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OUR REPORTER'S REPORT

Interest in defaulted railroad bonds, which had been running high in recent months, received a sharp setback this week with the news from Washington that things were moving to forestall any reaping of speculative profits in that direction.

Behind the recent protracted strength in this classification and in some of the cheaper obligations outside the receivership class, was the anticipated passage of the new War Revenue Act with provision for permitting the railroads to buy back their bonds without facing the necessity of paying taxes on illusionary capital gains.

It now develops that Senator Wheeler, with an eye on the likelihood of speculative attempts to "cash in" on this development, had already introduced an amendment to the bill, which would have placed a 90% tax on all profits made from securities of carriers in reorganization, either before or upon completion of such revamping.

But because of unwillingness to delay the tax bill further this amendment was set aside. But it was clearly indicated that subsequent action was in the minds of the legislators and the Treasury along the same lines, with a none-too-gentle hint that whatever ultimate steps are taken they will be made retroactive.

Only the absence of nearby bids on Tuesday, helped to keep the turnover in such bonds light, but even so losses averaged 2 to 3 points, heaviest since the rise began.

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Our Reporter On "Governments"

The new 2s of 1952/50 are selling at 100. . . . Their issue price. . . . The longer-term issue of 2s, also taxable and due in 1955/51 are selling at 100. . . . Their issue price some months ago. . . . Just look at those two figures, try to reconcile them with the basic rules of price-maturity-yield relationships. . . . It's rather silly, isn't it? . . . But then again, that's the sort of situation you get into when bonds are sold at a price too close to the market and the official sources extend support to the market. . . . Unless we miss our guess and unless (which is much more important) the Treasury and Federal Reserve System miss their task, the longer 2s and the shorter 2s and all the other 2s we can look forward to will remain at par—come one thing or another. . . . So let's admit another axiom is going by the boards. . . . No longer can you sit down and figure what spreads should exist between issues on the basis of the fundamentals. . . .

And here's another report, indicative of the present situation in the Government bond market. . . . A few days ago, dealers began quoting "subject" markets on most of the long-terms and intermediates. . . . That is they told customers to state their wishes and the dealers would "try to see if the orders could be fulfilled." . . . Subject markets are usually the sign of a badly disorganized, unsettled situation. . . .

The factors behind the sudden development? . . . There is no certainty but one story is a major institution in the New York district showed its hand as a seller. . . . Dealers went to the Federal Reserve authorities, asked what the official support would do. . . . Received a cool reception. . . . And market reflected this immediately. . . . Another is the Federal Reserve itself started the thing by suggesting that dealers try to take some of its recently-bought securities off its books. . . . Prior to the last financing and during the days the subscription books were open, the Federal was a prime buyer of outstanding securities. . . . It didn't buy those obligations for permanent holding and its indications to that effect set off the movement. . . .

And it may be that another explanation entirely is responsible. . . . But that doesn't matter. . . . What does is that Morgenthau's $4,000,000,000 sale of 2s and 1½s still is having a seriously disturbing effect on the most important market in the nation today. . . . Can such a flotation be called a success? . . . Even though the $4,000,000,000 was raised? . . .

But it's about time discussion of the recent financing was ended. . . . One thing, surely—the Treasury officials want to put a halt to the under-cover talk. . . . And with the speech of Undersecretary of the Treasury Daniel W. Bell at the Investment Bankers Association's war finance conference Monday evening, we've had final confirmation of the Treasury's intention to make the 10-year 2s the standard bond for commercial banks. . . .

Banks are going to double their holdings of Governments this fiscal year. . . . And they're going to do that by buying billions of securities, ranging from 90-day bills to 10-year bonds and carrying interest ranging from ⅜ of 1% to 2%. . . .

"EVERYBODY WORRIED"

A telephone call to one of the big dealers in Governments this week elicited this reply, "I don't know what's going to happen to

(Continued on page 1440)

IBA War Finance Conference Meets In N. Y.; Investment Banking Termed Vital To Nation

Some 400 or 500 investment bankers from all sections of the country gathered in New York this week for the 31st annual meeting of the Investment Bankers Association of America, having one major item of business before them—that of their participation in the war through helping the Treasury finance it. John S. Fleek of the Cleveland investment banking firm of Hayden, Miller & Co., President of the Association, in a pre-meeting statement said, "The primary reason for our session is to be told by Government representatives who are directing the war financing, how great are the demands and where and how we can help."

Among the Government representatives were Daniel W. Bell, Under-Secretary of the Treasury, and Rear Admiral Emory Scott Land, Chairman of the Maritime Commission and the man in charge of war shipping. Another speaker was Joseph C. Grew, former Ambassador to Japan. In addition, Treasury, War Savings Staff and Federal Reserve officials and the Chairmen and executives managers of the Treasury's Victory Fund Committees participated in a special war finance session on Oct. 19 which discussed methods and techniques of selling Government bonds in vast quantities much after the manner in which business concerns in more normal times hold national sales conferences to stimulate the sale of their products.

At a luncheon on Oct. 19, Rear Admiral Land was the speaker, and at a dinner the same night Under-Secretary Bell and former Ambassador Grew addressed the gathering. The meeting, held at the Waldorf-Astoria Hotel, covered a two-day period—Oct. 19 and 20—with committee meetings taking place on Sunday, Oct. 18. Held under the title of the association's "War Finance Conference," the meeting replaced the association's usual five-day annual convention.

It was the first time that the association has met in New York since its initial convention in 1912, the purpose this year being to minimize the traveling of delegates. The majority of the association's members are located on the eastern seaboard, and those from other sections of the country were asked to include this year's meeting with one of their periodical business trips to New York. A number of commercial bankers and others who are members of the Treasury's Victory Fund Committees were invited as special guests of the association.

Out of the meeting, said President Fleek in his pre-meeting statement, there should develop additional ways for the men in the securities business to apply their special training and experience to the nation's problem of financing the war. He commended the men of the securities business for the services they have rendered the Treasury without compensation. "War is a devastating calamity at best and for investment banking it has brought drastic displacements and curtailments," he said. "For these reasons you are all the more to be commended for so willingly volunteering to take time from your ordinary business to sell Government bonds in direct competition with the securities which are your regular stock in trade."

In addition to its service in helping the Treasury, the securities business as represented in the

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Rails In Reorganization

The Status of Railroads in Reorganization is the subject of an interesting study issued by Buckley Brothers, 1529 Walnut Street, Philadelphia, Pa. Discussed in the study are the methods of reorganization of some of the more important roads, the tax situation, cash position, the possibility of government control, wage situation and the effect of competition from airplanes. Copies of this booklet may be had upon request from Buckley Brothers.

Stock Market Trend Upward; Rails And Utilities Discussed

Profit Taking

Generally easier tendencies prevailed throughout most sections of the list during the past week.

Recessions, for the most part, were of minor proportions and volume tended to diminish as prices drifted lower, thus indicating an unwillingness on the part of investors or speculators to press offerings very far.

Following the extended advance which has thus far taken place, it is natural to expect that the market has entered an area where profit-taking will cause increasing irregularity. The position of the market, however, remains fundamentally unchanged, and while we recognize the probability of some kind of an intermediate top developing at around prevailing levels, we cannot conceive of it being anything more than a temporary barrier. The main trend, in our opinion, is upward, subject to recurring periods of irregularity and reaction.

As We See It

As we see it, one of the vulnerable sections of the market at the present time is defaulted rail bonds.

Most of these issues have had a very substantial advance and apparently some very sizeable speculative positions have been built up. Fundamentally, the outlook has not undergone any significant change for the worse, but it is obvious that the technical position of the market, judging from the recent character of the buying and selling, has deteriorated considerably.

Reactions in this section of the market, when it is in such an advanced position as at present, are usually violent—witness the collapse last spring, for instance. All of this is not in any sense a prediction of an extensive downward readjustment; the position of the market could be corrected, as we see it, by a prolonged sidewise movement within relatively narrow limits. We are merely advocating caution and believe that profit-taking is a sounder policy than entering into new commitments, except in special instances.

Some Exceptions

Now consider the position of the borderline interest-paying rail bonds.

There has been relatively little public participation in this section of the market. Most of these issues have for months been moving within narrow limits and with no appreciable increase in dealings. An exception, however, has been in some of the fairly short maturities in which speculation has tended to converge. Hence, if unfavorable developments were to occur, we should expect to see some sharp corrections in the earlier maturities rather than in the later maturities. Many of the former, in our opinion, are selling far out of normal relationship to intrinsic quality. Such a situation in the past has always proved temporary rather than permanent, and we judge the same situation will exist in the future.

In any event, there is no denying the fact that there is sufficient widespread distrust of the after-the-war position of the rails to bring about a sharp reaction if a real peace scare develops.

Tax and Peace Beneficiaries

The position of utilities is somewhat different.

There have been some very sizeable advances during recent months, but, generally speaking, prices for utility stocks today are even lower than the lowest prices recorded at the bottom of the market in 1932.

The proposed tax bill, even with its anti-utility joker, virtually clinches many dividends which formerly were doubtful, and we judge that some of the better speculative and investment opportunities in the market presently exist in this section of the list, particularly amongst preferred stocks.

In addition to utilities being major beneficiaries of a reduction in the normal and surtax rate from 45 to 40%, this group of stocks would also probably fare extremely well in any peace market. Certainly it is a fair observation to make that the longer the war lasts the better it is for the railroads and the worse for the utilities — and, conversely, the shorter the war the better for utilities and the worse for the railroads. In short, if a real peace scare were to develop with the market in its present position, we think that the rails and utilities would "scissor" in decisive fashion. — *G. Y. Billard — J. R. Williston & Co.*

G. Milburn In Army; Firm Elects Cochran

WICHITA, KANS. — Glenn L. Milburn, Vice-President of Small-Milburn Company, Wheeler-Kelly-Hagny Building, has joined the armed forces and is a Lieutenant in the Quartermaster Replacement Training Center of Ft. Warren, Wyoming. Lt. Milburn has taken a leave of absence from the Small-Milburn Company for the duration.

W. B. Cochran, Manager of the firm's Oklahoma City office, Terminal Building, has been elected Assistant Vice-President. Don Small, Kansas representative, has been elected Secretary.

Marshall Foster To Be Gammack Co. Partner

Marshall S. Foster will be admitted to partnership in Gammack & Co., 40 Wall Street, New York City, members of the New York Stock and Curb Exchanges, on Nov. 1st. Mr. Foster was formerly associated with the New York office of Auchincloss, Parker & Redpath in charge of the Market Analysis Department.

Harold Kennedy Joins Graham, Parsons Co.

Harold J. Kennedy has been appointed to the sales force of Graham, Parsons & Co., 14 Wall Street, New York City. Mr. Kennedy was formerly Vice-President of Colyer, Robinson & Co., Inc., of Newark, in charge of the Municipal Department.

NSTA Service Flag

The following are members of the New Orleans Security Traders Association who are now serving in the armed forces. The New Orleans Association is an affiliate of the National Security Traders Association.

Dinkins, Ladd, Lt. (j. g.), U. S. Navy.

Gleason, F. Wesley, Ensign, U. S. Coast Guard.

Hardy, Ford T., First Lt., Army Air Corps.

Manion, Charles W., Private, Army Air Corps.

Newman, Leon, First Lt., Quartermaster Corps.

Newman, Morris W., First Lt., Glider Corps, Advanced Glider School.

Schjott, Rudolph, Ensign, U. S. Coast Guard.

Smith, Palmer, Major, U. S. Army.

Weil, Roswell J., First Lt., Quartermaster Corps.

Weil, Walter, Jr., Private, V. O. C., Army Air Corps.

NYSE Members, Employees To Make Blood Donation

Members and employees of the New York Stock Exchange met on Oct. 16 in the Board of Governors room of the Exchange to make plans for donation of blood on Armistice Day, Nov. 11, at the Blood Donor Service of the New York Chapter of the American Red Cross, 2 East 37th Street, New York City. James McKenna, Chief Floor Air Raid Warden of the Exchange, was Chairman of the meeting.

Mrs. Dudley Brill and Mrs. Frederick Vietor, of the Red Cross, explained that organization's blood donor process. Mrs. Vietor also addressed a meeting of the Association of Customers' Brokers which followed that of the members and employees of the Exchange.

Stein Bros. & Boyce Admit New Partners

BALTIMORE, MD.—Stein Bros. & Boyce, 6 South Calvert Street, investment bankers and members of the New York Stock Exchange, announce that Allan L. Carter, Jr., LeRoy A. Wilbur and Edward J. Armstrong, were admitted to the firm as general partners, effective as of Oct. 15, 1942.

LeRoy A. Wilbur

Mr. Carter has been engaged in the investment banking business for approximately 15 years. He was formerly associated with W. W. Lanahan & Company and Baker, Watts & Co. Mr. Wilbur has been with Stein Bros. & Boyce since 1927, and for the past several years has been Manager of the Investment Department. He is also Secretary of the Bayway Terminal Corporation. Mr. Armstrong has been connected with the investment banking business for the past twenty-four years, and has been with Stein Bros. & Boyce since 1924.

Edward J. Armstrong

The firm also announces that Fitzhugh J. Dodson retired as a general partner, effective Oct. 15, but is continuing to be associated with the firm.

Stein Bros. & Boyce state that 16 members of the organization, including one partner, are now serving in the armed forces. Henry C. Evans, partner, is now a Brigadier General in the Field Artillery of the U. S. Army.

Admission of Messrs. Carter, Wilbur, and Armstrong to partnership in Stein Bros. & Boyce was previously reported in the "Financial Chronicle" of Oct. 8th.

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Auto Of Future May Feature 2-Way Radio

A motorist in the post-war era may be able to converse by two-way radio with friends miles away as he rolls along the highway.

That is the distinct possibility being held out for millions of drivers by Delmar G. Roos, chief engineer for Willys - Overland Motors, who this week outlined results of his company's development of a mass-production technique which enables combat vehicles to send and receive short wave messages without interference.

The development, described as "radio spark suppression," has been in use for the past six months on tanks, Jeeps and half-tracks, Mr. Roos said, and has proved inself especially invaluable when the vehicles are travelling in convoy or close battle formation. Previously, he continued, it was impossible for them to transmit and pick up dispatches on certain short wave bands due to sparks and static generated by the electrical equipment in their gasoline engines.

In overcoming the problem, Mr. Roos explained, Willys engineers, in close cooperation with the U. S. Signal Corps, designed special filters, suppressors and grounding materials, which eliminated the static without impairing engine efficiency.

He said the company's Jeep assembly lines were then utilized in perfecting a technique to "spark suppress" motorized weapons in mass production. Materials and installation methods were standardized and special testing booths, containing short wave radios, were constructed in sufficient numbers to permit immediate checking of each Jeep as it was driven from the assembly line.

Mr. Roos predicted that the new spark suppresion method, in addition to its possible use in the post-war automobile, will greatly affect the future of radio and television since it makes hundreds of wave bands available which were previously useless.

St. Louis Traders Club Elects Richter Pres.

ST. LOUIS, MO.—At the annual election of the Security Traders Club of Saint Louis, the following

Henry J. Richter

were selected as officers for the year 1942-1943.

President—Henry J. Richter, of Scherck, Richter Company.

First Vice-President—Emmet J. Brennan, of Brennan, Kinsella & Company.

Second Vice-President — Raymond J. Denyven, of Denyven and Company.

Third Vice-President—Earl Godbold, Jr., of Goldman, Sachs & Company.

Secretary—Richard H. Walsh, of Newhard, Cook & Company.

Treasurer—Fred S. Kelly, of Stifel, Nicolaus & Company, Inc.

National Committeeman — Jerome F. Tegeler, of Dempsey-Tegeler & Company.

The election party was held at the DeSoto Hotel.

News & Views

The current issue of "News & Views" published by Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, Calif. contains interesting information on a number of fire insurance stocks which the firm considers, offer particularly attractive possibilities at the present time. Copies of "News & Views" may be had by writing to Butler-Huff & Co.

Interesting Possibilities

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.

Catozella Heads Dept. Of Merrill Lynch, Pierce Co.

Reynolds & Co., 120 Broadway, New York City, members New York Stock Exchange, announce that Vincent A. Catozella, formerly with Merrill Lynch, Pierce, Fenner & Beane, has joined their research staff as Manager of the Investment Advisory Division and Tax Economist.

Seaboard Ry. Interesting

The current situation in Seaboard Air Line Railway Company offers interesting possibilities according to a bulletin issued by Van Tuyl & Abbe, 72 Wall Street, New York City. Copies of the "Bulletin," which discusses the company's earnings and the progress of its reorganization may be had from Van Tuyl & Abbe upon request.

In New Location

Ira Haupt & Company, Members New York Stock Exchange, have moved their main office to 111 Broadway, New York City. The firm announces the closing of its branch office at 25 Broad Street, formerly the main office of Newman Bros. & Worms, now dissolved. The personnel of this office will move to the firm's new quarters.

SEC Extends Time On Trust Indentures

The Securities and Exchange Commision announces the adoption of a minor amendment to Rule T-7A-4, which is the rule concerning the calculation of time of the effective date of applications for qualification of indentures under the Trust Indenture Act of 1939. The amendment changes the hour from which the calculation is computed from 4:30 p.m. Eastern Standard Time to 5:30 p.m. Eastern Standard War Time.

Edward Prosser Joins Hicks & Price Staff

(Special to The Financial Chronicle)

CHICAGO, ILL. —Edward T. Prosser has become associated with Hicks & Price, 231 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Prosser was formerly associated with Apgar, Daniels & Co. for many years.

New York Stock Exchange Weekly Firm Changes

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

Edwin H. Woarms, special partner in Jacques Coe & Co., New York City, has changed his name to Edwin H. Warms, effective Oct. 4th.

