlay involved in a token dividend payment (perhaps $1.00 a share) would have little influence on the long term solvency of the road. In a depression in which Central's solvency was threatened the cash saved by non-payment of moderate dividends would mean only a nominal additional lease on life.

In the case of Southern Pacific it is felt that directors would stand on firmer ground in refusing to make dividend payments. Southern Pacific is faced with very heavy principal maturities during the next ten years and certainly the conservative thing to do is to use all available cash to provide for these maturities. With the current phenomenal earnings rate (net may be above $60,000,000 this year and there is no reason to expect any material decline in 1943), and considering that maturities beyond 1943 are selling at discounts, the road might very well be able to solve its entire problem in the present period. Therefore, it is pointed out that by foregoing dividend income for the time being the Southern Pacific stockholders might well emerge from the war boom as owners of a fundamentally sound railroad property with a debt structure supportable even under subnormal business conditions.

While these two roads have occupied the spotlight in discussions of dividend potentialities, they by no means exhaust the list. Atlantic Coast Line is expected to earn more than $20.00 a share this year compared with $13.50 in 1941. Coast Line was the first of the strictly marginal roads to resume dividends, with $1.00 paid late in 1941. This year, however, the situation is somewhat altered by the use of cash for the redemption at 102 of the outstanding 5s, 1945, and earlier hopes for a very substantial dividend have had to be moderated. Despite their traditionally liberal attitude, it now seems likely that the directors may hold the 1942 distribution to $2.00. There has been little hope of any distribution by Northern Pacific, while the better grade Great Northern, Louisville & Nashville and Union Pacific are expected to hold their 1942 distributions to the 1941 levels. Erie is expected to make another year-end distribution of $0.50 or $1.00 while holders of Chesapeake & Ohio will probably have to be satisfied without any year-end extra such as was paid last year.

Aside from these issues on which most of the dividend speculation has centered, rail analysts are looking for constructive action on some of the less active shares. In particular, possible earnings of as much as $14.00 a share on Texas & Pacific common and $12.00-$15.00 on Nashville, Chattanooga & St. Louis are being mentioned as justifying distributions ranging as high as $5.00 a share. Neither property is faced with near term maturity problems. Finally, there is considerable talk as to what action will be taken on Gulf, Mobile & Ohio preferred. This stock did not become cumulative until July 1, 1942, but the full $5.00 rate will be covered by a substantial margin for the full year. It is, therefore, fairly generally expected that the full regular rate will be paid, in one lump sum in December.

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—43⅝; low—14¾; Oct. 7 price—43⅜.

Van Ells With Blair Co.

F. H. Van Ells has become consultant on railroad securities to Blair & Co., Inc., 44 Wall Street, New York City. Mr. Van Ells was formerly railroad editor of the "Wall Street Journal."

Bank and Insurance Stocks

This Week — Bank Stocks

By H. A. LEGGETT

A large part of the human race is now thinking in terms of survival—and not much else. It is no longer of primary importance whether we own a beautiful house, dress well, buy a new car or make a million dollars. Most of us are more concerned with preserving our necks than our gadgets and would rather lose our shirts than our liberty.

In this kind of atmosphere, it is little wonder that corporate analysts are beginning to think more about the survival ability of various companies than about present earnings and dividends. It is generally recognized, by analysts and investors alike, that current statistics are almost meaningless—from a long term standpoint. Thousands of companies, now handling the greatest volume of business in their history, may some day be faced with a situation where they haven't an order on the books. At the same time, other thousands of businesses are being drastically curtailed under the war economy and, for many of these, it is purely a question of how long the war lasts. Some will be able to mark time and remain solvent more or less indefinitely but, in a number of industries, the mortality rate will increase rapidly if the war is greatly prolonged.

Inevitably the war will also bring in its wake many social, economic and scientific changes—some of which will remain, for better or worse, a permanent part of our life. When peace does come, therefore, it will not bring with it any guarantee of a complete return to so-called normalcy. The outlook for some industries may be entirely altered and the assets of yesteryear, in some cases, may not be worth the ledger paper on which they are listed. In this welter of confusion and uncertainty, there are all too few havens of refuge for harassed investors and all too few principles of precedure to which they can adhere with any reasonable hope of financial salvation.

Among the industries which are not being radically transformed by the war and whose post-war outlook is relatively secure, the banking business is regarded by many economists as one of the best situated. On a pure survival basis, at least, the Banking Industry is still sufficiently essential and sufficiently adaptable as to assure for it a better-than-average degree of permanence. Furthermore, banks have a considerable advantage over most other corporations during periods of violent industrial and monetary fluctuations. A bank's liabilities and most of its assets are simply bookkeeping entries, due and payable in the same kind of specie. The loans and investments of a bank are, for the most part, more liquid and less subject to deterioration than the property accounts of industrial, railroad or utility companies. Banks have practically no problems of factory construction or obsolescence nor are they directly affected by commodity shortages or surpluses.

Mechanical or technological changes, which are a constant thorn in the side of many industries, are of little concern to the banks except to the extent that they have produced many labor-saving devices for them to utilize. Also transportation difficulties are almost unknown to banks; only an occasional blizzard or washout may, at times, prevent some staff members from maintaining a perfect record of attendance. A bank's business is conducted largely by mail, telephone or messenger and neither rain, nor snow nor gloom of night is likely to stay those couriers from the swift completion of their appointed rounds.

Banks, at least most of the large metropolitan institutions, also have the advantage of a simple capital structure consisting only of common stocks. With rare exceptions, it has been far more comfortable in recent years to have neither Funded Debt nor any considerable amount of Preferred Stock outstanding. This is usually the case during periods of upheaval, particularly when Inflation and Deflation alternate in chasing each other up and down the economic scale.

One important respect in which the Banking Industry has a head-start on most other industries is in the matter of regulation. Banks have not only been subject to constant government supervision for generations but, during the past decade, have been obliged to adapt themselves to an increasing amount of restriction, dictation and direct Government competition. As a result, bankers are now more accustomed to operating in a regimented economy than executives of other businesses who are now undergoing this experience for the first time. In general, the relations which now exist between the banking industry and the Government are pleasant and workable and, although a very high percentage of individualism has been extracted from the banking business, it will probably be a lot safer than it has usually been in the past.

In fact, the Government itself now stands as guarantor and protector of the Banking Industry to an extent not vouchsafed to any other industry. To all intents and purposes, safe and sane banking is now the responsibility of Government more than it is of the bankers themselves. Therefore, it is logical to expect that all necessary steps will be taken to maintain a strong and healthy banking system and that reasonable profits will not only be permitted but encouraged.

In this connection, it is interesting to consider the position of the Banking Industry under State Capitalism or whatever form of capitalism we are destined to have, not only during the war but thereafter. It is worthy of note, perhaps, that even in totalitarian countries the banking structure has been fairly well preserved and that dividends, although limited as to rate, are not only allowed but have been better maintained than in most other industries. Wherever State Capitalism has become dominant, the banking business is usually the first to be regulated but—on the other hand—it apparently is also the last to be eliminated altogether. Thus, it is likely that the Banking Industry will be one of the safest businesses in which to invest during a time when corporate survival is the primary concern of investors generally.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1253)

Crane, another disappointment, bought at 12, is now 12 and high fraction. Don't carry it under 11.

* * *

International Harvester bought at 43 was to have half its position liquidated at 50 or better. When advising in last week's column I stated I didn't think it could make the 50 figure on this move. But it did sell at 50, though not for long, current price about 49⅞. Rest of the position should be stopped at 46.

* * *

Pittston recommended at 1¾ rallied during the week to 2¾. Advice given last week was to take profits at 2⅝ or better.

* * *

Union Carbide bought at 59 of which half was sold across 70, is now at 72. Last advice here was to sell the rest at market (about 72 bid—72¼ offered). That about closes up the current cycle. I expect to recommend new positions when I think the time is ripe. I don't think this is the time.

* * *

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.]

A. H. Peterkin Co. In NY

Alfred H. Peterkin has formed A. H. Peterkin Co. with offices at 44 Beaver Street, New York City, to engage in a general securities business. Mr. Peterkin was formerly sales manager for Stewart J. Lee Company.

To Admit Engeman

Harry R. Engeman will become a partner in Pershing & Co., 120 Broadway, New York City, members of the New York Stock and Curb Exchanges. Mr. Engeman will act as alternate on the floor of the Stock Exchange for Louis B. Froelich.

To Close For Duration

NEWBURGH, N. Y. — Charles D. Scheetz & Co., Miller Building, announces that operations of the firm will be suspended as of Oct. 1 for the duration of the war. Charles D. Scheetz, head of the firm, is planning to devote his services to the war effort.

Boston Traders Name Officers For 1942-43

BOSTON, MASS. — At the annual meeting of the Boston Securities Traders Association, Eugene R. Hussey, First Boston Corporation, was elected President for the ensuing year. Other officers chosen were: Frederick W. Rice, Jr., Goldman, Sachs & Co., Vice-President; Howard S. Harris, Baldwin & Co., Treasurer; G. Carleton Jordan, R. W. Pressprich & Co., Recording Secretary; and William S. Thompson, Ralph F. Carr & Co., Corresponding Secretary.

Governors of the Boston Traders Association are: Harry W. Crockett, Coffin & Burr, Inc.; William F. May, May & Gannon; James F. McCormick, Jr., Chandler Hovey & Co.; Robert T. B. Peirce, H. P. Wood & Co.; Charles W. Stevens, Arthur Perry & Co., Inc.; and A. N. Winslow, Jr., Perrin, West & Winslow.

E. H. Worthington Is Now With Baker-Watts

BALTIMORE, MD.—Baker, Watts & Co., Calvert and Redwood Street, members of the New York and Baltimore Stock Exchanges, announce that Ellicott Hewes Worthington is now associated with their firm. Mr. Worthington for many years was a partner in W. W. Lanahan & Co.

The Securities Salesman's Corner

A SALES CAMPAIGN THAT IS PRODUCING!

"Today's opportunity in the investment field is far greater than it has been for many years past!" This is the way the Keystone Corporation looks at the present situation now facing securities dealers and salesmen. They have sent this column a booklet which puts forth some tested sales ideas that in their opinion have been most important in building up Keystone's volume to over $11,500,000 so far this year—an amount nearly equal to their entire sales for the year 1941.

The main idea behind these sales campaigns is that the investor today is not interested primarily in buying a stock or a bond. On the contrary "we have a bear market in people who want to buy securities—BUT WE HAVE A BULL MARKET IN PEOPLE WHO HAVE INVESTMENT PROBLEMS. Few investors are interested in buying more securities but ALL INVESTORS ARE INTERESTED IN CONSTRUCTIVE IDEAS THAT WILL HELP THEM TO REDUCE RISK TO PRESENTLY INVESTED CAPITAL, TO MAKE INCOME MORE CERTAIN OF CONTINUANCE, AND TO IMPROVE THE PROSPECTS FOR RECOVERY OF LOSSES, WHEN, AS AND IF THE SECURITIES MARKETS RECOVER."

With this factor firmly established the sales campaign is then developed along the lines of bringing the problems of the investor to the surface. In other words, the salesman crystalizes the slumbering and unspoken concerns of the investor into the reality of showing where the account AS A WHOLE must be surveyed AND CONSIDERED AS A UNIT.

The first thing the salesman does is to select one problem that confronts the investor. It may be the effect of taxes on his holdings, rising living costs, diminishing dividends, governmental regulation or the broad effects of the war economy or other common problems which affect all investors. Most accounts present several problems but the thing to do is to select the major obstacle AND PRESENT IT TO THE CLIENT SO THAT HE CAN SEE IT AND UNDERSTAND IT. We quote from the Keystone bulletin on what the salesman should and should not do at this point.

"There is a natural temptation to summarize the problem briefly and then go on to the next point but this must be avoided. Discuss problem in simple term and detail. Then go over it again. Stick to the discussion in GENERAL TERMS until YOU ARE SURE YOUR CLIENT UNDERSTANDS IT. And when he understands it he will tell you so. He will say, 'Yes, I see that is a serious matter but what can be done about it?' When he tells you that he understands the problem and asks what can be done about it—you have completed the first step."

The Keystone bulletin offers some typical approaches that salesmen can use in setting up his interviews and gaining his client's interest at this point. We think they are excellent but space limitation do not permit us to quote them; however, we are certain that those who might be interested in this entire sales campaign can receive the complete copy from its sponsors.

"After the client admits and understands that he has a problem the next step is to suggest a solution in GENERAL TERMS. For example, if an account has a large proportion of common stocks the basic advantages of discount bonds, as a class, under a war economy should be discussed. (Interest comes before taxes.) An account invested in money bonds may be reshaped by taking advantage of premiums on this class of security and brought more into line with the investor's need for income. AGAIN WE TALK ABOUT THE SOLUTION IN GENERAL TERMS UNTIL THE INVESTOR TELLS US THAT HE UNDERSTANDS IT AND HAS ACCEPTED IT. He will ask, 'I can see that it makes a good deal of sense, how can we do it?'

"The next and final step is to suggest the security that you think will fill the bill. To do so before the investor has become convinced of his problem and the need for a solution should never be attempted. But now you can say, 'For this particular problem the best solution that I know of is . . .' The point of this sales campaign is 'That if you will spend ninety percent of your time in selling the problem and the solution to the problem, the securities that you suggest will sell themselves in the last ten percent of the interview.'"

There are a number of valuable sales pointers contained in this bulletin on such subjects as, "what to do with a holding list," "Amount of money as against talking number of shares," the problem of "risk and return" and how to get certain customer fallacies and superstitions out of the way of the order. The ideas presented are usable for selling any securities as well as the sponsor's own particular offering, Keystone Fund. This column recommends that you procure a copy.

Investing Co. Ass'n Elects to Exec. Group

Announcement was made by the National Association of Investment Companies, of the election to the Executive Committee of the Association of O. Kelley Anderson, President, Consolidated Investment Trust; George M. Gillies, Jr., Executive Vice-President, The Adams Express Co.; S. L. Sholley, President, Keystone Custodian Funds, Inc.; and Hardwick Stires, Vice-President, Scudder, Stevens & Clark Fund, Inc. These men were elected in the regular annual balloting of the Association for the three year term commencing Oct. 1, 1942.

Because of the resignations of committee members devoting their full time to war work or for other reasons, the Association announced, four vacancies have occurred and the following men have been elected by the committee to complete the unexpired terms: William F. Morton, Vice-President, State Street Corporation; Dorsey Richardson, Vice-President, The Lehman Corporation; and Frank F. Russell, President, National Aviation Corporation, for terms ending Sept. 30, 1943; Merrill Griswold, Chairman, Massachusetts Investors Trust, for the term ending Sept. 30, 1944. Mr. Griswold has been a member of the committee since formation of the Association, his term having expired Sept. 30, last.

Those continuing to serve on the committee are Charles F. Eaton, Jr., Trustee, Eaton & Howard Balanced Fund; James H. Orr, President, Railway and Light Securities Co.; Cyril J. C. Quinn, Vice-President, Tri-Continental Corporation; Richard Wagner, President, The Chicago Corporation; and Paul Bartholet, Executive Director of the Association.

Membership of the Association, which was organized a year ago to place on a permanent basis the work previously carried on in connection with regulation of investment companies by the National Committee, now comprises 120 companies with combined assets of approximately $1,000,000,000, including the great majority of active management companies. Its activities during the year just closed, Mr. Bartholet said, were largely concerned with working with the Securities and Exchange Commission, in the development of workable and effective rules for the administration of the Investment Company Act. One of the principal accomplishments, Mr. Bartholet said, had been the creation of a better understanding on the part of investment companies of one anothers' problems and the approach to a common viewpoint of what constitutes reasonable regulation.

Lukens Steel Debs. Offered By E. H. Rollins

An issue of $2,200,000 4¾% sinking fund debentures due June 1, 1952, are being offered today by a banking syndicate headed by E. H. Rollins & Sons, Inc., Eastman, Dillon & Co. and Whiting, Weeks & Stubbs, Inc. The debentures which are offered at 100 and accrued interest, are being issued for the purpose of discharging the balance of $1,980,000 due on a bank loan in the principal amount of $2,200,000, together with the accrued interest and premium thereon. Other members of the underwriting syndicate are Stroud & Co., Inc., Graham, Parsons & Co., Biddle, Whelen & Co., Boenning & Co. and Bond & Goodwin, Inc.

Lukens Steel Co. is a non-integrated steel producer whose principal business is the manufacture of carbon and alloy hot rolled steel plates. The company also hot rolls and forms plates of ferrous, non-ferrous and special alloy metals.

The company's capitalization to be outstanding upon completion of this financing will consist of the new issue of $2,200,000 4¾% debentures, $2,337,500 2.15% serial bank loan and 317,976 shares of common stock (par $10).

For the twenty-four weeks ended March 28, 1942, company reported gross sales, less returns, allowances and discounts of $19,974,431, compared with $30,883,591 for the fiscal year ended Oct. 11, 1941, $18,751,175 for the fiscal year 1940 and $11,929,582 for the fiscal year 1939. The net profit available for interest and other charges for the 1942 period was reported at $3,609,521, as against $4,171,160 for the year 1941, $1,355,587 for the year 1940 and $357,418 for the year 1939.

The indenture provides a sinking fund for the debentures in the amount of $220,000 per annum plus 25% of the "consolidated net income of the company and its subsidiaries" in excess of $880,000 (except that the obligation of the company on account of the fiscal year 1942 is limited to 12½% of the excess of such net income over $880,000). The foregoing sinking fund is postponable to the extent not earned but is cumulative.

Boston S. E. Names To Governing Committee

BOSTON, MASS.—At the recent election of the Boston Stock Exchange, the following were elected members of the Governing Committee:

Louis Curtis, Brown Bros Harriman & Co. (term to expire 1943); Alvah R. Boynton, F. S. Moseley & Co.; Frank H. Brown, Paine, Webber, Jackson & Curtis; Lyon Carter, Estabrook & Co.; John Perrin, Perrin, West & Winsolw; John A. Paine, Coffin & Burr; and Charles C. Waterman, Draper, Sears & Co. (terms to expire 1944).

Members chosen for the 1942-43 Nominating Committee were: Howard W. Hodgdon, Chairman; Waldo M, Brown; Hollis Hunnewell, Hunnewell & Co.; Henry G. Nickerson; and Samuel Mixter, Chandler Hovey & Co.

Investment Trusts

NEW OFFERING

The long dearth of new issues in the investment company field will be broken on or about Oct. 19 with the initial offering of National Securities new "International Series."

This new offering will be the sixth of the National Securities Series. As the name implies, this Series will provide wide geographical diversification of investment in issues of foreign governments and of foreign and domestic corporations. It was created in the belief that it "will be widely accepted by investors as a partial hedge against a purely domestic investment position."

An analysis of the eligible list for the International Series reveals that an exceptionally comprehensive list of South American government and municipal bonds has been included. Thus, this new Series will be in a position to benefit from the remarkable improvement which is taking place in many South American countries as a result of our own Government's "hemisphere" policy coupled with the war-stimulated demand for their products.

The initial portfolio, subject to change, will be made up of the following groups:

Foreign Government & Municipal Bonds:	
British Empire Bonds	26.49%
European (Continental) Bonds	9.53%
Latin American Bonds	24.37%
Corporate Bonds	15.61%
Common Stocks	24.00%

A new prospectus for National Securities Series, including the International Series, has been issued under date of Sept. 21, 1942 and now replaces the prospectus dated Aug. 26, 1942.

Anniversary

The current issue of the "Union Dealer" recalls that the month of September marked the beginning of Union's third year.

"What does Union have to offer on this, its second anniversary? For one thing, a record of performance which affords convincing evidence of sound management. For another, yields from net investment income which, surrounded by the safeguards of careful selection and broad diversification, are highly attractive in these days of low interest rates and uncertain dividends.

"To take the most recent period, here are the performance records of the three Union Bond Funds from Dec. 31, 1941 to Sept. 24, 1942."

	Gain
Union Bond Fund "A"	4.1%
Union Bond Fund "B"	9.5%
Union Bond Fund "C"	24.0%

"For purposes of comparison, the action of various security price indices during the same period are tabulated below."

	Loss
Dow-Jones Industrial Average	1.6%
Dow-Jones Combined Average	0.7%
	Gain
Standard & Poor's 90 Stock Index	1.8%

"Based on offering prices as of Sept. 24, 1942, the current net investment income of the three Union Bond Funds—after all expenses—provides the following estimated yields to the investor."

Union Bond Fund "A"	4.1%
Union Bond Fund "B"	5.4%
Union Bond Fund "C"	7.9%

From Investment Co. Reports

The annual report of Keystone Series K1 Income Preferred Stock Fund for the fiscal year ended Aug. 31, 1942 shows net assets for this fund of $3,367,735, equal to $11.53 on the 292,172 shares outstanding. At the close of the previous fiscal year, net assets were $2,880,027, equivalent to $14.63 per share on 196,857 shares then outstanding.

The Keystone Series B4 Bond Fund semi-annual report for the six months ending Aug. 31, 1942 shows total net assets of $7,090,386 equal to $7.23 per share on 980,841 shares outstanding compared with assets of $5,481,458, or $7.31 per share on 749,986 shares outstanding as of Feb. 28, 1942.

Total assets of the ten funds of the Keystone group are reported in excess of $38,750,000 compared with $28,379,000 at the close of 1941.

Investment Company Briefs

The sponsor of National Securities Series has released two mem-

(Continued on page 1263)

Municipal News & Notes

Official notice appears on this page of the intention of Arkansas Refunding Board to receive tenders until 11 a.m. (CWT) on Oct. 28 of non-interest bearing State road district refunding bonds, series B. Tenders will be received at the office of Earl Page, State Treasurer and member of the Refunding Board, Little Rock, Ark. **All bonds purchased will be bought at the lowest offering prices, which must be less than par. The right of acceptance or rejection of all or any part of the bonds so tendered is reserved. Immediate confirmation will be made of accepted tenders, and payment will be made on Nov. 4, 1942.**

The 1943 session of the State Legislature will be asked to approve a proposal authorizing the redemption of all outstanding State road district "B" bonds at par, it was recently announced by Abe Collins, of DeQueen, Ark., lawyer-banker and a member of the Arkansas State Refunding Board. These are non-interest bearing obligations and carry a maturity date of 1949. They were issued in 1934 in lieu of interest on other highway bonds. When the State's other $136,000,000 of highway debt was refunded in 1941, a legislative act provided that $2,207,326 be held in cash for the redemption of the series "B" bonds in 1949. Under the statute, the State Refunding Board was permitted to redeem the bonds on tenders prior to 1949 at a price "less than par." Since the bondholders cannot be forced to dispose of the obligations before maturity, the fund established for their payment must remain idle in St. Louis, Mo., until 1949, unless there is a desire to sell them for less than par as provided for under terms of the existing law.