Sherburne Prescott retired from partnership in Gude, Winmill & Co., New York City, as of Oct. 15th.

John Spencer Allen withdrew from partnership in Hill & Co., Cincinnati, Ohio, as of Sept. 30th.

REAL ESTATE SECURITIES

MAJESTIC APARTMENTS

A Low-Priced Speculation In Bond And Real Estate Ownership

During an inflationary period, real estate has often been considered desirable to own.

With this thought in mind, the writer has investigated a great many real estate bond issues that also carry a share of the equity ownership with them.

After this study, we have concluded that the second mortgage bonds of the Majestic Apartments are worthy of consideration. The bond issue on this property presents a very interesting speculation in real estate ownership. Each bond carries with it stock representing an equal share in 100% of the ownership of the property. A first mortgage placed ahead of the bonds in 1937 by the Mutual Life Insurance Co. was refinanced by a first mortgage placed with the Aetna Life Insurance Co. as recently as August, 1940. A study of these loans enables a fairly good indication of the value of the property. Besides having the ownership of the property, the bondholders have been receiving some small interest payments on their bonds, which since 1937, have totaled $54.57 for each $770 bond. All of this interest was not paid out of earnings. Part of 1939 distribution was from a refund of taxes. While these interest payments are small, based on the last interest payment and current market, the bonds offer a yield in excess of 8%.

The present assessment is $5,150,000, compared to $7,500,000 in 1939. However, at the current market of the securities, it is possible to buy into this property at the low figure of $2,754,580, computed as follows:

First Mortgage	$2,300,000
Bond Issue With Ownership $7,576,338 at 6% of face value	454,580
	$2,754,580

The loan taken by the Aetna Life Insurance Co. expires in 1950 and was in the amount of $2,435,000 at 4% interest and 2% amortization. This mortgage has been reduced by amortization payments and is presently outstanding in the amount of $2,300,000.

Assuming this was a "50% of the value of the property loan," this would indicate an appraisal of $4,870,000 for the property by the Aetna real estate experts.

This loan was used to refund the Mutual Life Insurance Co. loan of $2,500,000 at 4½% to 4¾% interest placed in 1937. If we figure on the same basis as above, this would indicate the Mutual's appraisal of the value of the property at $5,000,000 when they took the mortgage.

You will note that the loan taken by the Aetna was at a lower rate of interest than the Mutual financing. The fact that they were willing to take a lower rate of interest is another indication of their idea of the value of the property.

It is also interesting to note that at the time the original mortgage bond issue was placed on this property in the amount of $9,400,000, the land and building were appraised at $14,250,445 by Frederick Zitell & Sons, Inc., and $14,100,000 by Douglas Gibbons, Inc. Based on the lower of these appraisals, the issue at that time was supposed to represent a 66 2/3% loan.

The location of the property, the entire block front of Central Park West from 71st to 72nd Streets, is one of the most outstanding in New York City. The property faces directly on Central Park and commands a vista of trees, lawns, ponds and winding bridle paths extending over an area of many acres. Central Park West and 72nd Street are broad streets lined with fine apartment buildings and hotels. A subway station is on the corner and both 5th Avenue and 8th Avenue buses are also available at the door.

The property has a frontage of approximately 204 feet on Central Park West, with a depth of 177½ feet on 71st Street and 224 feet on 72nd Street. It is improved with a 30-story apartment building containing 1,403 rooms divided into 208 apartments in units of from two to 12 rooms. In addition there are ten offices. The apartments are both simplex and duplex types. A special construction eliminates the usual corner columns or piers. This space, up to the 19th story, is used for glass enclosed porches, which can be transformed in the summer into open terraces. In the upper stories the "set backs" are so planned that large terrace space is provided for all apartments located on these floors. All apartments have spacious galleries and ceilings of extra height. There is a large solarium on the roof open in summer and enclosed with vita glass in the winter. Entrances to the building are provided on all three streets.

To summarize, at current price levels, and assuming interest payments are continued on the same basis as the last payment, it is possible by purchasing the Majestic bonds to receive a yield of 8%; to own in addition to your second mortgage bond a share in the property on the basis of $2,754,580, which the City of New York assesses at $5,150,000, which was appraised at time of construction at $14,250,445 and on which an insurance company has within the last two years made a first mortgage loan of $2,435,000.

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.

(Special to The Financial Chronicle)

NEW YORK, N. Y.—**Casper G. Lennertz**, formerly with Otis & Co. and Lehman Bros., is now associated with **Newburger, Loeb & Co.**, 40 Wall Street, in their Sales Department.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Raoul Lusena** has been added to the staff of **Massachusetts Distributors, Inc.**, 111 Devonshire Street.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Fred G. Carter** has become affiliated with **Trust Funds, Inc.**, 89 Broad Street. Mr. Carter was formerly with Chas. A. Day & Co., Inc.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Charles O. Larson** has become associated with **Holley, Dayton & Gernon**, 208 South La Salle Street. Mr. Larson was previously with C. S. Brown & Co., Link, Gorman & Co., and Case, Bosch & Co.

CHICAGO, ILL. — **George W. Fuget** has become connected with **Merrill Lynch, Pierce, Fenner & Beane.** Mr. Fuget was formerly with Thomson & McKinnon for a number of years and prior thereto was in charge of the Over-the-Counter Department of Russell, Brewster & Co.

(Special to The Financial Chronicle)

DAYTONA BEACH, FLA.— **Bert S. Long** has joined the staff of **Southeastern Securities Corp.**, Graham Building, Jacksonville, Fla. Mr. Long was formerly local Manager for Guaranty Underwriters.

(Special to The Financial Chronicle)

KANSAS CITY, MO. — **Nelson B. Good, Lois DeV. Gray, Cecil E. Harrow, William E. Lake, Carl C. Lamb, Ralph E. Marsh,** and **May B. Oliver** have been added to the staff of **Barrett Herrick & Company, Inc.**, 1012 Baltimore Avenue.

(Special to The Financial Chronicle)

KANSAS CITY, MO.—**James E. Gibson**, formerly with Harris, Upham & Company, has become associated with **H. O. Peet & Company**, 23 West Tenth Street.

(Special to The Financial Chronicle)

MILWAUKEE, WIS.—**Lyman J. Rigby** has become connected with **Marshall Company**, 762 North Water Street. Mr. Rigby was previously with Paine, Webber & Company.

(Special to The Financial Chronicle)

MERIDEN, CONN.—**Harold P. Thomas** has become associated with **Fahnestock & Company**, 205 Church Street, New Haven, Conn. Mr. Thomas was formerly with the Meriden office of A. M. Kidder & Co.

(Special to The Financial Chronicle)

ST. LOUIS, MO. — **Morris J. Halloran**, formerly with Lewis W. Thomson & Co. for a number of years, is now with **Bankers Bond & Securities Co.**, 418 Olive Street.

"Reported Missing"

When the late twenties ended, together with the long period of prosperity, several million people, who had obligated themselves beyond their liquid assets, faced law suits, which arose from the purchase of stocks and securities, foreclosures of mortgages, charge accounts, broken leases and other indebtedness. Many in their desire to "duck the issue," felt that it would be a simpler matter, if they removed from their residence or business and "left no forwarding address." Some overlooked the fact that a few of their apparently worthless transactions might be of value in the future.

In the latter part of 1930, many banks were brought under the jurisdiction of the various State Banking Commissioners for liquidation. These Commissioners were then confronted with the problem of locating thousands of stockholders and depositors. The stockholders were sought for the purpose of suit and the depositors for the purpose of returning to them their own funds. One New York bank alone furnished the problem of finding more than 7,000 such individuals.

Since the Banking Departments had no investigating staff to cope with a situation of this sort, the task was assigned to the Skip Tracers Company of New York, a firm that had long specialized in the field of tracing missing people. This concern is the only one of its kind in the United States and has been instrumental in locating more than 185,000 "lost individuals" in the past 18 years.

In a recent merger between two nationally known corporations, the Skip Tracers Company was called in to find 420 missing stockholders whose addresses, listed on the stock certificates, were dated prior to 1920. Within one month's time they succeeded in locating 85% of these persons and are still in the process of searching for the balance.

Frequently brokers are anxious to locate missing owners of obsolete securities. Here, too, this firm of Modern Hawkshaws plays an important part. In one such instance they were assigned to find two owners of these obsolete securities, whose addresses had not been known since 1914. One was found in St. Petersburg and the other in Seattle, and both were pleasantly surprised to learn that they were the possessors of $21,000 worth of certificates they had long since thought valueless.

It can be safely estimated that more than a billion dollars are lying dormant in this country in the form of unclaimed bank deposits, insurance, stock and stock dividends, inheritances and other types of dormant assets too numerous to mention.

Tomorrow's Markets Walter Whyte Says—

Top signs increase in spite of Tuesday's strong close and yesterday's big opening.

By WALTER WHYTE

The word is now out that the minor decline of the latter part of last week and the slight further market shading of this one marks off the end of the technical reaction, and from now on there is only one way for the market to go—up. It's a feeling that has already gained a lot of new adherents. Brokerage house market letters, market services and others are seemingly now of one opinion.

* * *

Get aboard before the band wagon starts rolling. This bullish sentiment was further intensified when the market suddenly shot up Tuesday afternoon.

* * *

On the next day's opening, Wednesday, prices opened still higher. In fact the Dow averages which closed the previous night at 115.22 opened Wednesday at 115.57, a gain of some 30-odd cents. And in the next 20 minutes added another 30c to make approximately 116.

* * *

Everything was nice. The market was off to the races again and people were jamming order room windows to place orders. Whether or not this was actually happening I don't know. I'm just repeating the messages I received from enthusiastic telephone callers who claimed "I am right in . . . . . & Co's customer's room and I can see it happening! ! "

* * *

All this leaves me cold. If people are stepping on each other's heels to buy stocks it simply is another reason for me to feel anything but optimistic.

* * *

Up to last Tuesday everybody could see that the market was dull on sell-offs and volume picked up whenever prices showed a tendency to go up. That this helped along the feeling of bullishness was easy to see. But yesterday, after the flash opening, activity began to increase not on the up but on the down side.

* * *

This doesn't mean the market will go right down from present levels, or if it does, that it will break wide open. There are too many public orders right under the present market. But let these orders be filled and you will see prices a lot lower than they are today.

* * *

There are some shorts in the market but most of them are small ones with a tendency to run on the first bulge. So their supporting effect on any declining market will probably be negligible.

* * *

The question has come up as to whether or not I consider this a bull market. The answer is a flat yes. For basically the change I saw when the averages were about 25 points lower and when I recommended the purchase of stocks, is still present. But I'm not an investor (using the classic interpretation of the word investor). I'm a trader. And as a trader I'm concerned with only one thing—profits. If I think a stock, or the market, indicates an up move I advise readers accordingly. When certain indications begin appearing showing what I believe is a top I recommend profit taking. The fact that the basic trend may still be up has nothing to do with my decision.

* * *

Even in bull markets too much money has been lost in holding on through swings for me to overlook what technicians call "technical corrections." During technical reactions I'd rather be out of stocks than be sitting there with a hatful biting my nails and phoning everyone I knew asking them what they thought of the market.

* * *

As I'm writing this the market has gotten duller. Here and there a few stocks are off from their openings. The averages will probably show a figure of 116 during the day. I don't believe the 116 figure will be bettered by much, if at all. Instead, I now look for a reaction which will take industrials back to under 110.

* * *

The element of time is naturally important. The longer it takes for the market to get down to the 110 level (or an approximation of it) the stronger will be the subsequent rise. But in any event current market action is anything but conducive for new purchases.

* * *

As of last night the stocks you still hold were as follows:

* * *

Air Reduction bought at 30, half profits taken at 35, is now about 37 and a high fraction. Last week's stop was 34. Raise it now to 35.

* * *

Allis Chalmers, bought at 23, half profits taken at 26, is now about 27. The stop of 24 given last week should now be raised to 24½.

* * *

Crane, bought at 12, was to be sold at 14 or better (see last week's column). During Tuesday afternoon's hectic

(Continued from page 1431)

RAILROAD SECURITIES

The financial community, or at least that large section of it whose interest has centered on the reorganization railroad list, had a rather severe shock last week when the revised plan of reorganization for the New Haven was filed by the Interstate Commerce Commission with the District Court. The original plan had been rejected by the District court almost a year ago, in December, 1941.

In rejecting the original plan Judge Hincks had specifically objected to the treatment accorded various divisional liens, on the basis that the new proposed blanket mortgage of the New Haven did not have as large earning power as the old divisionals that were being extinguished. It was contended, therefore, that allocation of even 100% of the old claim in the new blanket First Mortgage was not supportable on the record. The record did not show any evidence of added elements of value in the new First Mortgage to compensate for the earning power being sacrificed by holders of the old divisionals, for the extension of maturity dates being demanded of the old divisionals, and for the lowering of interest rates in many instances.

The court did leave the way open for a finding by the ICC that there were elements of added value in the new blanket First mortgage bonds in commenting that the added value might lie in the establishment of a sinking fund for the new bonds or the fact that the larger new First Mortgage would enjoy greater marketability. Any student of railroad bonds, however, knew that the lack of market interest in a small strong divisional did not detract from the investment merit of the bonds and that the factor of the modest sinking fund provided in the plan for the new New Haven First Mortgage did not compensate for loss of earning power, extension of maturity, and, in some instances, reduction in interest rates asked of the old New Haven divisionals.

It had been expected, therefore, that the Commission would give weight to the opinion of the court, and provide better treatment for the old New Haven liens of the type of the Housatonic 5s and Central New England 4s. In its revised plan the Commission failed to give this recognition to the claims of holders of the old divisionals, finding, on the contrary, that there were added elements of value in the new blanket mortgage that compensated for the proposed sacrifices. The shock to the market was apparent in the drop of 11 points in quotations for the Housatonic bonds in the course of one week.

While the attitude of the Commission towards the claims of the divisional bonds was a distinct shock, there was another aspect of the situation which was of even greater import to the reorganization market as a whole. Subsequent to rejection by the District Court of the original ICC plan, large interest payments on account of accrued interest on the old bonds were authorized. In the last authorization the full accrued interest on the senior mortgage issues was paid off. In the original reorganization plan this accrued interest had received the same treatment as the principal of the bonds. With the aggregate amount of claims thus reduced there had been a belief in many quarters that the junior claims (that is bonds that had not received their full value in new fixed interest bonds) would receive more liberal treatment in the revised reorganization.

The Commission had set a maximum new fixed interest capitalization in its original plan and it was expected that the revised plan would provide at least as large a new fixed interest debt. If so, the amount of fixed debt released by the payment of accrued interest in cash would logically be distributed to the remaining claims. The Commission apparently did not see it quite that way, but went ahead on the theory that the fortuitous circumstances that brought large earnings and thus large cash balances should be utilized to make still more conservative a capitalization that had originally been designed as depression proof.

Instead of granting larger allocations of new fixed interest bonds to holders of bonds secured by the old First & Refunding Mortgage, the Commission merely reduced the proposed new fixed debt to $136,959,000 and new fixed interest to $5,326,000 compared with roundly $152,000,000 and $6,420,000, respectively, contemplated in the original plan. Filing of the revised plan had a sobering effect on most of the New Haven securities (except for New England Railroad bonds which were the only ones to benefit from the revision) but had little repercussion on the rest of the reorganization market. Speculators are apparently continuing in their belief that the action of the Commission in the New Haven case does not establish a precedent. In particular, market action of the Rock Island issues, some of the 'Frisco liens and the Missouri Pacific First & Refunding 5s indicates that the general speculative public continues of the opinion that the possibility of rejection of existing plans ('Frisco has already been rejected), and subsequent settlement of some strong outstanding claims in cash carries the potentiality of correspondingly more liberal treatment of the remaining claims.

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—44: low—14¾; Oct. 21 price—41¾.

Now Burnside, Cooper Co.

The firm name of Nickle, Crone & Co., Limited, 30 Pine Street, New York City, has been changed to Burnside, Cooper & Co., Limited.

Douglas Crone, President of Nickle, Crone & Co. is now serving in the Royal Canadian Air Force.

Bank and Insurance Stocks

This Week — Bank Stocks

For the third time in less than two months, reserve requirements on demand deposits have been lowered at the principal money centers, New York and Chicago. This action has been quite in line with the expectations of most monetary authorities in view of the necessity for increasing the supply of investment money available to the large metropolitan banks. The latest cut (to 20%) in New York and Chicago places them on a par with the other large Reserve centers and, for the first time in many years, brings about a uniform rate for all the Federal Reserve Districts. The reserve position in New York and Chicago has been extremely tight for some months due largely to the fact that, since our war effort has gone into high gear, more money has been raised than has been spent in these centers. Apparently this will continue to be a characteristic of our armament program which calls for considerable decentralization and dispersion of manufacturing activities.

Despite the fact that bank credit expansion has been proceeding apace and that bank deposits, for the country as a whole, are growing at an unprecedented rate, deposits of the large New York banks are no higher than they were a year ago. In some cases, they are actually lower. The situation in Chicago is more representative of the general banking trend, partly because there are not so many large banks located there and partly because proportionately more defense work is being handled in the Chicago district. Bank deposits in Chicago have increased about 10% over a year ago.

Even though deposits may not rise as rapidly in New York and Chicago as elsewhere, the easier reserve requirements will permit of a substantial increase in funds employed. Already, according to the condition statements of Sept. 30, 1942, earnings assets have been considerably enlarged. Needless to say, this expansion is entirely attributable to the step-up in holdings of Government bonds. Loans and discounts have, in most cases, actually been falling, due to priorities and the rationing of commodities, restrictions on instalment financing and the liquidation of many so-called nonessential businesses. Authorities differ as to the probable trend of commercial loans from this point but it is probably immaterial, from a banking standpoint, whether their money is to be utilized directly (through loans) or indirectly (through investment in Government bonds). Apparently the banks will obtain approximately the same return either way.

It is probably safe to say that ordinary commercial loans will continue to drop but, if the development of V-loan financing and "revolving credits" runs its expected course, the over-all aggregate of loans and discounts is almost bound to assume the same astronomical direction as the Government debt. For the duration, at least, the banking industry will hereafter be operating "at capacity" and its capacity will also be greatly enlarged with the growth of deposits, on the one hand, and the lowering of reserve requirements on the other. The banks will no longer idle along, as they have done for a number of years, with 50% or more of their funds in cash and short-term paper.

It is interesting to observe the changes that have already taken place in the balance sheets of the big banks since Pearl Harbor. The following tables show the shift in principal asset items for the three largest New York banks and the two largest Chicago banks during the past year:

CASH AND DUE FROM BANKS

(In Millions)	Sept. 1941	Sept. 1942
Chase National	$1,328	$946
Guaranty	909	572
National City	925	793
Continental Ill.	818	514
First (Chicago)	463	419

U. S. GOVERNMENT HOLDINGS

(In Millions)	Sept. 1941	Sept. 1942
Chase National	$1,339	$1,797
Guaranty	1,158	1,485
National City	1,154	1,476
Continental Ill.	624	1,134
First (Chicago)	433	755

LOANS AND DISCOUNTS

(In Millions)	Sept. 1941	Sept. 1942
Chase National	$773	$809
Guaranty	521	487
National City	621	578
Continental Ill.	256	258
First (Chicago)	395	389

PER CENT OF DEPOSITS IN CASH

	Sept. 1941	Sept. 1942
Chase National	37%	26%
Guaranty	38	24
National City	31	27
Continental Ill.	50	28
First (Chicago)	36	26

It is obvious, from the above figures, that banking funds are now being more actively employed than at any time during the past decade. In fact, since the outbreak of the European war, earnings assets of most of the large banks have approximately doubled. For example, total loans and investments of the Chase National Bank (excluding real estate and mortgages) now aggregate nearly $3 billions as compared with $1.6 billions in the summer of 1939; Guaranty Trust now has earnings assets of more than $2 billions versus $1.1 billion in 1939; for National City, the figures are $2.3 billions versus $1.2 billion.

Needless to say, gross income of the banks is now running at a very high level. Net income, as in most other cases, is at the mercy of the tax collector. Thus far, at least, the larger banks have been able to absorb the higher tax burdens and, if the pending Revenue Bill is put through according to the specifications now indicated, they should have no difficulty in continuing to earn about as much as they have been in recent years. After ultra-conservative tax and contingency reserves, earnings for the third quarter of 1942 and for the first nine months compare favorably with the corresponding periods of last year when taxes, as far as the banks were concerned, did not amount to a great deal.

IBA War Finance Conference Meets

(Continued from first page)

IBA, has a patriotic duty to simply keep going so as to be in existence and ready to function throughout the war and post-war periods, Mr. Fleek said. "Investment banking is in indispensable function in our national economy and its efficient machinery needs to be maintained for its vital role in the post-war period of world rehabilitation and conversion of industry to peacetime production."

The work on war finance has not been without benefits to the securities business, Mr. Fleek indicated in saying that a unified industry has resulted from the concentration of all elements in the business on selling Government bonds. War has also made State Commissioners and the Securities and Exchange Commissioners realize more clearly that they had mutual interests with the investment bankers, he said. "This is a natural result," he added, "for we are all brought closer together by the unselfish desire for national unity and by an appreciation and respect for our common sacrifices, gladly made, to help win the war."

The remarks of the various speakers, the annual address of President Fleek, and the inaugural address of the incoming President, Jay N. Whipple of Bacon, Whipple & Co., Chicago, as well as several reports which featured the meeting, will be given in detail in a latter issue of our paper.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1429)

trading it reached 14⅛. You should have accepted the profit.

* * *

International Harvester, bought at 43, half sold at 50, is now about 52½. This represents a paper profit on the remaining half of almost 10 points. Last week's stop on Harvester was 48. I now advise raising it a point to 49.

* * *

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.]

Henry Briggs Is A Major

Henry P. Briggs of Henry P. Briggs & Company, Boston, will take a leave of absence from the business. He has been commissioned a Major in the Army Specialist Corps and assigned to the Operations Division of the War Department General Staff in Washington.

Major Briggs served overseas in the last war as Captain and Adjutant of the 302nd Infantry.

Business will be continued as usual by his partner, C. Graham Hurlburt.

Result Of Treasury Bill Offering

The Treasury Department announced Oct. 19 that tenders for $500,000,000, or thereabout, of 91-day Treasury bills to be dated Oct. 21, and to mature Jan. 20, 1943, which were offered on Oct. 16, were opened on Oct. 19.

The details of this issue are as follows:

Total applied for, $984,842,000.
Total accepted, $505,072,000.
Range of accepted bids:
High, 99.925, equivalent rate of discount approximately 0.297%.
Low, 99.905, equivalent rate of discount approximately 0.376%.
Average, 99.906, equivalent rate of discount approximately 0.373%.
(36% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Oct. 21 in amount of $351,862,000.

The Treasury decided to increase its weekly offering of bills to $500,000,000 in view of the fact that maturities over the next several weeks approximate $350,000,000. However, the rise gives the Treasury an additional $50,000,000 in "new money" each week. For the past five weeks the bill offering has been $400,000,000 and, since maturities were $300,000,000, "new money" amounted to only $100,000,000 each week.

N. Y. Analysts To Meet

The New York Society of Security Analysts, Inc. announce that R. E. Woodruff, President of the Erie Railroad, will speak at their luncheon meeting on Friday, Oct. 23 at Block Hall, 12:30 p.m. Mr. Woodruff will discuss the position of the reorganized Erie Railroad.

On Wednesday, Oct 21, the speaker at the Association's luncheon meeting was E. S. Phillips, President of Devoe & Raynolds who will discuss the paint industry during and after the war.

Redeem Part of French 7s

J. P. Morgan & Co. Inc., as sinking fund administrators, on Oct. 14 notified holders of the Government of the French Republic external loan of 1924 25-year sinking fund 7% gold bonds due Dec. 1, 1949, issued under loan contract dated Nov. 22, 1924, that $3,992,500 principal amount of these bonds have been drawn by lot for redemption on Dec. 1, 1942 at 105%.

The drawn bonds will be redeemed and paid on and after the redemption date, in United States dollars, at the office of the sinking fund administrators, 23 Wall Street, New York City. Interest on the drawn bonds will cease after Dec. 1, 1942. The announcement further says:

"The Government of the French Republic is notifying holders of the drawn bonds that payment will be made either upon presentation of the bonds to J. P. Morgan & Co., Inc., in United States dollars, or upon presentation at the office of Messrs. Morgan & Cie, Chatel-Guyon, France, in the French franc equivalent of the dollar amounts specified.

"In order to comply with the decrees of the French Government dated July 16, 1935 and Aug. 25, 1937, the bonds drawn for redemption, and coupons maturing on Dec. 1, 1942, will be redeemed by payment as follows: (a) Bonds which are stamped to indicate non-French beneficial ownership will be redeemed at 105%, and coupons which are similarly stamped will be paid at the face amount; (b) Bonds which are stamped to indicate French ownership, and unstamped bonds, will be subject to a deduction of 10% of the difference between the issue price and the redemption price (a deduction of 1.1% of the principal amount), when in the ownership, French or foreign, of others than individuals. Coupons which are stamped to indicate French ownership, and unstamped coupons, will be subject to a deduction of 10% of the face amount, when in the ownership, French or foreign, of others than individuals."

Attractive Outlook

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. Copies may be had from Seligman, Lubetkin & Co. upon request.

The Securities Salesman's Corner

A PLAN TO BUILD UP YOUR BUSINESS

(Part One)

Build a reputation for yourself! This has been the advice of every man who ever made a success in any line of business. Every year hundreds of millions of dollars are expended upon advertising by the nation's greatest business organizations. From such staples as breakfast foods and cigarettes to luxurious Cadillac cars the pages of our papers and magazines, and our radios, constantly pound away at one major theme—**a good name, reputation.** The success of this policy is obvious by the results obtained.

Probably no field of business endeavor offers a better opportunity for building up a reputation for good service and fair dealing than the business of merchandising investment securities. To say that this opportunity has been overlooked by many securities firms would be putting it mildly. However, it is not our intention to be critical of the securities business (there is enough of that anyway) but rather, we would like to offer the following constructive plan as one method of achieving that most desirable goal—**your customers' buying from you instead of your selling them.**

What does a national advertiser do when he starts out to develop his business? One of the first steps is to make a survey of his market. The second step consists of picking out the type of people who would be most interested in his product. Take the example of the automobile. One manufacturer stresses low cost of operation and utility, another goes into the higher price field. Both have selected their markets and they **stick to the appeal and the product** which eventually brings them success. This is nothing more than **specialization** drawn out to its most efficient point.

Now let's apply this principle to the securities business. For instance, we have the National Daily Quotation Service sheets, that come to us every business day. Here in these pink, yellow and green sheets repose some of the greatest opportunities for business building we could ever ask for. This is the investment dealer's market as well as his bread and butter, and better still, here lie some of the most outstanding money making opportunities that exist anywhere. Time after time we have followed stocks or bonds listed in the pink or yellow sheets until we have become convinced they were a bargain, and in many cases the resulting profits have been far greater than is ever imagined by thousands of investors who **have never been told the real story of the opportunities that do exist in the over-the-counter market.**

From our own experience we are convinced that there is a very large group of securities buyers who like to hear about "sleepers." There are people who like to speculate and despite all the efforts to take the speculation out of the securities markets these people still exist. In fact, it seems again to be our experience that it is less difficult to find investors who will gladly listen to a story about an "interesting speculation" than it is to sell them other types of securities. Everybody likes to try and get something for nothing—nobody will admit it!

So why not specialize in **sleepers,** or in **opportunities,** or in **special situations,** or whatever you wish to call them, it's all the same thing. A **reputation** can be established with your customers that **you and your firm can be relied upon periodically to bring forward certain money making opportunities**—and, gentlemen of the order pad and pencil, if you can ever get to the point where you have established this reputation, you won't have a securities business any more —you'll be the proud possessor of the most pleasant way to make a living that exists this side of heaven.

Next week we are going to present some of our ideas (based upon actual experience) that you can use to develop your business along these lines.

Stany Gets Tentative List of 1943 Nominees

The Nominating Committee of the Security Traders Association of New York, Inc., has submitted the following tentative list of nominations for the year 1943:

President: B. Winthrop Pizzini, B. W. Pizzini & Co.

First Vice-President: James F. Musson, B. J. Van Ingen & Co., Inc.

Second Vice-President: William K. Porter, Hemphill, Noyes & Co.

Treasurer: George V. Leone, Frank C. Masterson Co.

Secretary: John S. French, A. C. Allyn & Co., Inc.

Three Directors for Two Years: Joseph Nye, Freeman & Co.; Tom Moore, Henry Hentz & Co.; L. A. Gibbs, Laird, Bissell & Meeds.

Two Trustees for Gratuity Fund: Charles H. Jann, Estabrook & Co.; Walter Kennedy, A. M. Kidder & Co.

Four Delegates and Three Alternates: Delegates—Cyril M. Murphy, Mackubin, Legg & Co.; Thomas A. Larkin, Goodbody & Co.; Wellington Hunter, Hunter & Co.; Wm. Henry Pflugfelder, Pflugfelder, Bampton & Rust. Alternates—George Kranz, Amott, Baker & Co.; Charles King, Chas. King & Co.; Harold B. Smith, Sweetser & Co.

The annual meeting and election will be held on Dec. 4 at the Produce Exchange Luncheon Club.

Preferred Stock Guide

The October number of "The Preferred Stock Guide" has just been issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City. The "Guide" which contains quotations, price range, dividend information and other interesting comparative figures, arranged in tabular form, may be had upon request by writing to G. A. Saxton & Co.

George F. Neuman Joins Staff Of Dalton, Riley

(Special to The Financial Chronicle)

WAUWATOSA, WIS.—George F. Neuman has become associated with Dalton, Riley & Co., First Wisconsin National Bank Building, Milwaukee, Wis. Mr. Neuman for many years has conducted his own investment business in Wauwatosa.

Clinton Whitehead With Merrill Lynch, Pierce

(Special to The Financial Chronicle)

MIAMI, FLA.—Clinton S. Whitehead has become associated with Merrill Lynch, Pierce, Fenner & Beane, 169 East Flagler Street. Mr. Whitehead was recently with John Nuveen & Co. Prior thereto he was a partner in Atwill & Co. and in the past was associated with Fenner & Beane.

Sees Lottery Way To Raise War Billions

According to computations of Jerre R. Crawford of W. F. Churchman & Co., Indianapolis, Ind., "The easiest, surest, quickest and most painless way of raising the countless billions of dollars appropriated by our National Congress to finance the present emergency, together with all the past and present whims of the New Deal, is to legalize, establish and operate a National Lottery, with 52 weekly drawings each year. It has been, and is being done here, and in most other parts of the United States, illegally and privately; it is being done in other countries both legally and illegally.

"Figuring on an ultra conservative basis, the population of the United States would buy, in Lottery Tickets at $1 per copy, an average of from more than one, up to and including maybe four to six times that amount, based on an average of one buyer to each of population, 130,000,000 (1940 census), which, multiplied by 52 (weeks), gives an annual gross income of $6,760,000,000. Drawings weekly.

"Allowing the Government, on this basis, 75% gross, of the weekly 'take,' plus all above the estimated figure, and also plus all winning tickets on hand after drawings and, last, but not least, plus sale to foreign countries, would give an annual income that would pay for the War, etc., so quick that income taxes would be outmoded.

"On the estimated gross sale of $6,760,000,000—25% in prizes—tax free, both State and Federal, there would be available $32,500,000 for prizes each week."

No. Weekly Prizes	Amount Each in Thousands	Total
1	500	$500,000
1	400	400,000
1	300	300,000
1	200	200,000
1	100	100,000
2	95	190,000
3	90	270,000
4	85	340,000
5	80	400,000
6	75	450,000
7	70	490,000
8	65	520,000
9	60	540,000
10	55	550,000
11	50	550,000
12	45	540,000
13	40	520,000
14	35	490,000
15	30	450,000
16	25	400,000
17	20	340,000
18	15	270,000
19	10	190,000
110	9.5	1,045,000
115	9	1,035,000
120	8.5	1,020,000
125	8	1,000,000
130	7.5	975,000
135	7	945,000
140	6.5	910,000
145	6	870,000
150	5.5	825,000
155	5	775,000
160	4.5	720,000
165	4	660,000
170	3.5	595,000
175	3	525,000
800	2.5	2,000,000
1800	2	3,600,000
2000	1.5	3,000,000
3000	1	3,000,000
9789 Prizes		*$32,500,000

*Taxfree weekly prizes.

Insured Investment With Liberal Return

The Danielson Federal Savings and Loan Association, 84 Main Street, Danielson, Conn., will be glad to send a booklet and full particulars on insured Federal Savings & Loan investments, which offer, the association declares, unusual opportunities for safety and liberal return on investment. Current dividend rate of 3% per annum.

Investment Trusts

***Ed. Note:** Developments beyond our control make it necessary for us to retract the comments contained in the lead-off portion of last week's column.)*

MORE ABOUT INFLATION

No doubt many people are tired of hearing about inflation. For all we know, they may be the same people who got tired of hearing about war "scares" in 1938 and 1939. If you, gentle reader, be such a one, we recommend that you get hold of a copy of Calvin Bullock's "Perspective" for October.

The bulletin isn't wordy. It doesn't go into the subject very deeply. But it does present a few simple facts which of themselves will make the thoughtful stop and take notice. Here is a sampling of what it contains:

"A period of inflation has followed every major war in history. Certainly there is nothing in the fundamentals of our current economic situation to justify the belief that the present war will prove to have been an exception. Indeed, just as this global war exceeds in the magnitude of its military operations anything that the world has ever seen, so too are the expansion of national debt and inflation of credit beyond any experience of the past.

"It is now estimated that government expenditures in the 1943 fiscal year will reach a total of about $84,000,000,000. Probably only about 60% of this total will be absorbed back into the Treasury through taxation and nonbanking purchase of government securities. The difference, about $34,000,000,000, represents a gap that will have to be filled by the creation of bank credit. This means a further inflation of our already swollen money supply, representing an increase in purchasing power equal to more than 30% of the present national annual income. As contrasted with this projected purchase of $34,000,000,000 of government securities by the commercial banks over the next year, it may be noted that in 1919, the year of greatest expenditures in the first world war, bank purchases amounted to $2,000,000,000, or about 3½% of the national income."

* * *

The George Putnam Fund reports total net resources increased from $4,914,000 on last June 30 to $5,335,000 on Sept. 30. Shares outstanding gained 19,460 during the quarter and the liquidating value of each share increased from $10.39 on June 30 to $10.83 on Sept. 30.

Portfolio additions and eliminations during the quarter were as follows: Additions — Atlantic Coast Line Coll. 4s, 1952, Empire Gas & Fuel Deb. 3½s, 1962, Southern Pacific 1st 4s, 1955, Western Union 5s, 1960, Wisconsin Central 1st 4s, 1949, Guaranty Trust, Lima Locomotive, and Phillips Petroleum. Eliminations—Atlantic Coast Line 1st 4s, 1952, Baltimore & Ohio 4% Notes, 1944, Associated Telephone $1.25 Pfd., and Standard Oil of California.

* * *

There are only three American "leverage" open-end investment companies in existence today and because under present laws no more funds of this type can be created, the performance of this exclusive little group is of especial interest. Republic Investors Fund, one of these three leverage companies, has just published a little folder showing the performance of its shares during the period from June 10, 1940, through Oct. 5, 1942.