San Francisco Cancels Pre-Election Bond Sale

The Board of Supervisors of the above-mentioned city has rescinded an earlier decision, mentioned in these columns last week, to receive bids Oct. 13 on the prospective $7,950,000 Market St. railway revenue bond issue. The question of issuing the bonds will be determined by popular vote at the Nov. 3 election. Decision to postpone asking for bids until after the bonds have been authorized was made at a conference attended by local bankers and bond house representatives. With one exception, they all agreed that the city would make a better deal by deferring the sale until nearer the date of actual issuance of the obligations.

D. M. Wood Attacks Proposed SEC Rule

The current attempt of the Securities and Exchange Commission to include the municipal bond business within the scope of its jurisdiction, through the medium of its proposed rule X-15C1-10 for further regulation of the counter markets, was sharply assailed by David M. Wood, a member of the municipal law firm of Thomson, Wood & Hoffman, New York City, and President of the Municipal Bond Club of New York.

Mr. Wood, who addressed a luncheon meeting of the Philadelpiha Municipal Bond Club on Oct. 2, characterized the proposed rule as an example of "regulation at its worst" and said that the SEC's greatest mistake is its failure to recognize that anything which impedes "the free flow of State and municipal bonds directly affects the States and municipalities."

The noted attorney accepted the occasion to discuss the matter of regulation of business and industry in general and the conditions under which any regulation can be justified as in the public interest. His remarks in this connection, in our opinion, are extremely timely and are deserving of the widest dissemination. They are reproduced herewith:

"I am of the opinion that regulation of a business, or industry, is in the public interest when abuses in that business, or industry, are so widespread as to be the rule, rather than the exception. Then, in my opinion, and only then, is it justifiable to impose burdens upon legitimate transactions and honest business men. Under such circumstances, unfortunately, the honest business man and the legitimate transaction is the exception, and the benefit of the regulation, in all probability, will outweigh its disadvantages. When, however, the abuse complained of is a rare occurrence and the overwhelming majority of transactions in the industry are legitimate, fair and above board, then to handicap the great majority of honest men in the business and to put burdens upon the overwhelming majority of legitimate transactions, in an effort to curb the rare and isolated illegitimate transaction, is absurd. The cure is worse than the disease."

Michigan City Questions Validity Of Bonds

The City of Berkley, Mich., has begun litigation in the Oakland County Circuit Court seeking to have invalidated approximately $1,000,000 of its outstanding bonds on the ground that they were illegally issued, according to Pontiac press reports, from which source we quote as follows:

The city has made a very substantial progress during the last year toward solving its funded debt problem, according to Mayor Ernest R. Baldwin in a report to the Commissioners.

According to his report, in March of this year the total bonded debt of the city was $2,001,795.50. Mayor Baldwin said that litigation has been started in the Oakland County Circuit Court which he believes will determine the validity of a great portion of these bonds.

The auditor's tabulations show that approximately 4.5% of all bonds originally issued excluded the charter debt limit of 10% of the city's assessed valuation. It also asserts that approximately 51.2% of all bonds now outstanding are illegal because in excess of the limit. Thus $1,024,919.39 of the outstanding indebtedness is claimed to be void because in excess of the limitation.

The Mayor said the city expects litigation will reduce the city debt by this amount thus setting the legal debt of the city at approximately $976,876.31. The Mayor said that the city will be faced with all the debt it can possibly pay. The city intends to pay all valid indebtedness promptly, according to Mayor Baldwin, but will ask greatly reduced interest rates.

West Virginia's And Local Debts Down Sharply

An impressive record of debt reduction by the State Government and its local subdivisions is set forth in the 15th report of George P. Alderson, Tax Commissioner of the State of West Virginia. A comparison of such indebtedness at July 2, 1942, as contrasted with the peak or all-time high in 1930-1932, is particularly interesting.

The report shows that in the 12 years ended July 2, 1942, local units of the State, comprising counties, districts, school districts and municipalities, reduced their outstanding obligations by 44%. As against the peak or all-time high of $78,273,000 in 1930, the total had declined to $43,675,900 in 1942, a reduction of $34,597,100. During the same period the annual interest charges on outstanding bonds of the various subdivisions had been reduced by $2,052,000, or 51%. Such charges amounted to $3,988,000 in 1930 and only $1,936,000 in 1942.

Commendable progress in debt reduction is also indicated with respect to the State itself. In the ten years ended July 2, 1942, the total of outstanding State obligations was cut $12,168,000, or 14%. The State's total indebtedness in 1932 was within $250,000 of the all-time high, the figure being $86,131,000. The 1942 aggregate is reported at $73,963,000.

All outstanding bonds of the State mature serially and all of the local governmental obligations are serial or callable except 10 old issues, the report says. It is also noted that a sum of over $12,250,000 was available in cash and investments, as of July 2, 1942, for the purpose of paying principal and interest requirements on State and local bonds.

The State Sinking Fund Commission administers all interest and sinking funds required on the bonds of the various subdivisions, except for six issues dated prior to 1921 which were issued before the passage of the act creating the Commission. These issues are conditioned by a bond for a special administration. The Commission, together with the State Treasurer, sees that adequate funds are available at the proper place to meet maturing principal and interest charges on all bond issues, State and local, and the report states that the Commission has never had a slow coupon or a delay in payment of a bond at maturity.

The report also includes a thumb-nail sketch of every outstanding bond issue of the State and the local taxing units.

Virginia Debt Retirement Plan Approved

In a special message to the State Legislature on Sept. 29, Governor Darden of Virginia recommended a plan to provide for liquidation of the State's debt of $18,550,673 by buying long-term Federal securities with maturities comparable to those on outstanding state obligations. (The program was unanimously approved by both Houses of the Legislature on Sept. 30). As matters now stand, the Governor said, "we are unable to employ profitably most of the money which we have in hand. Meanwhile, we are now paying $480,561 a year in interest charges and before the indebtedness is ultimately retired we shall have laid out approximately $6,600,000 on this account." The Governor estimated that between $4,500,000 and $5,000,000 can be obtained on the proposed securities purchases to offset the carrying charges on the State's obligations. By purchasing the Federal war bonds, he continued, the State would make available to the Federal Government millions of dollars sorely needed for prosecution of the war.

"In considering my recommendations," the Governor told the legislators, "I want it borne in mind that my proposal is

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predicated upon an irrevocable commitment to the debt. It may be that the securities purchased will decline between now and maturity. Consequently, we cannot, with safety, count upon using this fund for other purposes, since the sale of the securities might entail large losses. However, if they are held to maturity, and used for the purpose for which purchased, the plan is, I believe, sound."

The Governor recommended that the money to liquidate the debt be turned over to the sinking fund commissioners for investment. He also advocated that the State Treasurer be empowered to buy short-term notes with money in the treasury. He said the Treasurer is no longer able, as in the past, to employ funds profitably in time deposits.

Pointing out that the State cannot call its debt until due, the chief executive explained the Virginia obligations fall due annually until 1966 in fixed amounts.

He said that against these obligations the various sinking funds hold securities carried at $6,247,518.23 which, he explained, was somewhat less than present value. There are largely Virginia municipal bonds and bonds of State institutions of higher learning, and include $1,754,800 in stock of the Richmond, Fredericksburg and Potomac Railroad. In addition, he called attention to a deposit of $5,000,000 in the sinking fund by the 1942 regular session of the State Legislature, making a total of something over $11,000,000.

Consumers Power District Litigation Clarified

The matter of the pending litigation involving the local tax liability of Nebraska Public Power Districts in relation to its possible effect on bonds of the Consumers Public Power District is the subject of a memorandum, issued Oct. 1 by John Nuveen & Co., Chicago. The bond house prepared its analysis in response to numerous inquiries emanating from holders of the district's bonds. We quote from the memorandum in part:

"The ultimate decision in this case, whichever way it is finally determined, will not materially affect the operations of the Consumers Public Power District, notwithstanding that the Consumers District is created under the same law as the Platte Valley District, because the Legislature has already fixed the tax liability of the Consumers District. The Consumers District was organized and its bonds issued subsequent to the 1939 amendment to the Public Power District Law, which provides that when a public power district purchases the property of an existing privately owned utility, or purchases real property from a private owner other than a privately owned public utility, the district is required to pay out of its revenue annually "in lieu of taxes" for State, county, city, village and school purposes a sum equal to the amounts paid by such private owner in the year immediately preceding such purchase. The Platte Valley Public Power and Irrigation District, as well as the two other hydro districts and several rural electrification districts, constructed electric facilities, instead of purchasing existing facilities. Under the terms of the 1939 amendment to the Power District Law, no provision was made by the Legislature fixing liability for payments "in lieu of taxes" of such districts where facilities were constructed instead of purchased from a private utility company, except on the small amount of real property which they have purchased from private owners.

The Consumers District, pursuant to provisions of this 1939 amendment to the law, and under the terms of its various bond resolutions, is now making such payments, which payments represent the same amounts heretofore paid by private owners as both real estate and personal property taxes. Therefore, inasmuch as substantially 100% of the property of the Consumers District was purchased from privately owned utilities, any amount of personal property which would be liable for taxes is negligible, in the event Judge Tewell's decision of July 18, 1942, should be upheld by the Nebraska Supreme Court.

Illinois Plans $25 Million Debt Cut

The State of Illinois will effect a $25,978,000 reduction in its outstanding debt between now and the end of 1944, according to George B. McKibben, Director of Finance. As a result of these payments, the total debt will be lowered to $115,017,500, the lowest level in at least 15 years. The State closed its 1942 fiscal year with a bonded debt of $144,411,500, as contrasted with the total of $213,298,000 which prevailed at the end of 1936 fiscal period. The latest report of the State Treasurer disclosed a bonded debt on Aug. 31, 1942, of $140,995,500.

Mr. McKibben confidently predicted that the State would have funds available to meet the $25,978,000 in bonds maturing to the close of 1944. He also said that no new financing was in prospect in the future, pointing out that the State has been operating on a pay-as-you-go basis and had created a general fund cash balance of more than $47,000,000.

Maturities facing the State between now and the end of 1944 include the remaining $6,179,000 of an original $55,000,000 soldiers' compensation issue, the remaining $5,200,000 of an orginal $20,000,000 emergency relief flotation, $4,200,000 of the second emergency relief issue, and the $10,000,000 balance of a $60,000,000 4% highway flotation.

Mr. McKibben said the State's two highway issues and two emergency relief issues were paid from motor vehicle license and motor fuel taxes, and that retirement and interest of those obligations were a first charge upon those revenues. The State has another $96,000,000 issue of 4% highway bonds outstanding, but the next maturity on those obligations is March 1, 1945.

Illustrating the amount of money available for debt service, the finance director pointed out that retirement and interest on highway bonds in the fiscal year ended June 30 required only $9,440,000 out of total motor vehicle license revenue of $26,986,000. Likewise, he said, the reserve for emergency relief bonds took only $4,562,000 out of total motor fuel tax revenues of $47,654,000.

Mr. McKibben said it would take "drastic reductions" in motor vehicle license and motor fuel taxes to endanger payment of the principal and interest on the highway and relief bonds.

"Retirement and interest on soldiers' compensation bonds is a first charge on retailers' (sales) tax revenue," he said. "Only a minor fraction of the receipts from this tax are needed to service these bonds."

Florida Business At Highest Summer Level

Unofficial reports indicate that business in the State of Florida this summer has been at the highest levels known for the summer time, according to a current circular by Welsh, Davis & Co., of Chicago. The citrus season was the best in history, as was the cattle industry both as to quality and volume as well as price. Tobacco and cotton are selling at prices 50% to 60% above last year. Post office indices throughout the State are 10% to 100% ahead of last year.

Military establishments are in increasing number throughout the State, and more and more of the large hotels and clubs are being taken over by the services; for example, the Miami-Biltmore at Miami, the Bel-Air at Clearwater, the Boca Raton at Boca Raton, to name a few. These are in addition to the approximately 150 hotels taken over in Miami Beach.

Some hope is being entertained by natives that the coming tourist season will not be too bad, due to the possibility of Northerners going South for longer stays because of fuel oil rationing.

Decline In State Highway Income Halted

A leveling off in the rate of decline of State highway revenues in the last three months as compared with 1941 levels was noted Sept. 30 by Dun & Bradstreet in an analysis of receipts of 27 States. The group includes ten States in the area where gasoline now is being rationed and 17 unrationed States.

The survey said the leveling off was conspicuous in the case of the rationed States, whose highway revenues have shown only a negligible chance since June. It further pointed out that the decline in August shown by the unrationed States was slightly less than the decrease recorded in July, compared with the respective 1941 periods.

The company said the trend in revenues was far from stabilized, declaring that the effects of more drastic rationing imposed July 22 in the States already rationed would not be shown until September data was available. It added, however, that the added restrictions should not retard the leveling off process to any marked degree.

Highway revenues of the ten rationed States included in the survey showed a decline of 2.1% in June, compared with the same 1941 month. In July the decline was 23.9% and in August it was 22.4%. The 17 unrationed States showed an 8.7% decline in June, 14% in July and 13.5% in August.

Attention was focused on the fact that the rate of decline in the rationed States had been much greater than in the unrationed States.

The survey said that mileage restrictions to be imposed in the unrationed States would bring about a material change in over-all trend. It said also that these restrictions would eliminate much of the divergence in the trends shown by the rationed and unrationed States.

Says N. E. States May Impose Sales Taxes

Some form of sales tax soon will be on the statute books of all New England States as partial compensation for heavy tax revenue losses from other sources, in the opinion of Henry F. Long, Massachusetts Commissioner of Corporations and Taxation. The sales tax, he said, probably will come in the form of a levy on the so-called consumption goods as liquor, cigarettes, soft drinks, and meals sold in restaurants and hotels. Every New England State must face "at least a 50% loss of gasoline tax revenues," according to Mr. Long. This large revenue loss, he continued, would not seriously upset the financial structure of any of the Northern States as "highway department costs will drop drastically and there will be at least a 25% reduction in welfare costs and a drop of about 15% in the costs of maintaining the school systems."

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.

OCTOBER 14

Eleven housing authorities have issued calls for bids until Oct. 14 on their series A bonds aggregating $22,269,000. Names of the issuers and the amounts of their respective offerings as well as other pertinent facts were published in the "Chronicle" of Oct. 5, on page 1198, in a report captioned "United States." The offerings of $500,000 or more include the following: $10,500,000 Pittsburgh Housing Authority, Pa., $4,300,000 Houston, Texas, $2,900,000 Hartford, Conn., $2,700,000 Dallas, Texas, and $520,000 Los Angeles, Calif.

Sales scheduled for Oct. 14 also include Schenectady, N. Y., bonds totaling $648,000. On Jan. 22 last the city awarded $589,000 bonds to a group headed by Glore, Forgan & Co., New York. Next highest bid was tendered by the Marine Trust Co. of Buffalo, and Barr Bros. & Co., in joint account.

Real Estate Price Average Continues Upward

The Amott-Baker Real Estate Bond Price Average, covering 200 real estate securities, continued its upward trend in September for the third consecutive month. The increase for September was 0.9% which compared with gains of 1.6% during August and 0.7% during July. On Sept. 30, the average price per $1,000 bond stood at $317 as compared to $314 on Aug. 31 and $302 at the close of 1941. The year-to-date gain for the averages was 4.9%.

It is significant to note that during September all classifications of issues showed improvement, Amott Baker & Co. stated, adding that only during the months of January and August in this year has such an over-all improvement previously taken place.

Of the 200 issues used in the survey a total of 80 increased in price, 27 declined and 93 remained unchanged during the month.

By cities results for the month showed increases of 0.8% in Boston issues, 1.7% in New York issues (this group comprises the largest sub-division), 0.6% for Philadelphia issues, 2.5% in Pittsburgh issues and 0.2% in a group of miscellaneous issues.

Year-to-date results by cities show the following advances: Boston issues 4.3%, New York issues 3.6%, Philadelphia issues 12.2%, Pittsburgh issues 11.7% and the group of miscellaneous issues 3.4%.

And in the classification by type of building, hotel issues still show the greatest year-to-date gain with an increase of 9.3%, the Price Average revealed, the gain for September being 0.8%. While apartment hotel issues increased 0.8% during September they still show a decline of 6% for the year. Office building issues increased 1.7% during the month bringing their total gain for the year to 7.2%. Apartment issues showed gains of 1.5% and 3.7%, respectively, for September and the year-to-date. The September gain in theatre issues was 0.7% and the increase for the year 6.7%. A group of miscellaneous issues showed a 4.3% increase for the year although there was no change in this group during September.

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Oct. 5 that the tenders for $400,000,000, or thereabouts, of 91-day Treasury bills to be dated Oct. 7 and to mature Jan. 6, 1943, which were offered on Oct. 2, were opened on Oct. 5 at the Federal Reserve banks.

The details of this issue are as follows:

Total applied for, $773,618,000.

Total accepted, $400,572,000.

Range of accepted bids:

High, 99.924, equivalent rate of discount approximately 0.301% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

Average price, 99.907, equivalent rate of discount approximately 0.369%. (14% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Oct. 7 in amount of $300,056,000.

Hemingway Elected President Of ABA

(Continued from first page)

tion's Administrative Committee in order that the tradition of one year terms might be preserved. Acting affirmatively on their suggestion, the Administrative Committee recommended the acceptance of their resignations to the council in the following statement:

"'The constitution of the Assoiaiton places sole power for the election of officers in the convention. In the inability to hold a convention the guiding principle should be the fulfillment as nearly as possible of the last expressed intention of the convention. It has been the will of the Association expressed in repeated convention action that a succession to office be continued through Vice-Presidents. It would appear that the will of the convention would be best carried out by maintaining this succession. The committee therefore expresses the opinion that the gracious suggestion of the President of the Association and the Presidents of the Divisions to resign, making way for the assumption of office by the vice-presidents would best fulfill this purpose.'"

As is known the cancellation of the customary annual convention of the ABA, and the substitution therefor of a "Convention in Print" was decided upon by the Association this year in conformity with the efforts of the Office of Defense Transportation to limit war-time travel to a minimum. Some of the activities which were prepared for the Association's "Convention in Print" appeared in our Sept. 24 issue, the references thereto having been given in that issue on page 1065.

Upon his inauguration as President of the Association at the conclusion of the meeting of the Executive Council Mr. Hemingway pledged full support of the Association to the Government in its "program for winning the war."

"Our first objective is to help in every way possible the nation's program for winning the war. To that end we shall wholeheartedly and steadfastly support the Commander-in-Chief of our Army and Navy and pray God to give him the wisdom to understand, and the courage to discharge the heavy responsibilities that rest upon him.

"We shall continue to support the Secretary of the Treasury in his gigantic task of raising the money necessary for the successful conduct of the war. The banks are credited with having sold to the people 85% of all the war bonds that have been sold. Their interest in this vital activity will not lag. Rather, they will exert even greater efforts to sell these bonds. Furthermore, the American Bankers Association offers the facilities of its large, nation-wide organization in this campaign. We recognize that, after raising all the money he can from the public directly, the Secretary of the Treasury will still need additional enormous sums to pay for tanks, planes, ships, and all of the other material necessary to give us the best Army and Navy in the world.

"We want to say to the Secretary of the Treasury that he does not have to worry much about that problem because there is in this country a sound banking system. The banks can and will supply the money needed for purchasing more and still more Government obligations suitable for bank investment.

"Bankers more than any others know the evils of credit and currency inflation. We strongly endorse the measures that have thus far been taken to curb the vicious spiral of inflation, and we urge upon our Government that it follow through with rigid control over prices and all of the elements that enter into them.

"If the blood spilled in this terrible war is not to have been shed in vain it is essential that when the victory has been won a just peace shall be made. Such a peace depends for its realization on an understanding public opinion. As citizens and bankers we have a responsibility in this matter to the end that we may make our contribution to sound opinion and lasting peace. We shall use our facilities, our group and division meetings as forums for the discussion of our war aims and the kind of a world that we believe should come out of this terrible conflict. The return of our country to the ways of peace and the rehabilitation of the torn and bleeding countries of the old world involve questions of finance which are in our special field. As specialists in that field we offer our services in the building of a program for binding up the wounds of the prostrate nations and starting humanity again on its slow march toward a better life."

Mr. Hemingway, who is President of the Mercantile-Commerce Bank and Trust Company, St. Louis, is a native of Arkansas. He began his banking career as bank collector for the old German National Bank in Little Rock. In 1904 he became an Assistant Cashier of the Exchange National Bank in Little Rock and later served successively as Secretary and President of the Mercantile Trust Company of Little Rock. A sketch of his career further says:

"In 1919 Mr. Hemingway went to St. Louis to become Vice-President of the National Bank of Commerce in that city. There he organized and became head of that bank's investment affiliate, the Federal Commerce Trust Company. When the National Bank of Commerce was merged with the Mercantile Trust Company in 1929 he became a Vice-President of the continuing institution. One year later he was elected Executive Vice-President of the bank and three years after that was elected President.

"Mr. Hemingway has long been active in bankers association work. He served two terms as President of the St. Louis Clearing House Association, has been a member of the Board of Directors of the Association of Reserve City Bankers and a member of the Commerce and Marine Commission of the ABA. At the present time he is a member of the Administrative Committee, the Finance Committee, the Executive Council and the National War Loans Committee of the American Bankers Association, and is a member of the Board of Regents of The Graduate School of Banking of the ABA. In 1941 he was elected First Vice-President of the Association, and in 1942 he became President.

"During the World War Mr. Hemingway served as Chairman of the Liberty Loan Committee for the state of Arkansas. He assisted in setting up the St. Louis branch of the Reconstruction Finance Corporation and was Chairman of its Advisory Committee during 1932 and 1933.

"Mr. Hemingway has been actively engaged in the work of the St. Louis Chamber of Commerce over a long period of years and served as its Chairman during a two-year period, 1937-39. He has also been active in the affairs of the United States Chamber of Commerce and the International Chamber of Commerce, and attended the meetings of the International Chamber in Paris in 1920 and in Copenhagen in 1939. He has also been an active supporter of the work of the Governmental Research Institute in St. Louis, an organization dedicated to fact finding in the interest of more efficient government."