This particular period was selected because "in a sidewise or declining market the ability of management is tested." During this more-than-two-year span the Dow-Jones Industrial Average showed virtually no net change, standing at 111.84 on June 10, 1940, and at 111.93 on Oct. 5, 1942. In comparison, the bid price of Republic Investors shares rose from $2.38 to $2.78, a net gain of 16.8%. In addition, Republic Investors paid dividends totaling 68 cents during this period, representing a return of 28.6% on the June 10, 1940, bid price of the shares.

* * *

During the month of September the common stock holdings of the American Business Shares portfolio were increased to 64.2% from 55.7%. Bonds were increased

(Continued on page 1439)

Municipal News & Notes

Activity in the municipal market last week was distinguished by the sale of a series of local housing authority bond issues aggregating more than $20,000,000. In each instance the borrowing agency succeeded in disposing of its obligations on very attractive terms. Moreover, the successful bidders were equally fortunate with respect to the response to the reoffering of the bonds from investment quarters.

It has long been evident, of course, that this type of security enjoys an investment status that heavily belies its relative newness in the tax-exempt field. This has been increasingly apparent in the greater interest exhibited by more and more investment firms in the various issues reaching the market.

The sales recently effected greatly illustrated this trend. The purchasing syndicates in not a few instances included prominent firms in the tax-exempt field which had not previously been identified with local housing bond issue borrowings. In the case of the $9,137,000 Pittsburgh issue, for example, the Mellon Securities Corp. joined with Shields & Co. in making the successful bid. This was the first permanent housing financing in which the city has participated and, in connection with the issue, mention should be made of the fact that the offering represented the first extension of housing authority bond maturities in the 1980s. This, of course, reflected further manifestation of increasing confidence in banking and investment circles in securities of this nature.

Arkansas To Provide Added Protection for Debt Service

Evidence that the State of Arkansas intends to maintain the maximum of protection for its bondholders is seen in the recent statement of Governor Homer M. Adkins that he will ask the State Legislature to add $1,500,000 of surplus money in the highway fund to the $5,400,000 "cushion" already in the State highway refunding bond fund.

"This step," the Governor said, "will further protect our bonds," and he also stated that "it is our conscientious opinion that even though the gasoline and tire rationing should decrease our revenue 50%, the State will be able to promptly meet all debt service requirements for a period of eight years."

In line with this statement, which was contained in a letter from the Governor to John S. Linen, Vice-President of the Chase National Bank of New York, an accompanying memorandum showing a comparison of State highway revenues and related data, prepared by F. A. Storey, Jr., Supervisor of Refunding Department, showed a decline of no more than 8.70% in State highway revenues for the six months ending September, 1942, as compared with the corresponding months of last year.

Broward Co. Port Authority Approves Refunding Plan

A new refunding plan applicable to $3,739,000 of outstanding bonded debt was recently approved by the above-mentioned Florida taxing unit. The new refundings will have a final maturity date of 1970 and a maximum int. rate of 4% except during the first year. The refunding details will be handled by John Nuveen & Co., Chicago, and is designated to effect a saving of $731,255 in interest charges as compared with the existing setup. The Port Authority, it is said, will do the refunding under its name, with the result that any liability formerly shared by municipalities in the indebtedness will be eliminated.

Effect Of Gold Mines Closing On So. Dakota's Economy

The recent order of the War Production Board calling for a halt of virtually all gold-mining operations in the country, after a period of 60 days from the date of the directive, will occasion severe repercussions to the financial economy of the State of South Dakota, home of the Homestake Gold Mine, leading producer of the yellow metal in the United States. This is seen in the fact that about one-sixteenth of South Dakota's entire tax revenue last year resulted from the operations of the Homestake company, it is noted in a dispatch from Lead, S. Dak., published in the Baltimore "Sun" of Oct. 13, from which the following information has been extracted:

"South Dakota will lose its largest industrial payroll, and this Black Hills town of 8,000 its principal reason for existence when the WPB order halting gold-mining operations becomes effective in 60 days.

"Lead (named not for the metal, but for the miner's term meaning a mineral deposit filling a fissure in rock) is the home of the Homestake Gold Mine, leading producer of the yellow metal in the United States, with a 1941 output valued at $19,529,080 and a production in its 66-year history of more than $420,000,000 in gold bullion.

"The mine, which takes its name from the claim staked out on April 9, 1876, by Fred and Manuel Moses, who later sold out to a group headed by William Randolph Hearst's father, now employs 2,000 men, a substantial proportion of the income-earning family heads in the Black Hills section of South Dakota.

"Loss of the annual payroll of $5,000,000, said Robert Driscoll, President of the First National Bank of the Black Hills, will be a 'far-reaching catastrophe to the entire State.'

"He explained that the mine paid an ore tax last year of $1,125,000, about one-sixteenth of the State's entire tax revenue.

"South Dakota, he added, already had suffered one severe blow as a result of the war, a 40 to 60% decrease in revenue from tourists who, until tire and gasoline rationing was established in the East, flocked to the Black Hills in thousands to see the Mount Rushmore National Memorial.

"Until 1942 income from tourists approximated $30,000,000 annually, and the four cents a gallon gasoline tax they paid as they crossed the State from east to west was one of the biggest sources of State revenue.

"Officials of the Greater South Dakota Association, although inclined to be gloomy over the disaster which has overtaken two of the State's principal industries—tourist business and gold mining ranked third and fourth, respectively—saw one bright spot in the wartime outlook.

"Income from marketing of farm crops and livestock this year is estimated at more than $225,000,000, compared with $182,000,000 in 1941 and a five-year average of $103,528,000, all exclusive of Government payments.

"The farm-income figures for 1941 and 1942 indicate a remarkable agricultural comeback for this Great Plains State, which suffered its worst drought during the depression of the early '30s and lost 40,000 farm families in one of the nation's most tragic migrations."

New Orleans Bond Exchange In Operation

Exchange of new refunding bonds for the outstanding public improvement bonds, dated July 1, 1900, and maturing July 1, 1950, in accordance with the voluntary offer accepted by creditors, got under way on Oct. 19. Holders of certificates of deposit were advised that the following named New Orleans banks were prepared to make delivery of the new securities, together with a check representing adjustment of interest upon said certificates duly endorsed with signatures guaranteed: American Bank & Trust Co., Hibernia National Bank in New Orleans, Louisiana Savings Bank & Trust Co., National Bank of Commerce in New Orleans, and the Whitney National Bank of New Orleans.

Kentucky's Bridge Revenue Bonds In Strong Position

For the ninth consecutive month toll bridge collections by the Department of Highways of the Commonwealth of Kentucky showed a decline in September, compared with receipts in the same 1941 period, a report from the State showed. Collections for the month amounted to $129,520, against $170,949, or 24.2% less.

Release of the report was accompanied by a statement of J. Lyter Donaldson, Commissioner of Highways, who declared that even with gasoline rationing, beginning Nov. 22, he foresaw no difficulty in meeting principal and interest on outstanding bonds. Collections, he declared, would have to decline 63.2% from 1941 levels before debt service would be jeopardized.

As an example of the funds available for debt service, Mr. Donaldson pointed out that cash surplus credited to project No. 1, composed of eight intrastate bridges operated as a unit, was $391,778 on Sept. 30. This, he declared, was slightly more than enough to meet principal and interest payments through July 1, 1944. Consequently, he added, collections would accrue for 18 months to meet July 1, 1945, maturities.

The Commissioner said it was conceivable that bridge revenues might decline as much as 50% after Nov. 22, when nation-wide gasoline rationing is scheduled to take effect.

The Department of Highways also released a report on September gasoline tax receipts, which came as a marked contrast to the statement on bridge collections. This showed that gasoline taxes rose 25.1% to $1,850,712 from $1,479,309 in September, 1941, to reverse a downward trend shown in preceding periods. In August, gasoline tax collections dwindled 23.8% and in July they decreased 5.8%, compared with 1941 months.

Jersey City Tax Receipts Sharply Higher

Jersey City tax collections to the end of September totalled $16,103,580 of the 1942 total levy, or $858,135 more than had been collected in 1941 at the same date, according to Wainwright, Ramsey & Lancaster of New York, municipal financial consultants engaged by the city in a financial advisory capacity. Collections of delinquent taxes and liens for the first nine months of 1942 totalled $3,900,982, or $1,184,665 more than was collected in the same period of 1941. Thus total collections for the nine months were $2,042,800 ahead of the same period of 1942.

Hidalgo County, Texas, Debt Status Improved

Marked improvement in the debt picture of the above county with respect to both direct and overlapping obligation is reflected in a statistical analysis prepared by James C. Tucker, resident partner of the Austin, Texas, office of Barcus, Kindred & Co. During the period between 1933 and 1942, the report shows, the county's gross indebtedness was reduced by $8,460,881, or from $43,694,366 to a total of $35,230,485. These aggregates included obligations of the county proper and all overlapping units such as roads, drainage, water and school districts, as well as cities. Moreover, the 1942 grand total, it is noted, does not allow for cash and securities in the various sinking funds, or bonds being paid by the State of Texas from remission of taxes and from the gasoline levy. New bonds were issued in the nine-year period in the amount of $3,163,000.

"Hidalgo County's improved fiscal position," said Mr. Tucker, "is indicated by the fact that with one or two exceptions all districts are now on a current basis, whereas the reverse was true a decade ago. Intangible improvements have likewise occurred. Home and farm ownership are at a high level today, as contrasted with a large ratio of absentee ownership 10 years ago. Farms are now being operated debt-free by people who own them. A large percentage of these were heavily mortgaged a decade ago."

Toledo Utility Purchase Plan Revived

A move instituted in July, 1941, under which the City of Toledo would acquire the Toledo Edison Company has been revived, and a resolution calling for a complete investigation of the proposed purchase is planned. The Securities and Exchange Commission has ordered divorcement of the company from the non-utility interests which comprise the Cities Service Company.

The initial proposal providing for acquisition of the company was submitted by Mayor John Q. Carey. It provided for financing of the acquisition through issuance of mortgage revenue bonds. He submitted a resolution asking the City Council to authorize negotiations for the purchase of the utility property. This plan fell through, but was revived last week, recent dispatches from the city said.

St. Louis Deficit Of $2,000,000 Predicted

St. Louis faces an increasingly difficult municipal financial problem and will have a deficit of more than $2,000,000 by next April because revenues are shrinking while expenditures are increasing with wartime conditions.

That was the prediction of the Governmental Research Institute in its analysis of the municipal budget for 1942-43.

The problem should be particularly acute during the war crisis and immediately thereafter, the analysis stated. Estimated revenues are decreasing because of reduced property tax collections, lower receipts from taxes on automobiles and their use, declining inventories of merchants and manufacturers.

Expenditure climbs were laid to salary and wage increases, higher costs of supplies and equipment and additional expenses to protect public property in wartime.

The city budget total was given as $33,502,526, not including outlays from bond funds and the independent bodies such as the schools. Appropriations for maintenance and operation show an increase of $1,989,215.84 or 8.6% over the previous year.

Budget expenditures that are to be charged to the municipal revenue fund, it was stated, officially exceed estimated receipts by $1,458,779.09. Receipts will be $935,279.99, or 4.4% under last year's, it was estimated.

This would, with the fund deficit of $651,853.20 at the start of the fiscal year, result in a deficit of $2,110,632.29 by April 13, 1943.

Wisconsin's $31,000,000 Bank Balance Unencumbered

Governor Heil stated in a recent radio address that the State's bank balance of $31,000,000 is entirely unencumbered and challenged "any one to prove that the State is in debt." The Governor further remarked as follows:

"I want to say that if any one had any money coming from the State on June 30, 1942, he could have presented his bill and obtained his money, for we have more than $31,000,000 on hand. And if any one had any money coming since then he could have received his money, for we have had $31,000,000 and more on hand every day since June 30.

"There is not a single dollar payable to any person or any unit of government which was not paid the day it was due. After all, the proof of the pudding is in the eating. If any one had any money coming he would be around asking for it, and don't forget that."

Utility Acquisition Plan Removed From Revenue Bill

The revenue bill as passed by the Senate contained an amendment providing for exemption from the corporate income tax of the income of certain semi-public or quasi-public corporations created in connection with the acquisition of utility properties either as a result of disintegration orders issued by the SEC, or otherwise.

The amendment which, incidentally, was viewed in some quarters as an "anti-utility joker" in the tax measure, was later, on Oct. 16, rejected by the Senate and House Conference Committee engaged in ironing out the differences in the revenue bill as passed by the respective houses of Congress. The proposal was reportedly viewed by the conferees as essentially a "promotion" scheme for selling or acquiring certain privately-owned utilities. For the record, however, it might be well to give herewith the explanations made by various members of the Senate as to the nature and purposes of the proposed plan. The following comment was made by Senator La Follette of Wisconsin.

"It is the result of long and protracted study by the committee and by the staff of the Treasury and the joint committee. The purpose of the amendment, as will be obvious from its reading, is to provide tax exemption for non-profit organizations acquiring utility properties, either as a result of disintegration orders issued by the Securities and Exchange Commission, or otherwise. Under the safeguards which have been set up in this amendment to make certain that they shall be of a non-profit character, and for the purpose of ultimately being turned over to municipal governments or power districts, they shall be entitled to tax exemptions.

"Mr. President, we have further provided that in case any of the protective measures and standards which have been set up are violated, that they shall then become liable for all the accrued taxes, without regard to the statute of limitations, which will certainly, it seems to me, and I think to other members of the committee, insure the operation of these non-profit organizations on a strictly non-profit basis and in the public interest."

The amendment was additionally discussed by Senator Clark of Missouri, as follows:

"Mr. President, I merely desire to suggest, in addition to what the Senator from Wisconsin has said, that this amendment will not only have the very great effect of permitting many municipalities or power districts ultimately to be able to acquire these properties, and to furnish the service to the public at cost, but will also be of tremendous assistance in carrying out the disintegration orders of the SEC as to holding companies, because at the present time the SEC is ordering a great many holding companies to divest themselves of smaller utilities, and such orders cannot be carried into effect because the holding companies have been unable to find purchasers. So it will serve both purposes."

Dwight W. Michener To Address Municipal Forum

Dwight W. Michener, Assistant Director of Research of the Chase National Bank of New York, will address the Municipal Forum of New York on Monday, Oct. 26, at its luncheon meeting at Block Hall, 23 South William St., New York City.

Mr. Michener, an economist and student of world affairs, assisted in the work of the American Friends Service Committee (Quakers) in France and returned to this country just last June. His subject will be "France of Today."

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 22

$1,575,000 Reading Housing Authority, Pa., refunding bonds.

October 23

$1,905,341 Panama City, Fla., refundings offered in connection with refinancing of outstanding indebtedness.

N. Y. Clearing House Elects New Officials

The New York Clearing House Association, at its annual meeting held on Oct. 6, elected Eugene W. Stetson, President of the Guaranty Trust Co., as Chairman of the Clearing House Committee, and at the same time re-elected Herbert P. Howell, Chairman of the Board of the Commercial National Bank and Trust Co., as President of the Association. Mr. Stetson, who served on the Committee during the past year, succeeds H. Donald Campbell, President of the Chase National Bank. Other members of the Clearing House Committee are: William S. Gray, Jr., President of the Central Hanover Bank & Trust Co.; J. Stewart Baker, Chairman of the Board of the Bank of the Manhattan Co.; Leon Fraser, President of the First National Bank, and S. Sloan Colt, President of the Bankers Trust Co. Messrs. Gray and Baker served on the Committee during the past year.

According to the report of Edward L. Beck, Manager of the Clearing House, total clearing transactions for the year ending Sept. 30, 1942, amounted to $229,397,011,743, compared with $211,604,998,472 in the previous year. The transactions for the year just ended consisted of exchanges of $191,776,357,933 and balances of $37,620,653,810. For the fiscal year ending Sept. 30, 1941, the exchanges amounted to $177,253,091,686, while balances were $34,351,906,785. The report of the Clearing House for the year ended Sept. 30, 1941, was referred to in our issue of Oct. 16, 1941, page 623.

The following are extracts from the report for the year ending Sept. 20, 1942:

The Clearing House transactions for the year amounted:

Exchanges	$191,776,357,933.71
Balances	37,620,653,809.85
Total transactions	$229,397,011,743.56
The average daily transactions:	
Exchanges	$635,021,052.76
Balances	124,571,701.35
Total	$759,592,754.11
Largest exchanges on any one day during the year (Dec. 16, 1941)	$1,236,268,285.49
Smallest exchanges on any one day during the year (Oct. 6, 1941)	$320,816,244.63
Largest balances on any one day during the year (March 16, 1942)	$250,832,901.73
Smallest balances on any one day during the year (April 4, 1942)	$48,469,807.90
The total amount of Coupon Exchange was	$538,225,531.88
The total amount of the Return Item Exchange was	$36,748,340.97

In the past year the Night Exchange Department handled 63% of the total daily exchanges.

Total transactions since organization of Clearing House (89 years):

Exchanges	$8,738,849,016,483.88
Balances	884,347,144,289.09
Total	$9,623,196,160,772.97
Largest exchanges on record (Oct. 31, 1929)	$3,853,040,114.48
Largest balances on record (Oct. 30, 1929)	$432,909,546.73

William H. Moorhead, Vice-President and Cashier of the Chase National Bank, was elected Secretary of the Clearing House succeeding Samuel Shaw, Vice-President and Secretary of the Chemical Bank & Trust Co. Mr. Beck continues as Manager and G. Russell Clark and Charles A. Hinrichs as Assistant Managers.