Mr. Wiggins, the new First Vice-President of the ABA, is a native of Durham, N. C. He received his A.B. degree from the University of North Carolina in 1913. Upon graduation he went to Hartsville, S. C., as an assistant to the late David R. Coker with whom he was associated for 25 years. During that period he organized the business end of Coker's Pedigreed Seed Company and in 1920 became General Manager of J. L. Coker & Company Department Store. At present he is Vice-President and Managing Director of this corporation. Regarding his banking associations we quote:

"In 1920 Mr. Wiggins organized the Trust Company of South Carolina, becoming Vice-President and Managing Director. In 1941 he became President. He was made President of the Bank of Hartsville in 1932 after having served as Vice-President from 1921. He was President of the South Carolina Bankers Association in 1931-1932 and was elected by that association in 1932 to represent it in the ABA as State Vice-President from South Carolina. He was then elected for a three-year term as the member of the Executive Council of the ABA from South Carolina. In 1937 Mr. Wiggins was elected to membership on the Executive Council of the State Bank Division of the ABA and in 1940 was made Vice-President of the Division. He has been a member of the American Bankers Association Committee on Federal Legislation since 1936, serving as Chairman since 1938. He was a member of the ABA Administrative Committee in 1938-1940 and has been a member of the Executive Council of the ABA since 1935. In 1941 Mr. Wiggins was elected Second Vice-President of the Association, and in 1942 he progressed to the First Vice-Presidency. He has been a member of the Charlotte Advisory Committee of the RFC since it was organized and was Chairman of the Deposit Liquidation Committee for South Carolina."

Mr. Augustine, Treasurer of the ABA, was born in Richmond, Va., Nov. 16, 1885.

He entered the employ of the Merchants National Bank of Richmond in 1902 and during the next 10 years worked in all of the departments of the bank. In 1912 he was elected Assistant Cashier and in December, 1918, was made Vice-President. He retained the title of Vice-President for the next eight years, during which time the Merchants National Bank consolidated with the First National Bank under the name of the First and Merchants National Bank.

On Jan. 1, 1927, Mr. Augustine became a Vice-President of the National Shawmut Bank of Boston, which position he now holds. He is also Vice-President of the Hingham Trust Company, Hingham, Mass.; Director of the Melrose Trust Company, Melrose, Mass.; and Trustee of the Franklin Savings Bank of Boston. His further associations are indicated as follows:

"Mr. Augustine has taken an active part in both state and national bank associations during his banking career. In addition to serving on many committees of the Virginia Bankers Association, he served as Treasurer of the Association in 1916 and Secretary in 1919. He also served as Treasurer of the Massachusetts Bankers Association for the year 1933-1934 and has since held other offices on committees, commissions, or councils for the Massachusetts Bankers Association. He has also been active in the Reserve City Bankers Association since 1913, and was its President in the year 1928-1929. He has also held a number of committee appointments in the American Bankers Association, including several terms on the Executive Council. He was elected President of the State Secretaries Section in 1924, President of the Clearing House Section in 1928-1929, and President of the National Bank Division in 1936-1937. In 1941 he was elected Treasurer of the Association, and re-elected to that office in 1942."

New York Stock Exchange Weekly Firm Changes

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

The proposed transfer of the Exchange membership of Henry Brevoort Seaman to Samuel K. Harris will be considered on Oct. 15. It is understood that Mr. Harris will act as an individual floor broker.

Transfer of the Exchange membership of the late Edwin E. Bernheimer to Howard M. Ernst, who will continue as a partner in Ernst & Co., New York, will be considered by the Exchange on Oct. 15.

Transfer of the Exchange membership of Chester Dale to Carl H. Pforzheimer, Jr., who will continue as a partner of Carl H. Pforzheimer & Co., New York City, will be considered on Oct. 15.

Transfer of the Exchange membership of Moorhead C. Kennedy, Jr., formerly partner in Montgomery, Scott & Co., which will continue as a member firm, to Sherburne Prescott will be considered on Oct. 15. It is understood that Mr. Prescott will act as an individual floor broker.

Charles Stern, general partner in Stern Brothers, New York City, became a limited partner as of Oct. 1.

John M. Westcott withdrew from partnership in Carmichael & Carson, New York City as of Sept. 30.

Moorhead C. Kennedy, Jr. and Robert L. Montgomery retired from partnership in Montgomery, Scott & Co. as of Sept. 30.

Post-War Cure For Regimented Economy Seen Present In Desire To Regain Economic Freedom

Both the desire and the ability on the part of our people to achieve freedom from necessary wartime economic restrictions in the post-war world were forecast by Donald Woodward, Research Assistant to the President of The Mutual Life Insurance Company of New York. He spoke before a meeting of the American Statistical Association in New York City. Outlining the three methods of economic regimentation now being imposed on the American people, he said these methods are necessary in order to close the "inflationary gap" between the diminishing supply of goods and the country's increased purchasing power. He cautioned, however, against "gloomy assumptions" that these controls would necessarily be carried over into our post-war economy, declaring that the seeds of the cure for regimentation have already been planted.

Mr. Woodward described the three methods of economic regimentation now in force as the compulsion of taxes and forced loans; taxation through inflation, thereby reducing the purchasing power of the dollar; and nonmonetary controls such as rationing, allocation, price fixing, job freezing, subsidies, and direct conscription of labor and goods.

"Just as these three methods of regimentation to a war economy entail of themselves a system of checks and balances which provides some hope for the avoidance of ruinous extremes of any one of them, so the three, acting upon the whole economy, generate a mighty force which at some later day will inevitably work for the modification, perhaps the elimination, of all three. The development of this force should not be overlooked in making projections into the future," Mr. Woodward said.

"Obviously, the very restraints themselves generate resentment and desire for their removal at the earliest possible moment when war requirements diminish to a degree which will permit that action. This desire for greater freedom and satisfaction by the whole American public may be amply sufficient to overwhelm any selfish group, any group which has a vested interest in their maintenance," he declared.

In addition to the desire for economic freedom, the ability to achieve it also exists, Mr. Woodward said. This ability, paradoxically, finds its source in war which requires regimentation, he said.

"The very cause—war—which requires all three methods of regimentation, is generating forces which should help to make possible the removal of restraints without a ruinous inflation inevitably following in the train of such relaxation," he declared, stating that the inflationary force of "emancipated money" after the war may meet with the "resistance of an almost Utopian cornucopia" as a result of plant expansion and technological advances.

"During this period, the productive capacity of the country is being enormously enlarged, by necessity," Mr. Woodward said. "The volume of new plant capacity completed or in process in connection with the war is equal to over 50% of the total plant capacity existing in 1940; in other words, the country will have increased its manufacturing capacity as measured by plant investment by one-half," he pointed out.

"Perhaps of even greater importance, almost incredible advances are being made in every direction in technology, and many ways found to improve efficiency. All may not be utilizable now, but methods of producing things, of transporting and handling and processing them are being developed which are cheaper, far cheaper than ever before. At the same time this nation is developing new sources of raw material, is developing independence of materials in an unprecedented manner.

"All this means that whenever money may be made freer in any relaxation of restraints, that whenever money again goes to seek goods and services, the economy will be able to supply them in a volume, at a speed and with a cheapness without parallel in all mankind's history. The inflationary force of emancipated money may, therefore, meet the resistance of an almost Utopian cornucopia," Mr. Woodward concluded.

Senate Opens Debate On New Tax Bill

(Continued from first page)
amount of corporate excess profits taxes will be refunded after the war.

"A last minute change in the tax bill as reported out by the Senate Finance Committee also provides that corporations may use their excess profits credit for limited payment of debts.

"A corporation under the Senate bill would be permitted to credit 40% of its debt retirement against its post-war reserve, but in no case could the credit for debt payment exceed 40% of the post-war reserve.

"When the subject of post-war reserves comes up for consideration in the Senate it is expected that a move will be made to provide that bonds issued to corporations evidencing their post-war reserves will be transferable and negotiable after the cessation of hostilities."

According to Washington advices Oct. 3 to the New York "Times" the Senate Finance Committee in reporting the largest tax bill in history made it plain that it was taxing income from future issues of local bonds and securities.

Prior to the opening of Senate debate, Secretary of the Treasury Morgenthau announced on Oct. 5 that the Treasury is working on a new tax bill to raise an additional $6,000,000,000 in revenue. Mr. Morgenthau told his press conference that he believes the pending tax bill will bring Federal revenues to $24,000,000,000 annually and that the Treasury's minimum needs are $30,000,000,000. Under present tax laws revenue collections amount to about $17,000,000,000. The Treasury estimates the yield of the pending tax measure at $7,000,000,000 but Congressional experts say the yield would be $8,000,000,000.

Mr. Morgenthau said the new proposals would be outlined to the tax committees of both branches of Congress "as soon as they are ready to receive them."

Senator George told the Senate on Oct. 6 that the nation's total tax burden next year would be $36,000,000,000, including $26,000,000,000 in Federal levies and $10,000,000,000 in State and local imposts. He estimated the national income at $110,000,000,000.

Previous reference to the tax bill was made in these columns Oct. 1, page 1173.

Mediators Withdraw From Strike Dispute

(Continued from page 1251)
ners, turned down a demand by the union for a contract providing a closed shop and salary increases of 15%.

"The office workers' demands were presented to the firm earlier in the day by Edward K. Flaherty, union business manager, who conferred at 11 a.m. with Harold Bache and his partners, Morton Stern and Clifford W. Michel. Mr. Flaherty said he was asked to return at 1 p.m. to enable them to confer with the head of the firm. At the second meeting the union leader said he was informed by Harold Bache that the firm would not grant the employees' demands.

"Mr. Flaherty then left the building and from an outside street telephone he informed one of the employees in the office of the firm's decision, thereby setting off previously arranged plans for the strike. . . .

"Commenting on the company's claim that a 15% wage increase had already been granted, Mr. Flaherty said that it was only restoration of a 15% wage cut of the previous year."

Ray Stephenson Dead

Ray W. Stephenson, a partner in Merrill Lynch, Pierce, Fenner & Beane, New York City, died Oct. 2, of coronary occlusion. He had been a director of the Guardian Life Insurance Co., the McCrory Corp., the West Indies Sugar Co. and the Harborside Warehouse Co. He was a trustee of the Lenox Hill Hospital.

Calendar of New Security Flotations

OFFERINGS

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)

Company in an amendment filed Sept. 24 revised the list of underwriters of its proposed $2,200,000 4¾% sinking fund debentures with the amounts which each will purchase as follows:

Name	Amount
E. H. Rollins & Sons, Inc.	$900,000
Eastman Dillon & Co.	510,000
Whiting, Weeks & Stubbs, Inc.	250,000
Stroud & Co., Inc.	200,000
Graham, Parsons & Co.	150,000
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 effective 5:30 p.m. EWT on July 28, 1942 as of 5:30 p.m. EWT July 12, 1942

Offered Oct. 8, 1942, at 100 and int. by E. H. Rollins & Sons, Inc. and associates.

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

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

Offerings will rarely be made before the day following.

SUNDAY, OCT. 11

DENVER CHICAGO TRUCKING CO., INC.

Denver Chicago Trucking Co., Inc., has filed a registration statement with the SEC for $400,000 debentures, 5%, maturing serially from 1944 to 1952, inclusive

Address—2501 Blake Street, Denver, Col.