In addition to the Clearing House Committee the members of the other Committees named are:

Conference Committee: W. Randolph Burgess (Chairman), Vice-Chairman of Board, National City Bank; James G. Blaine, President, Marine Midland Trust Co.; N. Baxter Jackson, First Vice-President, Chemical Bank & Trust Co.; John E. Bierwirth, President, New York Trust Co., and John I. Downey, President, Fifth Avenue Bank.

Nominating Committee: John C. Traphagen (Chairman), President, Bank of New York; J. Luther Cleveland, Vice-President, Guaranty Trust Co.; Henry C. Von Elm, Vice-Chairman of Board, Manufacturers Trust Co.; Ralph Peters, Jr., President, Corn Exchange Bank Trust Co., and William N. Enstrom, President, Irving Trust Co.

Committee on Admissions: Sherrill Smith (Chairman), Vice-President, Chase National Bank; Joseph S. Maxwell, Vice-President, New York Trust Co.; Frank K. Houston, President, Chemical Bank & Trust Co.; E. Chester Gersten, President, Public National Bank and Trust Co., and William S. Lambie, Senior Vice-President, National City Bank.

Rubber Technicians Named

Appointment of a staff of technical consultants on the nation's rubber program was announced on Oct. 14 by Rubber Director William M. Jeffers. They will serve under Col. Bradley Dewey, Deputy Director, upon whom Mr. Jeffers has placed responsibility for the technical aspects of the program.

Those named are: E. B. Babcock, chief chemist for the Firestone Tire and Rubber Co.; L. D. Tompkins, Vice-President of the U. S. Rubber Co.; Dr. E. R. Gilliland, Professor of Chemical Engineering at Massachusetts Institute of Technology; W. L. Campbell, former Vice-President of Kroger Grocery Co. in charge of manufacturing and plants; Morehead Patterson, President of the American Machine Foundry Co., and Ray P. Dinsmore, manager of development for Goodyear Tire & Rubber Co.

Market Transactions In Govts. For Sept.

Market transactions in Government securities for Treasury investment and other accounts in September, 1942, resulted in net sales of $4,500,000, Secretary of the Treasury Morgenthau announced on Oct. 15. This compares with net sales of $8,446,000 in August.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1940—	
October	$4,400,000 sold
November	284,000 sold
December	1,139,000 sold
1941—	
January	$2,785,000 purchased
February	11,950,000 purchased
March	No sales or purchases
April	$743,350 sold
May	200,000 sold
June	447,000 purchased
July	No sales or purchases
August	No sales or purchases
September	$2,500 sold
October	200,000 sold
November	No sales or purchases
December	$60,004,000 purchased
1942—	
January	$520,700 sold
February	29,980,000 purchased
March	5,814,450 purchased
April	300,000 purchased
May	16,625 purchased
June	250,000 sold
July	2,295,000 sold
August	8,446,000 sold
September	4,500,000 sold

N. J. Gets Program Of Staggered Hours

New Jersey became the first State in the Nation on Oct. 6 in which a staggered hours program was ordered officially by Governmental authority. The office of Defense Transporation viewed the action as the possible forerunner of similar steps by other commonwealths and municipalities throughout the country in order to meet the transportation crisis. The announcement by the ODT said:

"The New Jersey staggered hours program was drawn up by the New Jersey War Transportation Committee, appointed by Governor Charles Edison several months ago at the request of Joseph B. Eastman, ODT Director. Subsequently, Governor Edison appointed Joseph E. Conlon, President of the State Board of Utility Commissioners, State Coordinator of Transportation, with full war-time authority to coordinate public transportation facilities in line with the recommendations of the War Transportation Committee. As his first official act, Mr. Conlon issued the following three directives, according to the ODT:

"Directive No. 1 ordered public schools, parochial schools, and high schools in cities throughout the State to adopt opening and closing hours in conformance with a schedule drawn up by the War Transporation Committee. In general, the school hours ordered were one hour later than those which previously had prevailed. This phase of the staggered hours program went into effect yesterday (Oct. 5).

"Directive No. 2 ordered all retail businesses in the business district of Newark not to open their doors to the public for the start of the day's business between the hours of 8 A. M. and 10 A. M., and not to close their doors to the public between the hours of 4 P. M. and 6 P. M. The business district effected is bounded on the East by the Pennsylvania Railroad and the Passaic River; on the West by High St.; on the North by the Lackawanna Railroad; and on the South by South Street and Clinton Avenue. The effective date of this order is Oct. 12.

"Directive No. 3 ordered six companies employing large office forces to change the opening and closing hours of their offices to approximately an hour later than usual so as not to coincide with change of shifts at war plants. This order also is effective Oct. 12. The six affected companies, all of which have their main offices in Newark, are the American Insurance Co. Beneficial Management Co., Firemen's Insurance Co.—Loyalty Group, Prudential Life Insurance Co., Public Service Corp. and New Jersey Bell Telephone Co.

Output Of Pennies Cut To Conserve Copper

The United States Mint, seeking to conserve vital war metal, has curtailed production of one-cent pieces by 50% in recent months, according to a report made to Secretary of the Treasury Morgenthau on Oct. 13. The advices state that however, demand for coins, arising from the high level of business, continues at an unprecedented rate, seriously threatening this conservation program. Production of pennies in September was 59,000,000 pieces, a moderate rise over August, but only about half the production level of the early summer.

Mrs. Nellie Tayloe Ross, Director of the Mint, renewed her plea that all coins, but especially one-cent pieces now "hiding" in children's banks and other receptacles, be returned to circulation. She pointed out that if each of an estimated 33,000,000 American families should discover and return to use just ten one-cent pieces, and these should stay in circulation, the Nation's supply would be increased by an amount equal to one-third of the record 1941 production of the coin. More than 1,000 tons of copper might thus be saved for war manufacture, she said.

The Treasury's announcement further stated:

"Shortage of materials, the strain of prolonged capacity operations on machinery and personnel, and loss of hundreds of highly skilled employees entering the Armed Services or going into war plants all have contributed to the urgency of the program to put the outstanding coin stocks to work.

"Nearly $12,000,000 worth of coins was turned out by the Mint in September, including 7,155,309 half dollars, 15,153,509 quarter dollars, 39,841,509 dimes, and 59,086,500 pennies.

"Peak production of recent months was in May, with 173,763,418 pieces of which more than 119,000,000 were pennies. Suspension of coinage of 5-cent pieces in recent months, while preparations were made for use of a new alloy, is reflected in coinage figures. The all-time peak month, in number of coins was last December, with production of 247,152,492 pieces having a value of $11,603,020.10.

"Production of the new 'nickel-less nickel' now is underway. It is composed of silver, copper and manganese, permitting substantial savings of nickel and copper for war use.

"But the big worry now is the supply of pennies. The lowly 'copper' actually is perhaps the Nation's most useful coin. In the 150 years of Mint operations, more than 19,000,000,000 have been produced, of which almost 11,000,000,000 were one-cent pieces."

Collyer Warns Materials Lack May Affect Rubber

A warning that "late 1943 will see our stocks of rubber and those of our Allies nearing exhaustion," was given by John L. Collyer, President of the B. F. Goodrich Co., before the Engineering Society of Detroit on Oct. 9. Speed in building and equipping the giant plants called for in the nation's synthetic rubber program, and in the actual production and use of man-made rubber, was emphasized by Mr. Collyer, who said "structural materials necessary for the construction of the plants and equipment must be made available promptly or there will be serious delays in completion of the production facilities so urgently needed."

As for the time when the nation's production of man-made rubber might be expected to meet "our necessary requirements" adequately, Mr. Collyer said, "certainly not until 1944." He went on to explain that the nation wil produce about 32,000 tons of synthetic rubber this year, practically all from privately-financed plants. In 1943 the government plants will "come into big production," he said, and estimates for that year range from 300,000 to 450,000 tons, which still is in contrast to the 765,000 tons of rubber the country consumed in 1941. In 1944 it is estimated, he said, that synthetic rubber production will be from 700,000 to 900,000 tons.

Turning momentarily to consideration of rubber's post-war role, Mr. Collyer pointed out that the possible American synthetic rubber capacity of 1,000,000 tons annually—combined with 1,500,000 tons of natural rubber — would make rubber substances available in "undreamed-of quantities." New standards of comfort, utility and service would be possible with the rubber industry working closely with industrial engineers in finding new uses for such products, he said, but indicated that such considerations were remotely secondary to "the primary job of winning the war."

Chgo. Home Loan Bank Enters Second Decade

The Federal Home Loan Bank of Chicago reached its tenth anniversary Oct. 15. It is the largest of the 12 banks of a system created by an Act of the last session of Congress in the Hoover administration establishing a permanent reserve system in home financing to round out the nation's reserve credit structure which had already taken care of commercial banks and farm credit.

This regional bank opened offices in Evanston on Oct. 15, 1932, and moved to Chicago in early 1934, and has expanded its quarters several times, now occupying the entire second floor at 105 West Monroe Street.

In the first decade as a reserve institution for savings and building and loan associations in the Illinois and Wisconsin district, it has disbursed $117,571,998 to 452 associations, according to A. R. Gardner, President. As of Sept. 15, 191 associations in Illinois and 56 in Wisconsin had loans from the bank aggregating $22,466,108. These advances are used to supplement local home-financing funds and for the most part these borrowing members are located in defense areas where the housing of war workers has become a serious problem.

"The Federal Home Loan Bank of Chicago enters its second decade of existence to meet the challenge of an unprecedented war economy," said the bank President. "Existence of a coordinating instrumentality among the local thrift and home financing institutions, with 10 years of experience behind it, gives every promise of making the sailing of these local institutions smoother no matter what directions the present emergency takes."

Mr. Gardner points out that a dividend has been earned every year and stockholding home financing institutions and the government have received total annual returns on their investments amounting to $2,695,302. In addition to the payment of these dividends, during its first 10 years the bank has built up reserves and undivided profits equal to 4.2% of total liabilities and capital.

By way of observing the tenth anniversary, the present Board of Directors has invited all who served on the Directorate since the beginning to be their guests at the regular monthly meeting Monday, Oct. 19, to be followed by a dinner in the evening.

Present Directors are:

Charles E. Broughton, Chairman, Sheboygan, Wis.; Henry G. Zander, Jr., Vice-Chairman, Chicago; George Dick, President, Modern Federal Savings and Loan Association, Milwaukee; Earl S. Straight, Secretary, North Shore Savings and Loan Associations, Shorewood, Wis.; Nic W. Heintskill, Secretary, Community Building and Loan Association, Milwaukee; Philip K. Kinzer, Vice-President, Carnation Company, Milwaukee; Arthur G. Erdmann, President, Bell Savings and Loan Association, Chicago; Edward J. Czekala, Secretary, National Savings and Loan Association, Chicago; Lawrence D. Johnson, President, Fidelity Federal Savings and Loan Association, Galesburg; William E. Hodnott, President, Lincoln Savings and Loan Association, Lincoln; Guy A. Wood, Secretary, King City Federal Savings and Loan Association, Mt. Vernon; and Clarence W. Reuling, Peoria.

Invited as former members of the Board are:

John A. Sierocinski, President, Second Federal Savings and Loan Association of Chicago, Chicago; Fred W. Hermans, Kenosha Building and Loan Association, Kenosha; Judge August C. Backus, Milwaukee; Paul E. Stark, Madison; George H. Beckley, Secretary, Appleton Building and Loan Association, Appleton; Allen R. Calhoun, Secretary, Standard Savings and Loan Association, Milwaukee; B. F. Kuehlhorn, Milwaukee; Robert L. Hirschinger, Baraboo Federal Savings and Loan Association, Baraboo; Ward Whitlock, Illinois Savings and Loan League, Springfield; John H. Schmale, President, Greater Belleville Savings and Loan Association, Belleville; Joseph J. Janda, Secretary, Lawndale Savings and Loan Association, Chicago; Mr. Maurice E. Vasen, Secretary, Quincy-Peoples Building and Loan Association, Quincy; Frank O. Schneider, President, Kankakee Federal Savings and Loan Association, Kankakee; Emil A. Basener, President, St. Paul Federal Savings and Loan Association of Chicago, Chicago; Alfred MacArthur, President, Central Life Insurance Company of Illinois, Chicago; August A. Moths, Secretary, West Bend Savings and Loan Association, West Bend; Mr. Judson G. Rosebush, Appleton; Mr. Charles S. Kirkpatrick, Bloomington; and Mr. Morton Bodfish, United States Savings and Loan League, Chicago.

Savings and Loan Portfolios In Sound Condition Dependability Of Assets Characterize Holdings

Fully one-third of the volume of mortgage loans which savings, building and loan associations and cooperative banks had outstanding on their June 30 statements was on security of homes built in the past six years. They are the result of these thrift and home financing institutions' lending of $1,900,000,000 for the building of half a million new homes since the beginning of 1936.

Practically $1,300,000,000 of this amount was lent on houses which cost less at the time the loan was made than they would cost to build today. The margin of safety on such loans increases as building prices rise. A loan which was 80% of value in 1939 becomes, even without any reduction of the principal, a 65% loan by 1942, with building costs on the upward spiral they have climbed the last year and a half. The Federal Home Loan Bank Administration's figures show that the cost of building an ordinary six-room house is now 23% above where it was during the average period of 1935-1939. This development strengthens every loan made during the 1935-39 period.

Obviously as far as their construction loans are concerned, the savings and loan associations' portfolios are built largely on valuations made when building costs were below today's levels. It would be difficult to find sounder loans for a financial institution's principal assets today.

Somewhere between 40 and 50% of the association lending in the past several years has been for the purchase of homes already built. Between a third and a half of the loans outstanding today have thus been made on such properties. The relation of the amount loaned to the value of such properties today is again a fortunate one from the point of view of the associations' holding prime loans. There were certainly no real inflationary tendencies in the real estate prices of the late 1930s, although there was some slight pick-up from depression levels of price and volume of sales. Those who chart real estate activity show that it never even reached normal until late 1940. Thus loans made by savings and loan institutions for the purchase of homes from 1936 on have been based on appraisals which reflected no runaway enthusiasm about the prospects of real estate booms in the days just ahead. They have been probably the soundest appraisals on which any purchase loans were ever made before in a period of general business recovery. In a normal real estate market most of these houses would be worth even more today than the appraisers' figures in the late 1930s, even allowing for depreciation, which is inevitable and which savings and loan managers always take into account. In the abnormal situation caused by rent control and growing restrictions on the supply-and-demand forces of our economy as determinants of price levels, all that can safely be said is that the security for the home purchase loans made by the associations since 1936 is certainly worth just as much today as it was the day the loan was made.

The story of the maintenance or improvement in the course of the past year or two in the value of the security behind the loans is only part of the reason for the safety of savings and loan's mortgage loan assets today. The other part has to do with the monthly reduction of the principal on practically all of these loans ever since they were made. Building and loan associations have insisted on this since they began in this country in 1931, and no matter what changes the times have brought in their procedure, this fundamental systematic repayment is retained. Of the $798,000,000 which savings and loan associations lent for all purposes in 1938, only some $649,452,300 would still be owed today, following normal average schedules of repayment over the past four years. Of the $986,000,000 which they lent in 1939, only $843,535,040 is outstanding today, roughly speaking. Even of the $1,199,579,000 lent in 1940, normal repayment schedules will have left only $1,095,024,000 outstanding.

With the security increasing in value, or at least holding its own, and the amount owed by the borrower being systematically reduced, while the institution holds the mortgage on the security, the average savings and loan association can survey its principal assets today with a great deal of assurance.

There is one final factor which makes the loans on the books today an even more gilt-edged asset. Borrowers are paying down the principal amounts of their loans ahead of schedule in thousands of cases. The uncertainties of war plus the higher war incomes of many of the borrowers this year have combined to bring about this phenomenon. As early as the first quarter 1942, loan repayments were about a third larger in dollar volume than they had been during the same period of the previous year. Of course, the unexpected rapid repayment of loans creates some problems for some associations which may not find re-employment in the mortgage loan field for all the funds flowing back so steadily, but it proves beyond any doubt the dependability of the assets which make up the the bulk of the associations' holdings today.

Delinquencies on loans, either on interest or principal, have probably reached a 13-year low, although they have been negligible for several years already. Once the members who borrowed on inflated property values of the 1920s had become the minority on the books of the savings and loan institutions, and the new borrowers of the 1930s became the dominant factor, there was an entirely changed picture with regard to delinquencies. The war economy to date has been characterized by increased eagerness to pay rather than any reluctance or inability.

It sometimes happens that institutions competing in a declining market like the present take some unwarranted risks to employ the funds which flow back faster than schedule. The savings and loan associations, remembering 1932—after all they have been in the business of mortgage lending for 111 years—are maintaining their former rigid loan standards in the present declining market, and the general policy is to put their excess funds in Government bonds.

Congress Increases Planting Of Guayule

Congressional action on the legislation increasing the planting of guayule, a rubber-producing shrub, from 75,000 to 50,000 acres was completed on Oct. 13 when the Senate concurred in amendments proposed by the House. The measure, authorizing the Department of Agriculture to make the expansion, was originally passed by the Senate on Sept. 21 and the House on Oct. 8. Increased plantings of guayule had been recommended by the President's Special Rubber Investigating Committee as was noted in these columns Sept. 17, page 985.

The House on Oct. 8 passed a deficiency appropriation bill, which carried an item of $19,000,000 for planting as much as 100,000 acres of guayule in the fiscal year 1943. The Senate must still act on this appropriation.

Regarding the House action Associated Press advices of Oct. 8 said:

"The House vote came shortly after the Appropriations Committee made public testimony estimating that this one part of America's emergency rubber program, formulated after the Japanese seized the world's principal rubber resources, would cost more than $130,000,000.

"Department experts told the House Appropriations Committee that in addition to the vast program for planting the rubber-bearing shrub, 56 processing factories would be required, at a cost of about $450,000 each—or a total of more than $25,000,000.

"The officials asked that Congress raise from 75,000 to 500,000 acres the authority for planting guayule. The shrub will be cultivated on huge plantations in parts of California, Arizona, Texas and New Mexico.

"The testimony made public by the Appropriations Committee yesterday did not indicate where the processing plants would be located, although it was assumed they might be built in or near the guayule growing areas.

"The appropriations group did not go into a discussion of the synthetic rubber plans, to involve many millions of dollars, considering only the Agriculture Department's request for $19,000,000 additional immediately for quick expansion of guayule cultivation. The government already has provided $13,000,000 for this program.

"In asking for the $19,000,000, C. M. Granger, assistant chief of the Department's Forest Service, said, 'It will take about $100,000,000 more' to plant all the stock that will result from a larger-than-expected production of seed this year, and to 'put up the necessary factories and get the rubber out of the shrubs.'

"Mr. Granger said the Agriculture Department hoped to plant 88,000 acres of guayule next spring, and he predicted the natural rubber production from the shrub in the fall of 1944 would be 33,000 tons instead of 13,000 as originally expected."

Senate passage of the bill for increased planting of guayule was referred to in these columns Oct. 1, page 1169.

Savings-Loan Ass'ns War Bond Buying; Aids War Financing; Controls Inflation Tendency

By FERMOR S. CANNON, Indianapolis,
President United States Savings and Loan League

Purchase of Government bonds by savings, building and loan associations has been one of the characteristic phenomena of this system of financial institutions since mid-July, 1942. In the past 14 weeks they have increased their total holdings by 68.7%. This estimate is made on basis of reports from 1,675 associations, representing about 50% of total assets. They have invested since July 1, $60,385,000 in Governments, including Series F and G War Bonds.

Back of the movement has been the concerted program of the officers of the United States Savings and Loan League working through leading savings and loan

Fermor S. Cannon

association executives as chairmen in each State. They placed their goal at $100,000,000 for the last half of 1942, and divided it, on a basis of assets, into separate goals for the various States. Already 15 States have gone over their quotas, and where this has happened the chairmen are still working hard to get as far over the goal as possible.

In the main, the associations of this type have not hitherto been heavy investors in Government bonds. Some have never owned any up to the present crisis. They have stuck close to their role as home financing institutions and there has been little to urge them into the Government bond market until now. Many institutions, it is true, owned some Government bonds as a secondary line of liquidity, and probably most of them at one time or another held HOLC bonds exchanged for their casualty mortgage loans of the 1930s, but it has never been a practice among them to acquire obligations of the United States Government. Many of the State laws under which associations operate make no mention of the possibility of their investing in Governments. Several others place a definite limitation somewhere from 10 to 20% on the amount of assets which may be so invested.

The response to the present campaign is therefore all the more noteworthy. We set our goal as low as we did because we envisioned a job of education ahead of us. The Government bond market is often a fearful and wonderful thing to executives whose experience has not taken them into its confines hitherto. That a man knows how to judge a character risk for a mortgage loan does not, he himself too often feels, qualify him to judge which Government bonds to buy and when.

Thus the $100,000,000 bond drive among savings and loan institutions this latter half of the year has meant some concentrated extra study on the part of our executives. It has sent them to the investment counsellors and to the shelves of literature on the subject. The official publication of the League has devoted article after article to the matter of choosing which bonds to buy and it has dwelt always on the necessity for buying them.

A combination of patriotism and common sense inspired the campaign which the League officers launched on July 8. Here were insitutions which had an inflow of money increasingly greater than their demand for mortgage loans, the business which is primarily theirs. The choice was between turning the investors of new money away and saying, "Sorry, we have no use for your funds," or finding some other outlet, safe, sound and paying a dependable return. On the other hand, here was the Treasury of the United States, asking for billions of dollars to overcome, for the sake of our continued existence, a ruthless and powerful combine of nations. To those of us who saw both sides of that picture there was nothing to do except put both sides together, and channel savings and loan funds into Government bonds.

The purchase of Series F and G War Bonds up to the $100,000 limit for the calendar year 1942 has been the associations' first step in cooperating with the campaign. After that the managers must concentrate on comprehension of this field of investment which is new to so many of them. The one thing of which they can always be certain is that the liquidity which their institutions require at this time more urgently than in ordinary times is materially enhanced by the possession of an increasing amount of Government obligations in their portfolios.

The British counterparts of the savings and loan institutions, the building societies, have become more and more channels for investment in Government obligations as the war has gone along and mortgage demand has lessened. The percentage of the total assets of British societies in investments, chiefly war securities, was 10.4, as of the close of 1941, where it had been 7.2 at the close of 1940. Such direction of the funds has necessarily narrowed the margin between income and expenditure in the British institutions, but in 1941 they were still adding to reserves and paying returns to their savers and investors. Their experience has been so salutary that American savings and loan executives feel they have a real guidepost for their fundamental policy of helping finance the war with the savings entrusted to them.

The War Policies Committee of the United States League emphatically endorsed the program of associations' investing in Government bonds last May, saying in part:

"The people of this country must save a larger and larger percentage of their incomes. Associations should offer every encouragement to the people of their communities to continue to save every dollar possible. This necessitates accepting all the savings offered by the thrifty citizens. It requires the lifting of all restrictions on the amounts of new money that are offered to the institution. The committee recognizes that such a policy will in many cases result in associations receiving more money on savings accounts than can be invested in sound home mortgages. The excess of money received over the loan demand should be invested in Government bonds. Associations can make no more direct or important contribution to victory than the acceptance of all the money offered and the investing of the same in Government bonds."

Our 1942 campaign is looked upon by all the leaders in the bond purchase drive as just a preparation for a substantially larger goal in 1943. As long as the war lasts there will be a challenge to our institutions to take whatever money comes their way, invest it in sound home loans where the demand exists, and channel it into Government bonds to help finance the war, wherever home buyers or builders of war housing do not seek such financing.

Back of the patriotism and the need for a sound outlet for funds which are coming into the associations at their best post-depression rate these days is our conviction of another fundamental role we can play in helping win the war on the financial front. The battle against inflation has become increasingly intense in the past few weeks. Savings and loan institutions are profoundly interested in preventing the dreadful spiral of rising prices which eats up a man's investment with a certainty which needs no emphasis. We know that every bond bought by a thrift institution, pouring investment funds into Government financing, is one more bond which will not have to be bought by the commercial banks and thus become the basis for more credit expansion. We know that we are sitting at least on a corner of the lid which is trying to be held down on the inflationary influences inherent in war production and prosecution.

U. S. Savings-Loan League Sees Better Outlook For Small Property Owner Under Price Control

Trying to figure out for the past week what "economic stabilization" will mean to the small property owner, the officers of the United States Savings and Loan League said that the picture is brighter since the President's administrative order under the new price legislation than it has been at any time since inflationary control was attempted.

"We can be confident that Mr. James F. Byrnes as Director of Economic Stabilization will be primarily interested in just what the title implies, and not in penalizing one group at the expense of another," said Fermor S. Cannon, Indianapolis, President of the League, in speaking for the officers of the League. They represent the national organization of the savings, building and loan associations which have among their 2,000,000 borrowers many owners of small properties for rent. "Since there is to be some control over the expense of operating a rental property from now on, the owner's sacrifices, under rent control, will be tempered as they have not been in the past several months of the operations of defense rental provisions of the OPA," the statement read.

"Since Sept. 15 has been chosen as the pivotal date for wages, salaries and commodity prices, it is reasonable that some adjustment toward that date should be made in areas where rents were frozen at levels prevailing much earlier, some even back into 1941," they continued. "We hope that this type of adjustment will be taken under serious consideration. The ability to collect an extra $5 a month on a house he owns and rents out is extremely important to a small property owner whose taxes are not going to be pushed back to the level of the frozen rent date and whose maintenance and operation costs will be controlled around higher price levels of Sept. 15. In industrial areas where there will have been some rent increases, most of the workers and families have the ability to pay a little something additional for rent and don't really want, if it is put up to them squarely, to take something out of the small landlord's none too well-lined purse."

The League statement surveying the effects of stabilization of the economy on the 6,000,000 investors in the savings and loan institutions, emphasized the relief which every person saving or investing money feels when he realizes that uncontrolled price rises which eat up his cash reserve are not going to be permitted.

"The program will inevitably contribute to more thrift on the part of the majority of the population," they concluded.

Savings-Loan Assets At All Time High

Total assets of all savings and loan associations in New York State increased by over three million dollars during the first half of 1942, reaching an all-time high, according to Zebulon V. Woodard, Executive Vice-President of the New York State League of Savings and Loan Associations. This information is based upon figures received from the Banking Department and the Federal Home Loan Bank of New York.

The 256 savings and loan associations in the State on June 30, 1942, had total assets of $479,305,-390, compared with total assets of $476,058,641, on Dec. 31, 1941. This is an increase of $3,246,749 for the first six months of 1942 and sets an all-time high record.

In The Armed Forces

Horace W. Gordon, formerly associated with Newburger & Hano, Philadelphia, Pa., but who has recently been acting as Special Assistant to Regional Division of WPB, has accepted a Commission as Major, A. S. C., and is assigned to Washington, D. C.

"A Safer & Better Plan" For Investors & Trustees

The Atlanta Federal Savings & Loan Association, 22 Marietta Street, Atlanta, Ga., will be glad to send investors, trustees and other fiduciaries a copy of their free booklet, "A Safer and Better Plan," describing the advantages of investing in insured Federal Savings & Loan investments.

Federal Agency To Aid Small Plants In N. Y. C. Advocated By N. Y. Chamber Of Commerce

The establishment of a Federal agency in New York City to obtain a larger share of war contract work for the thousands of small plants in New York, as proposed by Commissioner George A. Sloan of the city Department of Commerce, was urged upon Donald M. Nelson, Chairman of the War Production Board, and Lou Holland, head of the Smaller War Plants Corp., in an interim report made public by the Chamber of Commerce of the State of New York on Oct. 18.

Warning that many more small factories in the five boroughs would have to close down or drastically reduce employment in the next few months unless they could secure war work, the report, which was drawn by the Committee on Public Service in the Metropolitan District, said that, although there was a labor shortage in war production centers throughout the country, there were upwards of 300,000 registered unemployed in the city as of last month.

In addition to the largest surplus of employable manpower, New York also has more available housing, industrial space, office space and equipment than any other city in the country, the report pointed out. The report said:

"Despite the fact that New York is the greatest manufacturing city in the country in peacetime, it has been called upon to produce only a comparatively insignificant share of the nation's war contracts. The basic reason for this is that New York is a city of small plants. In the five boroughs there are 25,000 factories employing 50 people or less with a total of 250,000 workers. Some of the plants already have had to shut down or reduce the number of their employees due to priorities or other war restrictions. Many more will have to close in the next few months unless they can be turned to war production."

On Oct. 8 Commissioner Sloan outlined to the Executive Committee of the Chamber the plan for the setting up of a Federal agency here which would give the city's small plants direct representation during the planning stages of war procurement. Members of the Chamber Committee were favorably impressed with it. Commissioner Sloan's plan, which has been worked out under the direction of Mayor LaGuardia, calls for the creation of a Federal agency which would be known as the New York City Coordinating Corporation and would be a subsidiary of the Smaller War Plants Corp. and financed from the latter's $150,000,000 appropriation.

The Coordinating Corp. would be authorized to take prime contracts for such items as were needed by the Army and Navy which could be made in local plants and to retain established engineering firms to sub-contract the work, supply the engineering knowledge to small plants and supervise the manufacture from the initial stages to completion. The plan has been submitted to both the War Production Board and the Smaller War Plants Corp. and was placed before the Special Senate Committee to Study Problems of American Small Business on Oct. 13. In urging its adoption, the report of the Chamber Committee said:

"The plan is a practical approach to the solution of the problem of mobilizing for the war effort the production and manpower of the thousands of small plants which have made New York the nation's greatest manufacturing center.

"The Chamber believes that the adoption of this plan, aside from its direct benefit to local industries and labor and to the expansion of the city's share in the war effort, will help materially to accelerate many phases of the war production of the nation which now are retarded through failure to make full use of available plant facilities and manpower."

Willkie Reports To President On Mission —Renews Call For Second Front

Wendell L. Willkie reported to President Roosevelt at the White House on Oct. 14 on the missions he had performed for the President on his war survey flight around the world.

At a press conference following his talk with the President, Mr. Willkie renewed his plea for the speedy establishment of a second front, affirming what he had said in Moscow, and expressed confidence in victory for the United Nations.

Mr. Willkie's 31,000-mile tour took him to 13 countries including the Middle East, Russia and China. The last lap of the flight around the world was by way of China through the Republic of Mongolia, Siberia and Alaska. He left China on Oct. 9 and landed at Fairbanks, Alaska, on Oct. 11, then flying to Edmonton, Alberta, on Oct. 12 and to Minneapolis on Oct. 13. After arriving in Minneapolis, the 1940 Republican Presidential candidate received a telegram from President Roosevelt requesting that he make his report as soon as possible.

His conference with the President lasted an hour and a half after which he issued the following prepared statement:

"I have just reported to the President on the missions he asked me to fulfill for him when I went on my trip around the world.

"As you know, I went for three chief purposes:

"(1) The first was to demonstrate to our Allies and to a good many neutral countries that there is unity in the United States on the purpose of winning this war. This was my own idea. Nobody asked me to do it. How well I did it you will have to ask the officials, the people and the newspapermen of 14 separate countries.

"(2) The second purpose of my trip was to accomplish certain things for the President. What those things were is naturally confidential as far as I am concerned. On some of them I reported back to him while I was still abroad. On the others, I have just made my report.

"(3) The third job I set out to do was to find out as much as I could, both for myself and for the American people, about this war and how it can be won — won quickly so that we can get back to our jobs again, and won securely so that the peace which follows it will hold.

"I have found out a lot. Some of it I have already reported back, from Cairo, from Moscow and from Chungking. A lot more I want to formulate and put in written form before making a report. I have a plane waiting for me now at the airport, to take me back to New York where I started on this trip. I intend to take a few days of rest in Indiana and then I shall go to work on what I myself consider the most important thing I can do—making careful, crystal-clear reports to the American people. How long that will take I don't know.

"I do know—because I have found out at first hand—that a lot of us, including public officials, are going to have to stretch our muscles and our minds before we win. Before I go back to work—which will be at my old job—I am going to do what I can by an honest piece of reporting to my fellow-citizens to help in this new job which we all face of re-educating ourselves to win this war and to win the peace."

Mr. Willkie spent six days (Oct. 2-7) in Chungking, the war-time capital of China. During the visit he held several conferences with Generalissimo Chiang Kai-shek and other Chinese leaders. He also voiced the opinion while there that "the time has come for an all-out armed offensive everywhere by all United Nations," demanding increased arms aid for China and Russia and "an end to the empire of nations over other nations."

Mr. Willkie's remarks in Moscow on a second front were reported in these columns Oct. 1, page 1173.

Mullenix Named Head Of Mortgage Bankers

Charles A. Mullenix, President of the Cuyahoga Estates Co., Cleveland, was elected President of the Mortgage Bankers Association of America at the organization's 29th annual business meeting, recently held in Chicago, in connection with three-day Conference on Wartime Mortgage Finance. He succeeds Frederick P. Champ, Logan, Utah. Herold G. Woodruff, Detroit, was elected Vice-President. The election followed the report of the nominating committee headed by Dean R. Hill of Buffalo.

G. H. Galbreath, Tulsa, was reelected to the Board of Governors for a term expiring in 1946 and six other mortgage bankers were selected for that body for similar terms. They are L. E. Mahan, St. Louis; Stanley H. Trezevant, Memphis; George H. Dovenmuehle, Chicago; Frank C. Waples, Cedar Rapids, Ia.; John H. Scott, Pittsburgh, and W. A. Clarke, Philadelphia. George H. Patterson, Chicago, was reelected Secretary and Treasurer. Wallace Moir, Los Angeles, was reelected regional Vice-President for the Pacific Coast States and Aksel Nielsen, Denver, for the Mountain States. V. C. Feemster, Wichita, was elected Vice-President for the Southwest States, Norman R. Lloyd, Cleveland, and Ward Gauntlett, Chicago, for the North Central States, W. A. Curtin, Hartford, for the Eastern States and O. G. Gresham, Birmingham, for the Southern States.

A speech by the retiring President, Mr. Champ, was reported on in these columns of Oct. 8, page 1270.

Number Of Rail Employees Increase

The total number of employees of Class I railroads, as of the middle of August, 1942, was 1,322,435, an increase of 9.55% compared with the corresponding month of 1941, and 0.46% over July, 1942, according to a report just issued by the Bureau of Statistics of the Interstate Commerce Commission.

A gain over August, 1941, was shown in the number of employees for every reporting group. The percentages of increase were:

Professional, clerical, and general, 12.47; maintenance of way and structures, 8.03; maintenance of equipment and stores, 9.29; transportation (other than train, engine, and yard), 6.38; transportation (yardmasters, switchtenders, and hostlers), 11.84; executives, officials and staff assistants, 6.28; and transportation (train and engine service), 11.23.

Repeal Of Law Governing Renegotiation Of War Contracts Urged By N. Y. Chamber Committee

The Chamber of Commerce of the State of New York made public on Oct. 15 an interim report from its Special Committee on Corporate Management urging repeal of the law providing for the recapture of excessive profits on Government contracts by renegotiation. The law was criticized on the ground, among others, that it contained no definition or criteria as to when profits should be deemed exececssive and that it made it impossible for any contractor to know his true financial condition until three years after the end of the war. The Committee in its report said:

"The Chamber believes that contracts with the Government or any of its departments should specify prices which are fair and reasonable. It further believes that if, during the war period, any business, whether or not engaged in war work in whole or in part, earns in excess of a reasonable normal profit, such profit should be subject to a high rate of excess profits tax."