Business—Operation of motor truck transport lines

Underwriting—Brown, Schlessman, Owen & Co., Denver, Col., is the principal underwriter

Offering—The issuer, a new corporation, upon the exercise of its option, will take over and carry on the present business of a partnership as an interstate carrier of merchandise by motor vehicle. The new corporation will acquire from the partnership all accounts receivable, motor vehicle equipment, rolling stock, real estate, franchises, etc. In consideration thereof corporation will deliver to partnership 4,000 shares of its capital stock, $1 par value, $250,000 of its debenture 5s and is also to deliver to the underwriter, on the order of the partnership, $150,000 of the debentures of the par value of $1,000 each, for the sum of $150,000 plus accrued interest to date of delivery. Corporation in normal course also assumes liabilities of partnership. The underwriter will purchase the partnership and the debentures from the partnership and the corporation and offer them to the public at prices ranging from 103.28% for the March 1, 1944, maturity to 100 for maturities 1948 to 1952, inclusive, plus accrued interest

Proceeds—The net amount to be received by the corporation will be used as working capital. Net amount received by partnership will be partnership funds distributable among the partners or usable for such purposes as the partners may decide

Registration Statement No. 2-5044. Form A-1. (9-22-42)

TUESDAY, OCT. 13

UNITED WHOLESALE DRUGGISTS OF ST. LOUIS, INC.

United Wholesale Druggists of St. Louis, Inc., has filed a registration statement with the SEC covering 4,000 shares of no par value common stock. Company was organized Aug. 11, 1942

Address—100 West Tenth Street, Wilmington, Del.

Business—It proposes to operate a warehouse at St. Louis. The corporation has been formed for the purpose of enabling distributors of United Drug Co. to have the benefit of purchases at wholesale of merchandise other than that sold by United Drug Co.

Underwriting—No underwriters named.

Offering—This offering of stock is not being made to all distributors of United Drug Co. products but is limited to those in the area economically served from St. Louis. Shares are to be sold at $50 per share for a total of $200,000 to the distributors of the products of United Drug Co. It is not contemplated that it will be necessary to borrow money. However, in the event a temporary loan is necessary pending receipt of funds to be raised from the sale of this issue, a loan not in excess of $50,000 may be made to the corporation by United Drug Co. At no time will there be over $200,000 raised from all sources. In the event such a loan is made it will be a form of a note for one year with interest at the rate of 3%. The benefits from such sales will be distributed to stockholders as dividends, monthly participations of earnings, and year-end checks of remaining earnings. Each stockholder will be allowed to increase his holdings as his merchandise purchases increase so he may hold stock proportionate to his purchases in order to receive his share of earnings

Proceeds—So far as determinable, the funds will be devoted in the amounts and to the purposes indicated, namely, to purchase of merchandise for sale to retail druggists $185,000, and to working capital $15,000

Registration Statement No. 2-5045. Form A-1. (9-24-42)

SATURDAY, OCT. 17

SOUTHERN UNION GAS CO.

Texas Southwestern Gas Co. has filed a registration statement with the SEC for Southern Union Gas Co. (the latter to be the surviving corporation in a proposed merger plan) covering 240,584 shares of Southern Union Gas Co. common stock, par value $1 per share. The name of the registrant will be changed in consummation of the merger plan from Texas Southwestern Gas Co. to Southern Union Gas Co.

Address — 1104 Burt Building, Dallas, Texas

Business—Primarily engaged as an operating utility company

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

Offering—Agreement of merger provides, among other things, that the survivor corporation shall offer approximately 240,584 shares of its common stock, par $1 per share, for subscription by holders of the presently outstanding common stock of Southern Union Gas Co., New Mexico Gas Co., and New Mexico Eastern Gas Co. at the price of $1.50 per share. Details of the merger plan have been filed with the Commission and previously announced

In addition to the securities to be issued in exchange for outstanding securities of the constituent companies involved in the merger plan, the details of which have previously been filed with the Commission and made public, the company will issue and sell for cash $3,650,000 of first mortgage sinking fund bonds, 3¾% series due Oct. 1, 1962

Registration statement reveals that E. H. Rollins & Sons, Inc., has advised the company that it has agreed to sell the bonds for the survivor corporation at a price equal to not less than 103¾% plus accrued interest, in such manner that there will not be involved any public offering of the bonds requiring their registration under the Securities Act of 1933. As compensation for its services in finding a purchaser, the banking firm is to be paid a commission of one-half of one per cent of the aggregate principal amount of the bonds

The banking firm also has agreed to purchase any unsubscribed shares of common stock offered to present shareholders of the constituent companies

Proceeds—The proceeds to be received by the survivor company from the sale of its bonds in the face amount of $3,650,000 and from the sale of common stock for cash and $250,000 of the proceeds from the Southern Union Production Co. loan will be used for the retirement of publicly held bonds and long-term debt of the constituent companies, to apply to working capital for the company and for reorganization expenses

Registration Statement No. 2-5046. Form A-2. (9-28-42)

SUNDAY, OCT. 18

ELASTIC STOP NUT CORP.

Elastic Stop Nut Corp. has filed a registration statement with the SEC for 50,000 shares of 6% cumulative convertible preferred stock (par $50) and 178,572 shares of common stock (par $1), to be reserved for conversion of preferred stock

Address—Union, New Jersey

Business — Manufacturer of self-locking nuts, etc.

Offering—After reclassification of securities, 50,000 shares of 6% cumulative convertible preferred stock will be offered first to holders of outstanding common stock, through warrants at $50 per share, unsubscribed portion through underwriters at $50 per share

Underwriting—White, Weld & Co. are named as principal underwriters

Purpose—May be used for redemption of 6% cumulative preferred stock (par $100), capital expenditures and working capital

Registration Statement No. 2-5047. Form A-2. (9-29-42)

TUESDAY, OCT. 20

MANHATTAN BOND FUND, INC.

Manhattan Bond Fund, Inc., has filed a registration statement with SEC for 1,000,000 shares of capital stock, par value 10 cents per share

Address—15 Exchange Place, Jersey City, N. J.

Business—Investment trust

Underwriting — Hugh W. Long & Co., Inc., Jersey City, is named as the principal underwriter

Offering—Date of proposed public offering is given as Nov. 1, 1942

Proceeds—For investment

Registration Statement No. 2-5048. Form A-1. (10-3-42)

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.

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 Sept. 29, 1942, to defer effective date

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 Sept. 12, 1942, to defer effective date

(This list is incomplete this week)

Congressman Challenges Authority Of SEC To Apply Disclosure Rule To Municipal Bond Field

(Continued from page 1250)

ties Exchange Act of 1934, regulating over-the-counter market transactions, shows that it "was the definite intent of the sub-committee to exempt municipal securities completely from the regulatory power of the Commission." The proposed rule, he added, is "contrary to the obvious intent of Congress," and stated that he is prepared, if necessary, to ask for Congressional action in the matter.

The full text of Congressman Boren's letter is given herewith:

CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D. C.

September 23, 1942.

Mr. Ganson Purcell, Chairman
Securities and Exchange Commission
Philadelphia, Pennsylvania
Dear Mr. Purcell:

I have served as a member of the Securities and Exchange sub-committee of the Interstate and Foreign Commerce Committee since 1937. If you will review the hearings on S. 3255 and H. R. 9634, which amended the Securities Exchange Act of 1934, regulating over-the-counter market transactions, you will find it was the definite intent of the sub-committee to exempt municipal securities completely from the regulatory power of the Commission.

Now, proposed rule X-15C1-10 comes to my attention. In this proposed rule the Commission assumes the power to set up a new class of exempted securities as distinguished from the exempted securities as defined by Congress.

In my judgment, the first fundamental in an approach to securities regulations is the recognition of the difference between public and private securities. For the six years in which I have served as a member of the sub-committee particularly studying securities problems, I have found no time in which any matter came up that was not a definite expression of intent on the part of the Congress to maintain the integrity of exemptions affected by your proposed rules as a unit class and there has never been the slightest supposition that the Commission could void that intent of Congress by breaking that class down into separate units.

Mr. Purcell, I want vigorously to protest the body and intent of the proposed rule referred to herein. I conceive it to be a positive evasion of a directive of Congress, and I feel that should the Commission believe conditions warranted any such rule, a recognition of the obvious intent of Congress in the law, and supplemented extensively in the hearings, should lead the Commission to come back to the Committee for such authority, if need existed.

Unless the Commission feels that it has facts with which to justify legislative authority to change this clear intent of Congress, then the proposal, X-15C1-10, should promptly be laid aside. If the Commission does feel that evidence not heretofore considered by Congress exists to justify such an alteration in the viewpoint established by the Congress on the subject, I am sure the Commission will find the Interstate and Foreign Commerce Committee open-minded to a consideration of the facts.

I will appreciate hearing from you on this subject because I must tell you frankly that, before I would see this method of destroying what I believe to be the clear intent of Congress, I would ask the Committee for a legislative directive to regulate such action.

With kindest personal regards, I am

Sincerely yours,
LYLE H. BOREN.

Inquiry By House Committee Into SEC Proposal To Change Proxy Rules Demanded By Kennedy

Recent protest was made to the House by Representative Martin J. Kennedy (Dem.) of New York against the new rules proposed by the Securities and Exchange Commission governing stockholders' proxies for corporate meetings on the ground that the changes would place an increased burden on corporations in preparing financial reports. Reporting Mr. Kennedy's objections thereto under date of Sept. 24, Associated Press accounts from Washington quoted him as saying:

"I am informed that the corporations at which these new requirements are aimed, state that it will be physically impossible to obtain and prepare by the required time the multifarious financial data which would be made part of the statements to accompany the notices of stockholders' meetings and the proxies.

"It seems to me that if any addition be made to the long list of reports and statements now required by the Government it should have a distinct, direct and helpful bearing on our war effort and should strengthen our hands for victory. If it does not do this, then common sense and even our nation's safety demand that it be deferred until the war ends."

In taking further exception to the SEC's proposals for the revision of its rules covering proxies, Representative Kennedy, according to the New York "Journal American" of Oct. 1 contended that the amendments "exceed the basis of the Commission's power." Mr. Kennedy's contentions were contained in a letter to Clarence F. Lea, Chairman of the House Interstate and Foreign Commerce Committee, which has under consideration amendments to the SEC acts. Regarding Representative Kennedy's presentments in his letter, the "Journal American" had the following to say:

"He asked that the Committee thoroughly investigate the subject and call Ganson Purcell, SEC Chairman, to explain contradictions between his testimony before the Committee and his recent public remarks on the need for revising proxy rules. Also, why, if proxy conditions are as bad as Mr. Purcell claims, he did not disclose this when he appeared before the Committee.

"In asking for revision of proxy rules, Mr. Purcell charged the 'proxy device has been sadly prostituted,' and that 'we see more and more today instances of management feathering its nest at the expense of its stockholders, as well as that of the government.'

"Any existing condition which is sufficiently serious to warrant such a derogatory statement by the SEC Chairman about corporate management," Mr. Kennedy wrote, "should be immediately and thoroughly investigated by our Committee for the purpose of:

"Determining why a condition of this nature was not disclosed during the recent Congressional hearings.

"Holding additional hearings to eliminate the condition if the disclosed facts show its existence.

"Correcting the improper denunciation of corporate management if the facts do not disclose such a condition."