In part the report also stated:

"To attempt to require renegotiation of the price specified in Government contracts at the end of any accounting period when the final net profit of the contractor is in the opinion of the renegotiating officer excessive, can have only the result of penalizing the most efficient and lowest cost producer, leaving the inefficient and high cost producer undisturbed. Such a result is not only inherently unfair but is destructive of business morale and its effect in operation, unless the renegotiation is conducted by men of almost superhuman wisdom, will be to increase rather than to decrease the Government's war costs; in other words, to cause the exact opposite of the law's purpose."

The report did not oppose the use of renegotiation clauses in Government contracts where they were voluntarily entered into, where the circumstances of a particular contract justified their use and where the clauses were so framed that operation under them involved only a determination of readily ascertainable cost accounting facts. It pointed out that such clauses were being used in Government contracts prior to enactment of the present law (section 403 of Public law 528). It stated that:

"Such renegotiation clauses, however, should be 'two-way streets' permitting adjustment upward as well as downward in the price when actual experience demonstrates the estimates of cost to have been in error."

The report, which represents only the opinion of the Corporate Management Committee until its adoption by the Chamber, will be presented by William de Krafft, Chairman of the committee, at the Nov. 5 meeting of the Chamber.

An item referring to the study by the Senate Finance Sub-Committee of the statute requiring renegotiation of war contracts was referred to in our issue of Oct. 1, page 1177, and the recently enacted tax bill as agreed upon by the Senate and House conferees.

Nickel Again Restricted

The War Production Board recently tightened its control over nickel, restricting use of the metal to implements of war and other products certified by the Army-Navy Munitions Board to be essential.

The WPB revised its conservation order M-6-B, which previously prohibited use of nickel in a long list of products and permitted use of the metal in all other products only on specific allocations. This provision, it is stated, is retained in the revised order. However, the general exemption is removed from these restrictions in favor of the armed forces, A-1-K, or better orders, and where necessary for compliance with safety regulations. It is further stated:

"Implements of war are defined as combat end-products, complete for tactical operations. This includes aircraft, ammunition, armament, ships, tanks and other military vehicles, and parts to be incorporated in such implements. The term does not include facilities or equipment used in manufacture of such items."

NWLB Urges Patience On Wage Order Rules

William H. Davis, Chairman of the National War Labor Board, on Oct. 5 issued the following statement:

"The National War Labor Board has been flooded with requests for information regarding the Executive Order signed by the President Oct. 3, providing for the stabilizing of the national economy. Paragraph 2 of Title III of that Order authorizes the Board 'to issue such rules and regulations as may be necessary for the speedy determination of the propriety of any wage increases or decreases in accordance with this Order.' Until this has been done, we will be unable to answer specific questions.

"We will issue these rules and regulations as promptly as we can. We shall try to get them into such a form that there will be a minimum of misinterpretation, misunderstanding and confusion. In addition, the Board plans to issue explanatory bulletins, probably in the form of questions and answers. These bulletins will attempt to answer first the questions most often asked. The rulings and bulletins will reach employers and employees through their daily newspaper, over the radio, or through their trade association or labor union publications.

"In the meantime, on behalf of the Board, I am asking every employer and employee who is affected by this Order to be patient. As to employers and employees who are in the midst of contract negotiations, their attention is called to Paragraph 8 of Title II which says that 'the policy of the Federal Government . . . to encourage free collective bargaining between employers and employees is reaffirmed and continued.'

"We respectfully request employers and employees not to write, telegraph or telephone Washington with specific inquiries for a few weeks, and not to do so then until they have tapped all authoritative local sources of information. It would be impossible for us, because of a shortage of time and personnel, to answer personally each of the thousands of inquiries which would come to us if the above procedure were not followed.

"By following this procedure, employers and employees will speed up our work and aid in the prosecution of the war."

United Fruit Looks Good

United Fruit Company offers attractive possibilities for appreciation based on post-war prospects, according to an interesting memorandum just issued by E. F. Hutton & Company, 61 Broadway, New York City, members of the New York Stock Exchange and other leading national exchanges. Copies of the memorandum containing interesting information on United Fruit may be had upon request from E. F. Hutton & Co.

Advances Plan To Buy Term Ins. & War Bonds

A plan for combining the purchase of life insurance and War Savings Bonds in such a way that both can be done at the same time and still keep within a normal insurance premium budget is being offered by the Church Life Insurance Corporation, a wholly-owned subsidiary of The Church Pension Fund of the Protestant Episcopal Church. In a brief leaflet which is being given wide distribution, it points out that term insurance, which normally is considered only as temporary protection, costs much less than the usual types of policies but if the difference is put into War Savings Bonds and Stamps, the individual will accomplish approximately the same result as if he had taken out a more permanent form of insurance and can later, without further medical examination, resume a normal insurance program after the need for the purchase of War Bonds is over. The leaflet states:

"Although term insurance is normally designed for temporary protection we are now living under conditions which are not normal. The great need and patriotic duty of every American citizen is now to buy as many War Savings Bonds and Stamps as he possibly can. We are properly urged to reduce everything to essentials in order that the United Nations may have at their disposal the means for a successful and relentless prosecution of our defense of civilization and Christianity until final victory is won. At the same time, the protection of one's home and family must be maintained. Insurance is not a luxury. It is a necessity to the great majority of people."

Illustrative rates are given in the leaflet showing, for instance, that at age 40 the cost of a 10-year convertible term policy is about 43% of the cost of an ordinary life policy and only about 11% of the cost of a 10-year endowment policy. Although term insurance, it is pointed out, has no cash or loan value and becomes payable only in the event of the death of the assured within the specified policy term, the purchase of War Savings Bonds and Stamps with the saving in premium will gradually build up an equity somewhat equal to the cash and loan value on the more expensive types of insurance.

"The Church Life Insurance Corporation," the leaflet concludes, "urges upon those who are eligible to take advantage of its facilities and its low rates, consideration of the proposal that term insurance be used more widely during the present emergency for the purpose of maintaining an adequate insurance program and, at the same time, promoting the purchase of more War Savings Bonds and Stamps."

Exemption Urged For Retiring Realty Debt

With rapidly increasing taxes depressing the value of rental properties and in many instances, jeopardizing the ability of larger home owners to maintain their holdings, serious consideration should be given to "reasonable tax exemptions for debt retirement," Frederick P. Champ, retiring President of the Mortgage Bankers Association of America, told members of the Denver Real Estate Exchange in a recent address on Oct. 7. "The siphoning of income, and in fact the liquidation of capital, which will occur in the financing of the war, will lessen the accumulation of venture capital and thus affect activity in speculative real estate," Mr. Champ said. He added:

"Unimproved property, faced with the prospect of idleness during the war, will become less valuable while older properties adaptable to housing are experiencing increased demand. We cannot accurately visualize the future in terms of changes in the economy which will occur within the lifetime of the residential mortgages we are making today but so long as our national concept of social organization is based on the family unit, the need for home and home ownership will be protected so that reasonable mortgages on the homes of American citizens should generally continue to be as sound an investment as can be found."

Gold Mines To Close: Miners To War Work

The War Production Board on Oct. 8 ordered gold mines to halt operations in order to make the miners and some equipment available for mining work considered more essential to the war program.

The order affects from 200 to 300 mines in which gold is produced in the continental United States and territories, except mines which previously had been accorded preferential priority treatment by the WPB because of their by-product output of such war-essential metals as copper, lead and zinc. Certain small mines were excepted.

The gold mines are directed to halt operations "at the earliest possible date," and at the latest to stop breaking out new ore after Oct. 15. Although all must stop within 60-days, minimum activity necessary to keep buildings and equipment in repair and the workings in safe condition will be permitted.

It is estimated that 4,000 to 5,000 men are employed in the gold mining industry and that 3,000 to 4,000 will be made available for essential non-ferrous mining operations.

The States most affected by the order are California, South Dakota, Colorado, Montana, Nevada, Arizona and Utah. The value of gold mined in the United States and possessions was $290,174,600 in 1941. The United States, producing about 13% of the world's gold supply, is the second largest producer in the world, the Union of South Africa being first.

Simultaneous with this announcement, Paul V. McNutt, Chairman of the War Manpower Commission, issued a directive which, in effect, forces miners released by the gold mine closings to seek jobs in copper and other vital non-ferrous mines. Mr. McNutt said that these miners will be given aid in finding work in non-ferrous mines and given transportation expenses to new locations. The WMC directive instructs employers not to "hire in, or hire for work in, Alaska or any State west of the Mississippi River, any person who on or after Oct. 7, 1942, has left employment as a production or maintenance worker in connection with gold mining, except upon referral of such worker to such employer by the United States Employment Service."

Twenty-one Senators protested to President Roosevelt in a letter made public on Oct. 13 against closing of gold mines and asked that a WPB order be stayed, "at least until the whole subject of marshaling of manpower and the allocation of labor may be considered," according to the Associated Press.

Released by Senator McCarren of Nevada, the letter told the President that the order would release only a few miners for work in strategic metal mines but would disrupt the economy and morale of gold mining areas.

Incident to the shutting down of the gold mines it was said to have been learned in Washington on Oct. 7 that the purchase of gold by the Treasury is not to be discontinued. The New York "Times" reporting this in Washington advices Oct. 7 added in part:

"For the time being the United States therefore, will continue to be the great market for South African, Canadian and Russian gold for which it will pay, as heretofore, $35 an ounce. Its gold holdings of over $22,000,000,000 will retain their present value and probably will continue to increase, although at a slower rate than heretofore. . . .

"The Treasury, does not wish to halt gold mining in other countries by discontinuing the purchase of gold, since this could have serious effects which might out-weigh the advantages to be derived from it on other grounds. For instances, the shipment of gold is almost the only means by which Russia is able to pay for imports from the United States."

Allowable Advertising Fees In War Contracts

Instructions which will guide Price Adjustment Boards in determining the circumstances under which advertising expenses may be figured as allowable costs in war contracts were made public on Oct 7 by Chairman Donald M. Nelson of the War Production Board. The instructions were contained in letters sent to top procurement officials of the War Department, Navy Department and U. S. Maritime Commission. Broadly speaking, the instructions lay down these policies:

"On cost-plus-fixed-fee contracts, the costs of advertising placed for the sole purpose of selling goods are inadmissible. Industrial or institutional advertising, however, which properly can be classed as an operating expense incurred for reasons of policy, may under certain circumstances be admitted; and a contractor who is in doubt as to the admissibility of such expense should take the question up with the contracting agency with which he is dealing.

"In a different classification are advertising expenditures paid for out of the contractor's fee, on cost-plus-fixed-fee contracts, or as part of the general overhead and management expenditures on fixed-price contracts."

The substance of the instructions in regard to such expenditures is briefly as follows:

"When Price Adjustment Boards review the profits of war contractors they will note the sums spent for advertising; they will allow a 'reasonable expenditure' for advertising; and their definition of 'reasonable expenditure' will be substantially the definition previously announced by the Secretary of the Treasury. The Boards are instructed, however, that where a company has been wholly or in large part converted to war work, fairly sharp limits can be placed on such expenditures.

"When a fixed-price contract is being negotiated, field procurement officers frequently request a breakdown of costs. In such cases, manufacturers should include advertising expenditures in overhead rather than as a separate cost item, since it often is not practical to determine exactly what part of advertising expenditures should be charged against a particular contract."

Mr. Nelson pointed out that no set formula can be laid down to govern all cases, and that in general the rule of reason must apply in each particular case. The War Production Board, he said, does not wish to set up arbitrary rules which might work undue hardship on manufacturers converted to war work who desire to preserve their investment in trade marks and goodwill.

The WPB's decision to allow advertising fees in war contracts was reported in these columns of Oct. 15, page 1359.

UP-TOWN AFTER 3

MOVIES

If you hanker for nostalgia and such songs as "Oh, You Beautiful Doll," "By the Sea, By the Beautiful Sea," "Where Do We Go From Here, Boys" and other relics of a few decades ago, then don't overlook **"For Me and My Gal"** (MGM). It's a grand yarn, well told and excellently portrayed by Judy Garland, Gene Kelly, George Murphy, Ben Blue and others. It's a story of backstage vaudeville life when that branch of show business was in its heyday; the period when every small-time vaudevillian doing split weeks in whistle stops dreamed of the day he would play the Palace, the New York theatre which represented the pinnacle of vaudeville success. Picture begins slowly, picks up tempo, slackens a bit toward the end but finishes with a scene that has everybody in the audience pretending they have colds. There isn't a dry eye in the house when Judy Garland and Gene Kelly sing their theme song, "For Me and My Gal," from the Palace stage. The circumstances under which they finally appear is a fine bit of directing. Judy Garland flashes a pair of stems that will have the boys drooling. Of her singing ability there is no question. She's still tops. Gene Kelly, who was such a hit in "Pal Joey" and a new Hollywood acquistion, is grand as the heel with the heart of a ham who later redeems himself. George Murphy as the Old Dog Tray, the guy who loves Judy but backs out in favor of Gene Kelly, gives a faithful interpretation. Ben Blue, a graduate of the vaudeville business, is fine in his limited scenes. . . . **"Now, Voyager"** (Warner) gives Bette Davis a dream role. In it she runs the gamut of all human emotions. Based on Olive Higgins Prouty's best seller (title taken from Walt Whitman's poem) it tells about a dowdy spinster, of say 30, who is driven to a life of seclusion and near madness by her mother's tyrannical dominance. It isn't until psychiatrist Claude Rains diagnoses and prescribes treatment that she comes out of her shell. On a long sea voyage she meets and falls in love with Paul Henreid. Henreid rushes her, but being married, friendship remains platonic. His small daughter displays the same intraverted tendencies Miss Davis had before her treatment and is sent to Claude Rains for attention. When Miss Davis returns home she refuses to lead the life her mother cut out for her. Her mother dies, and Miss Davis blaming herself for her death, is on the verge of a relapse. Returning to the sanitarium she meets Henreid's daughter where she forgets her own troubles in an effort to help the child. It is obvious **"Now, Voyager"** is not an amusing tale, though an interesting one. There is little comedy to relieve the grimness of a story of a warped mother love and the damage it causes. Bette Davis, the gloomy, semi-hysterical psychiatric who blossoms out, is competent as always. Paul Henreid is suave as the man in the case. Gladys Cooper, the dominating matriarch, is magnificent in an unsympathetic role.

ABOUT THE TOWN

Of all the West Side places I've visited **Zimmerman's Hungaria (163 W. 46th)** is the most surprising. From a fairly modest entrance you go down a few flights of stairs into a bedlam difficult to describe. People stand four deep demanding tables in a room big enough and crowded enough to look like Grand Central Station at the rush hour. There's a floor show (an elaborate affair, I'm told) but I never got close enough to see it until it was almost all over. The food, however, is excellent. A house specialty, chicken paprikash, is something to go out of your way for. Dinners begin at $1. Dancing is continual if you can manage to get on the floor, which seems as jammed as the dining room itself. The Hungaria is obviously popular with people celebrating wedding anniversaries or giving going-away parties to newly drafted men. It also seems to have quite a following among family groups. Table upon table was filled with mothers, fathers and their children. Dominating the entire place is Zimmerman himself. You'll spot him by his Marshal Budenny mustache. But even his prepossessing appearance doesn't dampen the ardor of the celebrants who seem to have checked their inhibitions at the door. . . . **The Weylin Bar (Weylin Hotel, 40 E. 54th)** is one of those pleasant East Side hideaways which is actually as intimate as it claims. If you can negotiate the small outer door (it opens out and can throw you for a loss if you're not careful) you'll find it worthwhile. During cocktails Dawn Roland (nee Mrs. Charles Wright), a pretty dark-haired, blue-eyed colleen, sings pleasantly. After 10 at night the program becomes more ambitious. It is then that Charlie Wright, Muriel Byrd and Billy Martin come on. Wright, accompanying himself on an accordian, has a repertoire of songs and a delivery it's a treat to hear. His saga of Maxie and his taxi will keep you in stitches. His recital of the family Ramsbottom and their visit to the zoo will make hearing the words difficult. Everybody laughs so loud. Muriel Byrd sings and plays the piano, and quite well too. Billy Martin, with a Greek God profile, fills in with more piano, but quite competently. . . . **The Penthouse Club (30 Central Park South)**, in addition to its other attractions, is now boasting THE Miss California of 1940, a Miss Suzanne Daye. Miss Daye, besides being something to look at—blonde with blue eyes and a figure which has the boys bugging out their eyes—sings. Her work sounds completely professional. After listening to people who sing in French, Spanish or some other language, pleasantly enough but completely outside my comprehension, it's a relief to hear somebody sing American tunes the way they were meant to be sung, without accents. And Miss Suzanne Daye fills the requirements. So what, if she isn't a Marian Anderson? She's a Venus de Milo!

Keep Em Rolling
Victory Is Nearer Every Day!

Calendar of New Security Flotations

OFFERINGS

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

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)

Underwriters—Names of underwriters and respective percentages of the unsubscribed shares underwritten are as follows: White, Weld & Co., N. Y., 25.48%; Shields & Co., N. Y., 25.48%; H. M. Byllesby & Co., Inc., Chicago, 25.48%; First Trust Co. of Lincoln, Neb., 14.56%; Bosworth, Chanute, Loughridge & Co., Denver, 2%; McDonald-Coolidge & Co., Cleveland, 2%; Vietor, Common, Dann & Co., Buffalo, 2%; Cruttenden & Co., Chicago, 1%; A. E. Masten & Co., Pittsburgh, 1%; The Milwaukee Co., Milwaukee, 1%

Registration Statement effective 5.30 p. m. ESWT on Oct. 19, 1942

Offered—Publicly offered Oct. 20, 1942, at $50 per share plus dividends

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

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

Offerings will rarely be made before the day following.