Continuing, Mr. Kennedy wrote in the letter, copies of which were sent to every member of the Lea Committee:

"Information published in the press and business papers indicates a widespread feeling on the part of industrial management that the statement by Mr. Purcell is not true, that the proposed amendments far exceed the Commission's authority as specified in the statute, that many of the provisions are not workable, because they cannot be correctly interpreted, that they restrict the rights of investors and stockholders instead of extending them more protection, and that they would result in a vast increase in the amount of detailed accounting and other work at a time when depleted staffs are struggling with reports and production problems in connection with the current war effort.

In fact the general feeling of business executives, trade organizations, newspaper commentators, and attorneys and accountants is that the new proxy rules represent an extremely serious step in connection with the regulation of corporate activities.

"It is my suggestion that this unusual condition be thoroughly reviewed by the Committee at an early date and prompt action be taken to obtain from Mr. Purcell proof with respect to the conditions which prompted him to make the above serious statement, reflecting on corporate executives and the Commission to issue such drastic and far-reaching amendments under the classification of so-called minor changes in rules, particularly before our Committee has concluded its examination of the data presented at the recent hearings."

Insured Investment For Investors And Trustees

The United Building & Loan Association, 519 Garrison Avenue, Fort Smith, Ark., will be glad to send investors, trustees, and other fiduciaries interested in learning more about insured Federal Savings & Loan investments full particulars. Current dividend rate of 4% per annum.

Investment Trusts

(Continued from page 1255)

orandums for distribution, one on the Bond Series and the other on the Low-Priced Bond Series. These studies compare the average 1937 highs and the average "times charges earned" in that year for the bonds in each portfolio with their present prices and estimated earnings coverage. Here are the results:

*Bond Series

1937—	
High	98.23
Fixed Charge Coverage	1.30
1942—	
High	67.98
Est. Fixed Chge. Coverage	2.60

*Low-Priced Bond Series

1937—	
High	93.93
Fixed Charge Coverage	1.29
1942—	
High	58.90
Est. Fixed Chge. Coverage	1.83

*Figures are straight arithmetical averages on individual bond basis.

On Oct. 2, National Securities & Research Corp. sent a special bulletin to the list receiving its "Investment Timing" service, reversing the forecast of an intermediate downtrend made in the issue of the service published the previous day. According to this service, the intermediate trend is now up and, hence, conforms with the basic long-term trend which was forecast as being upward some time ago.

The Sept. 26 issue of "Brevits" contains a chart showing the divergent trends of the British and American stock markets since the last quarter of 1940. The London market recently made a new high for the entire war period and for several months prior to its outbreak, whereas the New York market is not far from its low. Comments "Brevits":

"The destinies of England and the United States are too closely interwoven to justify for long the market situation which exists. It is possible that the London market may come down to our level, but this seems improbable as it has already been exposed to the worst the war has had to offer, has weathered these adverse influences, and has rallied in face of them. That our market should trend toward higher levels seems the more reasonable prospect. It has been and is now discounting the unfavorable considerations."

Dr. E. W. Kemmerer, Princeton economist, has written a book, "The A B C of Inflation," which will be released for publication on Oct. 14. The current issue of the "New York Letter" gives a brief preview of the book, recommending it as "well supplied with simple and up-to-date charts" and "employing language which is surprisingly non-technical in the light of the subject discussed."

Dr. Kemmerer is Economic Adviser to Manhattan Foundation, Inc., the research organization which furnishes investment advice and assistance to the management of New York Stocks, Inc. and Manhattan Bond Fund, Inc.

"There might be a ceiling on corporate tax rates" suggests the current issue of "Selections," publication of the sponsors of Selected American Shares, Inc. "Among the recommendations of the Senate Finance Committee is one which limits the over-all income tax rate on a corporation to a maximum of 80% of total net earnings before taxes." Whether or not this particular figure becomes the actual ceiling for the duration of the war, the bulletin expresses the belief that the proposed rates are approaching a maximum practical limit.

The "National Investors Letter" of Sept. 28 discusses the emphasis placed by National Investors Corp. on growth companies. A "growth" company is defined as one which "should provide increasing possibilities for earnings and dividends extending over a period of years."

The first "Organization & Personnel" booklet to come to the attention of this column in some time is the new Keystone publication entitled "The Keystone Organization." Stressing the ten-year development of Keystone, the brochure is really a large-sized, handsome job.

Bldg. Issues Attractive

Issues on the Cleveland Terminal Tower Building offer very attractive possibilities at the present time according to an interesting circular issued by William J. Mericka & Co., Union Commerce Building, Cleveland, Ohio, and 29 Broadway, New York City. Copies of the circular, containing a brief summary of the plan of reorganization for the property, may be had from the firm upon request.

Our Reporter's Report

(Continued from first page)

A Full Schedule

Secretary of the Treasury Morgenthau, who was expected to make known today the details of his enormous $4,000,000,000 war financing program, has a full schedule on his hands at the moment.

The Treasury, according to those well-versed in the Government market, was expected to offer investors a choice of two types of security in the war financing, with an intermediate term bond and short-term notes anticipated.

Meanwhile he must provide for refinancing $1,507,000,000 of certificates of indebtedness due November 1, next, and at the same time roll over the usual weekly bill offering. The Government market, evidently closely guarded from all sides, maintained its stoic firmness in face of the huge impending issue.

In Lieu of New Issues

Up and going investment banking firms are not given much to griping about the dearth of new issues currently. On the contrary, those which are geared for the business, are more inclined to search around for opportunities such as that presented by the capital revision of Empire Gas & Fuel Company.

And the possibilities in that direction are receiving a good deal more than passing attention since bankers who handled the job of obtaining exchanges, or consents to the Empire plan found it a fairly lucrative business, judging by reports.

Under the operation of Section 11 of the Public Utility Holding Company Act, known as the "death sentence clause," many such opportunities should arise, it is argued, as utility groupings are revamped structurally, necessitating contact with millions of investors holding their securities.

Railroad Offering Near

The first piece of railroad financing in quite a spell came into the realm of early competititve bidding with the announcement by the Alabama Great Southern that it would ask bankers to tender bids shortly for a $9,500,000 issue of mortgage bonds.

Whatever happened to prompt the change in indicated plans, it had been the general expectation in informed quarters that the management had contemplated placing the issue privately with institutions.

Decision of the road to call for sealed bids doubtless removed the possibility of a protest by investment banking interests which had loomed if the bonds had been sold direct to investment interests.

McGoldrick On Municipals

Joseph D. McGoldrick, Comptroller of the City of New York, finds that the war is having favorable effect on the finances of many municipalities.

Speaking before the finance section of the American Life Convention in Chicago Tuesday, Mr. McGoldrick asserted that many cities are likely to find themselves in better financial position after the war than prior to it.

New bond issues, he pointed out, are at a minimum, while most cities are continuing to retire outstanding indebtedness without incurring new obligations.

He cited the case of New York City as an example, stating that some $50,000,000 to $60,000,000 of debt would be retired this year with new emissions relatively small in comparison.

UP-TOWN AFTER 3

PLAYS

"Strip For Action," by Howard Lindsay and Russel Crouse. Presented by Oscar Serlin, Howard Lindsay and Russel Crouse at the National, N. Y. With Keenan Wynn, Eleanor Lynn, Joey Faye, Jean Carter, Murray Leonard, Billy Koud and others.

New York has recently had an influx of burlesque shows tailored for the $4.40 trade rather than the followers of Minsky. But of all the recent arrivals "Strip For Action" is the best buy. Actually it's not a burlesque show as much as it is a burlesque of a burlesque. For it details life backstage in a road company burlesque outfit eager to put on a show for the soldiers. It shows the harried little stage manager putting the line girls through their paces, or appeasing the star stripper for the lack of proper musical accompaniment for her bumps. It's a fast show made up of corn and bits of originality all aimed at the funny bone. Written for laughs, it has a cast which knows how to get the most laughs per minute. The plot is built around an ex-burlesque comic, now a draftee, who invites his old pals to come to camp and put on a show for the boys. Characteristically, he neglected to get permission, a fact the troupe first discovers when in the throes of violent rehearsal, made more violent by the soldiers who invade the scene to date the girls. The private responsible for the mess, steals the major's car and, accompanied by his pals, goes A. W. O. L. and heads for Washington to see the Chief of Staff to seek official permission. How he gets it and what happens during and after is sidesplitting to see and hear. Messrs. Lindsay and Crouse have come up with another hit which can stand up alongside their "Life With Father" and "Arsenic & Old Lace."

"Hello Out There" and "Magic." Two plays; the first by William Saroyan, the second by G. K. Chesterton. Both staged and presented by Eddie Dowling at the Belasco, N. Y. With Eddie Dowling, Julie Haydon, John Farrell, Stanley Harrison, John McKee and others.

"Hello Out There" is a short play that sounds like an early Saroyan. It offers a scene full of drama and quiet intensity about a badly scared little man in a small Texas jail falsely charged with rape. In his fear he constantly calls out "Hello Out There" and is finally answered by a girl hired to cook and clean the jail. Both are lonesome and exchange confidences and make plans for life outside before a lynch mob breaks in and shoots him down. It's just a one acter, yet packs enough drama to fill a complete regulation play. . . . "Magic" is a revival of Chesterton's and like most of his work is wordy though at times brilliant. In the play an Irish conjurer plays upon people's emotions, fears and beliefs, or rather disbeliefs, of the supernatural. Of the two, "Hello Out There" is the better play. Dowling as the prisoner is magnificent. Miss Hayden as the lonesome girl of all work is pathetically realistic.

AROUND THE TOWN

With a war going on you'd think a "society" cocktail party to inaugurate the opening of a new bar would leave scarcely a ripple. That's what we thought until we dropped in to see what James McKinley Bryant, the perennial opener and closer of East Side bistros, had cooked up in the staid **Madison Hotel** on **East 58th St.** Well, Mr. Bryant, making like a Grover Whalen, was there behind a rope to say " . . . glad you came. There's the bar." And he was right. There it was; held up by a varied assortment of gentlemen who have a nose for "openings" plus an inordinate fondness for tippling, particularly when such tippling can be indulged in for nothing. Off in the distance Bob Knight, his electric guitar and orchestra, were playing to a crowd strangely shy of dancing. All the local wolves (both sexes) were out en masse. Even Wall Street was represented, though with things being what they are, not in its usual glory. Hollywood was present in chincilla coats which didn't fit and manners that did. Tommy Manville, carrying the banner of playboy No. 1, not to mention bags under his eyes and a bored blonde on each arm, was also there. Orson Welles, acting camera shy, was busy hiding behind pillars. The room itself is a plain squarish affair. Obviously it was never built to accommodate such goings on as Mr. Bryant (who writes songs, poems, not to mention four figure checks which no one in their right mind would think of cashing) arranged. The Army and Navy was also represented. A splattering of two stripers and at least one oak leaf. The waiters being unaccustomed to such brilliant company were either mixing their orders or falling over their feet. One of the waiter captains, it was early obvious, disagreed with the entire goings on. He peered at everyone with an expression reminiscent of a Hunchback of Notre Dame with acute digestion. The only spirits he couldn't dampen were the ladies of the demi monde who, for a change, were not only in out of the rain but making eyes at the willing but amateur Lotharios, each thinking it was their peculiar charms which was making the impression.

Pres. Signs Capital-Stock Tax Extension Bill

President Roosevelt signed on Sept. 30 the resolution extending until Nov. 28 the time in which corporations may file their capital-stock tax returns for 1942. As indicated in our issue of Sept. 24 (page 1087) these taxes were normally due on July 31, but the Treasury extended the period to Sept. 29. Representative Doughton, Chairman of the House Ways and Means Committee, stated that another 60 days' extension was necessary in view of a pending proposal to repeal the law. Congressional action on the bill appeared in our item on Page 1087.

IBA Conference To Study Disclosure Rule

At the War Finance Conference of the Investment Bankers Association of America, to be held in New York City Oct. 19 and 20, it is pointed out by the Association, "the business of investment banking and of the Association, aside from war financing, will have such a short time on the program that the matters brought up will be important." "So, newswise," the announcement by David Dillman, Educational Director of the Association, states, "the War Finance Conference will be concentrated." This two-day War Finance Conference is replacing the usual five-day annual convention of the Association as we indicated in our Oct. 1 issue, page 1170, and is being held in New York to minimize travel, since a majority of the organization's members are located in Eastern financial centers.

In addition to the conference proper, there will be on Sunday, Oct. 18, national committee meetings and a meeting of the Board of Governors, open to all registered IBA delegates and alternates. It is noted in the Association's program that since the Securities and Exchange Commission's proposed bid and asked disclosure rule (X-15C1-10) is one of the most important subjects now before the investment banking business, it will be discussed at the Governors' executive meeting and the special committee on this rule will report.

The conference will conclude on Oct. 20 with an address by the incoming President, Jay N. Whipple, partner of Bacon, Whipple & Co., Chicago.

Mr. Dillman states that the Association is asking members outside of New York to schedule one of their regular business trips east to coincide with the dates of the conference and so permit their attendance without extra use of transportation facilities. Total attendance is expected to be large in view of the number of members in and around New York.

The program for the two-day meeting was given on page 1170 of our Oct. 1 issue.

Arthur Gwynne With Montgomery, Scott

Arthur C. Gwynne, formerly a partner in Jenks, Gwynne & Co., now in liquidation, and recently of Winthrop, Whitehouse & Co., has become associated with Montgomery, Scott & Co., 120 Broadway, New York City.

Group Named To Study SEC Proxy Changes

Proposed revision of the Securities and Exchange Commission's proxy rules will be studied by a group of five business executives with the SEC staff, it was announced on Sept. 28. The committee will function under the recent plan of cooperation on mutual problems affecting the SEC and securities industry.

Members of the group are: L. H. Brown, President, Johns Manville Corp., New York; Robert W. White, Vice-President, Secretary and Treasurer, Union Carbide & Carbon Co., New York; Edward Hopkinson, Jr., of Drexel & Co., Philadelphia; Charles S. Garland, of Alex. Brown & Sons, Baltimore; and Emil Schramm, President, New York Stock Exchange.

The Commission's summary of proposed proxy rule changes appeared in these columns of Sep. 10, page 893.

Interesting Situation

Brown Co. 5s, due 1959, offer interesting possibilities, according to a circular issued by Charles King & Co., 61 Broadway, New York City, from whom copies may be had upon request.

Stein Bros. & Boyce To Admit Partners

BALTIMORE, MD.—Edward J. Armstrong, Allan L. Carter, Jr., and LeRoy A. Wilbur will be admitted to partnership in Stein Bros. & Boyce, 6 South Calvert Street, members of the New York Stock Exchange and other leading national exchanges, as of Oct. 15.

Mr. Wilbur has been with the firm for many years as manager of the investment department. Mr. Carter was formerly with Baker, Watts & Co.

Our Reporter On "Governments"

As this is being written, we have not yet heard the exact, complete details on this month's $4,000,000,000 issue, the largest financing operation since the days of the first World War. . . . We know we're getting two offerings, one a bond, one a short-term. . . . We know the market is going to be able to take the flotations, for it has been put in fairly good shape by the Federal Reserve authorities and the word has been passed around that support will be forthcoming on any indications of sloppiness. . . . The dealers are set. . . . The nation's big investors, banks and insurance companies, are ready to take down their major portion. . . . And as you read this, it may be taken for granted that you too are deciding how many of the new ones you'll subscribe for. . . .

To make sure that banks would be able to buy the bonds, the Reserve System has just put through the third cut in Reserve requirements of banks in New York and Chicago. . . . The requirements of these two cities are now at 20%, equal to the bank requirements in other cities classified as "Reserve cities." . . . The banks now have the cash and they'll buy. . . . But when this one is over, the money situation will begin to tighten again. . . . And there is no question that a further cut in requirements for the country as a whole must come—and come soon. . . .

In fact, there's some doubt as to whether the board is following the proper policy in making its reductions so gradual. . . . A general reduction in requirements to expand the credit base of the nation's banks rather than just the credit base of banks in Chicago and New York may not be desirable from an anti-inflation viewpoint but it is desirable from a war financing viewpoint. . . . Some dealers think this move should have been made prior to the October deal to inspire buying interest and "take the market off the floor." . . . But it wasn't done, so we may anticipate a step in this direction later this month or early in November. . . .

There's one other point that demands attention at the start. . . . And that is the Treasury's persistence on "issue secrecy" until the very last moment. . . . Here it is, a few hours prior to the October borrowing and dealers still are guessing on the terms of the deal. . . . We have some clear ideas, of course. . . . We have the figures and the calculations to indicate what must be offered to guarantee success. . . . But they're statistics arrived at by private sources, not proffered by the Treasury. . . . Uncertainty is the keynote of the market prior to an offering these days . . . "dead center" markets are the rule until the last minute. . . .

Back in peace-time days, when a $500,000,000 borrowing was news and was to be expected only now and then, such uncertainty was to be taken for granted. . . . To prevent undue speculation, Secretary Morgenthau had to keep his issue plans secret until the last instant. . . . His policy was accepted as smart maneuvering, essential to holding down the subscription totals and fooling the multitudes of "free riders." . . . But today, that policy no longer makes as much sense. . . . On the contrary, among the most informed dealers and traders in the New York market, the conviction is growing that the lack of a definite, established policy for financing this most costly war in history constitutes one of the bad "gaps" in our war effort. . . .

Strong though these words may appear, the fact is obvious that the Treasury has not yet determined an over-all war financing program. . . . Borrowings are tumbling out, one on top of the other. . . . Every month, we get a tremendous financing deal—at one time, shorts, at another, longs, at a third, a mixture. . . . Already, there are 36 bond issues listed on the Treasury's outstanding loan calendar, 14 note issues, four guaranteed bond issues, four certificate of indebtedness issues, six short-term guaranteed issues. . . . In a few days, the total of 64 will be lifted again. . . . Just the size of the list is becoming disturbing, suggesting the variety of financing offers is reaching the unwieldy stage. . . . Until the last minute, Morgenthau (his advisers) and the Reserve Board's experts have no clear conviction on what securities to choose. . . .

Of course, this is the most difficult financing task ever placed in the lap of an American fiscal chief. . . . Never has any Treasury been faced with a borrowing job of such magnitude and delicacy. . . .

But we need a definite program. . . . We should have some hint as to what we're going to get more than an hour before we get it. . . .

PRELIMINARY SELLING

Talk to any Government bond dealer around your district and you'll get more information on this subject. . . . This is not criticism in a destructive sense. . . . It's not even criticism, for everyone understands the Treasury's difficulties and Morgenthau's hesitation to adopt a course that might be even faintly unsatisfactory is entirely natural under the circumstances. . . . But, according to authorities who know the Government market inside out, the time has passed for timidity in any form. . . .

If dealers had indications of what type of securities were to be offered, they could begin "building the market" for the offering long before the actual sale. . . . Preliminary selling could be of great aid in the actual distribution. . . . As for the buyers themselves, surely some clue as to a financing offer could be turned to good use in investment and directors' meetings prior to a Treasury flotation. . . .

Perhaps the only answer lies in a return to the system tried with such success in 1917-19, experts say. . . . A huge bond issue every few months is considered a worthwhile substitute for month-to-month approaches to the marts. . . . Were a plan of this sort to be attempted, the entire selling machinery of the country could be called into action and door-to-door placements could be built to huge totals. . . . Maybe a $10,000,000,000 issue every quarter plus now-and-then short-terms, designed for special buyers, would fill the need. . . .

Anyway, it's one idea that has not been given the public notice that it has received in private. . . . It's possible that the system may be forced on the Treasury despite its reluctance to make any changes at this time. . . .

ASTRONOMICAL FIGURES

The October offering will lift the Treasury's working balance to above the $6,000,000,000 mark, it is estimated. . . . Balance now is around $3,500,000,000, but at the rate of daily expenditures now, even the October reserve won't last long. . . . Expenditures per month now running above $4,000,000,000, will be up to $5,000,000,000 soon (just for war purposes). . . . Debt is above $90,000,000,000, is rising at a rate of $4,000,000,000 per month. . . .

Deficit just in the period from July 1 to the end of last month was $11,629,000,000. . . . Borrowings since July 1 have totaled $13,000,000,000. . . .

No, there's nothing easy about Morgenthau's task. . . . But he can't solve it by refusing to face the facts. . . .

INSIDE THE MARKET

Federal Reserve System has been actively supporting the market in last 10 days, particularly since announcement of borrowing for October. . . . Big purchases of the new 1¼% notes of March 15, 1945, reported by dealers. . . . Issue is being held at the crucial "par" level. . . .

Last borrowing of comparable size to this was the $6,000,-000,000 issue of 4th Liberty 4¼s, due 1938/33, sold Sept. 28, 1918. . . . Subscribers were permitted to buy that issue on the instalment plan, with terms of 10% down on application; 20% on Nov. 21, 1918; 20% on Dec. 19, 1918; 20% on Jan. 16, 1919 and 30% on Jan. 30, 1919. . . .

Not much talk around of returning to instalment system for sales of bonds in this war, so probability is this method won't be adopted for some time, if ever. . . .

Sales of tax-anticipation notes going fine, with reports indicating $600,000,000 of the notes have been placed since new sale started Sept. 14. . . . Of this, $300,000,000 total is believed to have been placed in the New York area. . . . Victory Fund Committees now calling on certified public accountants for aid in distributing these notes. . . .

One story is Reserve authorities will have to create as much as $6,000,000,000 and maybe more additional funds for the nation's commercial banks in this fiscal year. . . . Ways to accomplish this are (1) reduction in reserve requirements generally; (2) open market buying of securities; (3) member bank borrowing. . . . First choice will get most attention over next few months. . . .

COMPARISONS

Some comparisons to throw into bold relief the institutional support being tendered to the Treasury these days. . . . Without the banks and without the tremendous support of other non-banking institutions, such as insurance companies, financing of the war on any acceptable basis would be impossible. . . .

Excess reserves of all member banks have been slashed $3,-170,000,000 in the last 12 months, from above $5,200,000,000 to $2,030,000,000. . . .

Excess reserves of New York City banks have plunged $1,-620,000,000, from $1,830,000,000 to $210,000,000. . . .

In New York City, 16 banks have added $1,700,000,000 Governments to their portfolios, bringing the total to $8,740,000,000. . . .

All reporting member banks have added $6,180,000,000 to their portfolios, building the total to $20,588,000,000. . . .

Life insurance companies have bought $1,872,000,000 Government bonds in the year to date, against $584,500,000 purchases in the same 1941 period. . . . Government bonds have represented 57% of their purchases in this year, against 21½% in 1941. . . .