THURSDAY OCT. 22

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)

SATURDAY OCT. 31

GRAND FORKS HERALD, INCORPORATED

Grand Forks Herald, Incorporated, has filed a registration statement with the SEC for $170,000 4½% first mortgage serial maturity bonds, dated Sept. 1, 1942. Bonds will mature as follows: $12,000 on each Sept. 1 from Sept. 1, 1943 to and including Sept. 1, 1951; $62,000 on Sept. 1, 1952

Address — 118 North Fourth Street, Grand Forks, N. D.

Business—Newspaper publication

Offering—Bonds are to be offered at prices ranging from 101.57 for the 1943 maturity to 100.50 for the 1952 maturity. The average offering price per unit is 102.1073 plus accrued interest

Underwriting—Kalman & Co., Inc., St. Paul, is the sole underwriter

Proceeds—The net proceeds, together with other funds of the corporation, are to be used to retire as of Jan. 1, 1943, the corporation's 6½% 15-year sinking fund debenture bonds due Sept. 1, 1944

Registration Statement No. 2-5049. Form A-2. (10-12-42)

HOUSTON NATURAL GAS CORPORATION

Houston Natural Gas Corp. has filed a registration statement with SEC for 40,000 shares of preferred stock, 5% cumulative, par value $50 per share

Address—Petroleum Building, Houston, Texas

Business—Company produces, purchases and distributes natural gas in a large number of cities, towns and communities in Texas

Offering—The stock, after reclassification of securities, is to be offered at $50 per share. The holders of common stock (approximately 80,000 out of 158,289) who have not previously waived their preemptive rights to subscribe for the new issue of preferred will be afforded a 10-day period after the effective date of the registration statement within which to exercise such pre-emptive rights by subscribing for one share of preferred for each four shares of common stock held. If in the opinion of the company a sufficient number of shares is not subscribed for the company reserves the right to refund all payments and cancel the subscriptions, but if a sufficient number of shares of preferred is subscribed for by the public and by the holders of common, company will offer to exchange 11,000 shares of preferred, $50 par, for the 10,000 shares of preferred stock, 7% cumulative, par value $50 per share, callable at $55 per share, presently outstanding

Underwriting—The preferred stock is not being underwritten. Names of principal brokers soliciting subscriptions are Moroney, Beissner & Co., Houston, Texas, and Mackubin, Legg & Co., Baltimore. The first will receive fees and commissions for transactions occuring in the State of Texas and the second will receive fees and commissions as managers of the selling group offering the preferred stock outside of State of Texas

Proceeds—No specific allocation of the net proceeds has been made, but will be added to and become a part of the general funds of the company

Registration Statement No. 2-5050. Form A-2. (10-12-42)

TUESDAY, NOV. 3

FIREMAN'S FUND INSURANCE CO.

Fireman's Fund Insurance Co. has filed registration statement with SEC for 64,086 shares of $10 par value common stock

Address—San Francisco, Calif.

Business—Fire, motor and marine insurance, etc.

Offering—After reclassification of securities to offer 33,738 shares of Fireman's $10 par common and scrip for fractional shares in exchange for 44,984 shares of $10 par common of Home Fire & Marine Insurance Co. of California on basis of 75/100ths share of Fireman's Fund for one share of Home; and 30,348 shares of Fireman's in exchange for 67,440 shares of $10 par common of Occidental Insurance Co. on basis of 45/100ths share of Fireman's Fund for one share of Occidental

Underwriting—There are no underwriters

Proceeds—To be issued under plan of exchange

Statement filed in San Francisco

Registration Statement No. 2-5051. Form A-2. (10-15-42)

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 be-

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 Oct. 16, 1942, to defer effective date

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 comes effective

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)

Suspension data (including hearings) Oct. 22, 1942

ELLICOTT DRUG CO.

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

Address—120 Cherry Street, Buffalo, New York

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

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

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

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

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

Amendment filed Oct. 10, 1942, to defer effective date

FLORIDA POWER & LIGHT CO.

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

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

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

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

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

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

Amendment filed Oct. 10, 1942, to defer effective date

INTERIM FINANCE CORP.

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

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

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

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

Amendment filed, July 30, 1942 to defer effective date

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

Proceeds will be used for working capital

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

Amendment filed Oct. 15, 1942, to defer effective date

NU-ENAMEL CORPORATION

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

Address—8 South Michigan Ave., Chicago

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

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

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

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

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

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

Registration effective 5:30 p.m. EWT on Sept. 14, 1942

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 towards redemption or payment of debt of Southern Union Gas Co. (old Co.), Texas Southwestern Gas Co., New Mexico Gas Co., New Mexico Eastern Gas Co., reorganization expenses and working capital

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

STILLWATER WORSTED MILLS, INC.

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

Address—East Avenue, Harrisville, Rhode Island

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

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

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

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

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

Registration effective 5 p.m. EWT on Sept. 23, 1942

THE TRION COMPANY

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

Address—Trion, Georgia.

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

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

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

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

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

Amendment filed Oct. 6, 1942, to defer effective date

Trion Company on Oct. 9 filed an amendment to its registration statement which places the number of shares of 7% cumulative preferred stock to be offered at 5,496 in place of the 6,000 shares named in original registration statement

The underwriters and the number of preferred shares which each has agreed to purchase are given as follows: Courts & Co., Atlanta, 1,000; R. S. Dickson & Co., Inc., Charlotte, N. C., 1,000; Kirchofer & Arnold, Inc., Raleigh, N. C., 950; Milhous, Gaines & Mayes, Inc., Atlanta, 500; Wyatt, Neal & Waggoner, Atlanta, 500; Brooke, Tindall & Co., Atlanta, 450; J. H. Hilsman & Co., Inc., Atlanta, 450; Robinson-Humphrey Co., Atlanta, 400, and Clement A. Evans & Co., Inc., Atlanta, 246 shares

Offering price to the public will be supplied by amendment

UNION ELECTRIC CO. OF MISSOURI

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

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

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

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

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

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

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

Amendment filed Sept. 28, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

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

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

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

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

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

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

Amendment filed Oct. 15, 1942, to defer effective date

UNITED GAS CORPORATION

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

Address—2 Rector Street, New York City

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

Underwriters—None

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

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

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

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

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

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)

Registration Statement effective 5:30 p. m. ESWT on Oct. 16, 1942

UNIVERSITY CLUB OF CHICAGO

University Club of Chicago has filed a registration statement with the SEC for $802,500 principal amount of 4% debentures due Sept. 30, 2105

Address—76 East Monroe Street, Chicago, Ill.

Business—The club has operated since its organization in 1887 and intends to continue to operate as an organization for educational, social and fraternal purposes. It has no capital stock and is not operated for pecuniary profit but is operated solely for the benefit of its members

Offering—At the time of construction of the club building presently operated by the club there was organized under the laws of the State of Illinois, a stock corporation known as the University Auxiliary Association. The shares of that corporation were largely subscribed by members of the club and the association used the funds so obtained for the construction of the club building. The club now proposes to offer its 4% debentures—being the securities registered hereby—in exchange for the outstanding shares of the association, other than shares of the association owned by the club, and upon acquisition of such shares, or such proportion thereof as shall be approved by the board of directors of the club, to cause the association to be dissolved and liquidated.

It is considered that the issuance of the 4% debentures of the club in such exchange is a "reorganization" within the purview of the definition of that term set forth in paragraph 5 (1) of the rules as to the use of Form E-1 as constituting "the exchange of securities by the issuer thereof for securities of another issuer." The club proposes to offer its 4% debentures in exchange for shares of the University Auxiliary Association on the basis of $100 principal amount of debentures for each share of the Association of $100 par value, other than shares of the Association owned by the club

Registration Statement No. 2-5042. Form E-1 (9-8-42)

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

WEST INDIES SUGAR CORP.

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

Address—60 E. 42nd St., New York City

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

Underwriters will be named by amendment

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

Proceeds will be received by the selling stockholders

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

Amendment filed April 21, 1942, to defer effective date

ABA To Hold Wartime Personnel Conferences

The schedule for the wartime personnel conferences to be held by the American Bankers Association in Federal Reserve districts throughout the country is nearing completion, it is announced at ABA headquarters in New York City. Four meetings will be held in the Middle West between Oct. 29-Nov. 6, and five meetings will be held in Southern and Middle Atlantic Federal Reserve districts between Nov. 16 and Dec. 11. Invitations have been sent to all ABA members in the Middle West, and will go forward shortly to banks in the Southern and Middle Atlantic areas.

The schedule for the Middle Western conferences follows:

Oct. 29—Federal Reserve District No. 9. At the Nicollet Hotel, Minneapolis.

Nov. 2—Federal Reserve District No. 10. At the Muehlebach Hotel, Kansas City.

Nov. 4—Federal Reserve District No. 8. At the Statler Hotel, St. Louis.

Nov. 6—Federal Reserve District No. 7. At the Drake Hotel, Chicago.

In its announcement the ABA says:

"The conferences will be patterned after those held in Cleveland during the latter part of September and in Boston earlier this month. At these conferences, William Powers, ABA Director of Customer and Personnel Relations revealed to those in attendance the findings of a survey conducted by the Association which shows that the nation's banks will have to replace at least 100.000 employees who will be drafted into the armed forces and into defense industries by the end of 1943. In addition, panel discussions have been conducted at each of these conferences, which have been participated in by bankers from the districts where the meetings were held. As in Cleveland and Boston, the panel participants at the forthcoming meetings will be bank personnel officers who have had extensive experience in recent months in meeting and dealing with problems of personnel losses, replacements, and new employee training that have resulted from the war. Representatives of large metropolitan banks and smaller banks in rural districts will participate. The meetings are to be conducted with a minimum of formality and questions and suggestions from the floor will be welcome.

"Developments in the manpower situation emanating from Washington during the past week indicate that serious personnel shortages facing banks during the coming year have been pictured correctly by the ABA's survey and the conclusions drawn from it and presented at the personnel 'clinics.' The draft of 18-19-year-old men now being legislated by Congress, induction of married men, and the forecast by President Roosevelt that legislation may be necessary to draw manpower from civilian work into war industries was anticipated in the ABA's statistical presentation of the bank personnel shortage.

"Although the dates have not yet been set for the meetings in the Southern and Middle Atlantic districts, the cities in which they will be held are as follows:

Federal Reserve District No. 5 at Richmond.

Federal Reserve District No. 6 at Atlanta.

Federal Reserve District No. 11 at Dallas.

Federal Reserve District No. 3 at Philadelphia.

Federal Reserve District No. 2 at New York.

No arrangements have as yet been made for the conference on the Pacific Coast."

Federal Conciliator To Adjust Strike Of J. S. Bache Employes

Following the failure to effect through arbitration a settlement of the strike of employes of J. S. Bache & Co. a request was made on Oct. 10 to Dr. John R. Steelman, head of the conciliation branch of the United States Department of Labor in Washington, that his agency intervene to settle the strike. The request came from Edward K. Flaherty, general organizer of Local 20,940 of the American Federation of Office Employees (AFL) following the failure of a move by Mayor La Guardia to seek an adjustment of the dispute. Mrs. Ethel S. Epstein, the Mayor's labor secretary, following a conference on Oct. 10 with representatives of both sides is reported as stating that the firm had declined to accept her suggestion for arbitration, and added that "there is no possibility of mediation working."

At the instance of Dr. Steelman, R. V. Somerville of the United States Department of Labor, arrived in New York from Washington on Oct. 13 to seek to adjust the differences. The New York "Times" of Oct. 14, indicating this, said:

"Mr. Somerville declined to say whether he had conferred with union or company attorneys during the day. Asked if it was true that attorneys for Bache & Co. had refused to agree to a War Labor Board referee mediating the case, and that he was turning the entire case over to the WLB, Mr. Somerville replied: 'No Comment.'".

The strike was referred to in these columns Oct. 8, page 1251, at which time it was said that State mediators had withdrawn from efforts to settle the strike. It had since been reported that a union representative had threatened a general strike of Wall Street office workers. As to the rescinding of orders for a general strike we quote the following from the "Times" of Oct. 11.

"Pending action on the appeal to Dr. Steelman, union leaders said they had rescinded orders for a general strike of workers in other Wall Street brokerage houses, originally set for next Tuesday.

"We are not going to pull a general strike unless we are forced to do it, and we have advised our members in other offices not to walk out on Tuesday morning in order to give Dr. Steelman a chance to intervene in the situation." Mr. Flaherty said. "The union intends to use every possible means of obtaining a peaceful settlement."

Our Reporter's Report

(Continued from First Page)

SEC and Municipals

The State and the City of New York, through their respective Comptrollers, have joined the growing opposition to the Securities and Exchange Commission's proposed regulation governing bonds issued by States and municipalities.

In a letter to Chairman Ganson Purcell, both Joseph V. O'Leary, for the State, and Joseph D. McGoldrick, for the city, expressed the belief that "this enactment would be ill advised because it would have seriously adverse effects upon the financing of the State of New York and of every municipality and subdivision of the State for a variety of reasons," which they then proceeded to outline.

The SEC proposal would require any dealer entering into any transaction in these securities with any individual or corporation, other than another dealer, to advise the individual of the best current bid and asked prices for the security.

New IBA Chief Looks Ahead

Jay N. Whipple, of Bacon, Whipple & Co., Chicago, just elected President of the Investment Bankers Association, should prove a welcome tonic for the investment fraternity, which has been listening to much discussion of the new order to follow return of peace.

Upon his election this week, Mr. Whipple expressed the firm conviction that private enterprise and private financing will not be replaced, except in certain necessary circumstances, by public ownership and government financing.

And he advised his listeners to prepare themselves for an era of financing after the war which will find demand for capital not only in this country, but abroad, "far exceeding anything in our previous experience."

Treasury Sets Refinancing

Early next week the Treasury it announces, will be in the market with another undertaking running to some two billions of dollars.

By far the largest part of this projected financing will take the form of refinancing since it will be aimed at retirement of $1,500.000,000 of outstanding ½% certificates maturing Nov. 1, next.

But it will also involve raising of $500,000,000 of new money for the war chest, and will bring Treasury operations for the current month to more than $6,000,000,000. Details are due next Monday.

Alabama, Great Southern

On the same day the Alabama Great Southern Railroad will open bids for its $9,500,000 of 25-year 3¼% first mortgage bonds.

Since corporate new issues have been as scarce as the proverbial "hen's teeth" there is every indication that competition will be keen, especially with railroad earnings providing a favorable backdrop for the financing.

Now Proprietorship

Peter J. Morgan is now sole proprietor of Peter Morgan & Co., 31 Nassau Street, New York City, Wistar Ambler having withdrawn from partnership in the firm.

Investment Trusts

(Continued on page 1430)

to 28.3% from 23.0%, while government bonds and cash decreased to 2.6% from 16.6%.

As of Sept. 30, the portfolio was diversified as follows:

Common Stocks:		
Industrials	51.4	
Rails and rail equipment	9.6	
Utilities	3.2	64.2
Preferred Stocks		4.9
Bonds:		
Industrials	2.2	
Rails	8.6	
Utilities	17.5	28.3
Other Assets:		
Government bonds	1.0	
Cash and other net assets	1.6	2.6
		100.0

* * *

The Keystone Corp. is out with an ingenious little folder containing a "3 Minute Test." The appreciation possibilities (as measured by their 1937 highs), the 1941 earnings after taxes and the 1941 dividend payments of 25 "blue chip" stocks in terms of a $10,000 investment in each are listed on one flap of the folder. The names of the securities are not included. You are asked to check the five best performers in each of the three categories on the basis of the figures given. Then, by reversing the fold, the names of the 25 stocks appear alongside their performance figures. Keystone Series "S 2" is the only security in the group which ranks among the first five in all three categories.

* * *

Fundamental Investors reported total net asset value on Sept. 30 amounting to $5,760,925.38. This was equal to $14.76 per share, representing an advance of 12.2% from the $13.15 value at the close of the preceding quarter.

* * *

"An Equity In America" is the title of the new Hare's, Ltd., folder on fire insurance stocks. The point of the title is convincingly made and the further point that fire insurance stocks provide a good hedge against inflation is also stressed. On this latter point the record of World War I is cited wherein leading fire insurance stocks reported an increase of 64% in stockholders' equity and 61% in dividend disbursements.

* * *

Accompanying the Oct. 15 issue of National Securities & Research Corp.'s "Investment Timing" Service is a sheet containing supporting data to the Stock Yield Index, one of the eight component indexes of that organization's well-known Investment Timing Index. The data includes a chart giving a graphic presentation of the past performance of this indicator. Comments are, in part, as follows:

"This particular index, which is based upon the relation between stock prices and dividends paid during the preceding 12 months, was, by test, the most accurate of the eight indexes finally used to make up the Investment Timing Index. At no time over the 20-year period it was tested back theoretically, or the three-year period since the data has been published, has this particular index given a false buy signal. In other words, it would have been profitable to buy and sell when signals were received. . . .

"The record of this particular index is such that the buy signal reported in the Investment Timing Bulletin of Sept. 17, 1942, must be regarded as highly significant."

* * *

National Bond and Share Corporation reports that net assets on Sept. 30, 1942, taking securities at their market value and after deducting a dividend of 15 cents per share payable Oct. 15, amounted to $6,872,044, equivalent to $19.08 per share on 360,000 shares of outstanding capital stock. This compared with a net asset value of $18.09 per share on June 30, 1942, and with $19.57 per share at the end of last year.

Elastic Stop Nut Corp. Prefd. Shares Offered

A syndicate headed by White, Weld & Co. and including Shields & Co., H. M. Byllesby & Co., Inc., and The First Trust Co. of Lincoln, Neb., made a public offering Oct. 20 of a new issue of 50,000 shares of 6% cumulative convertible preferred stock ($50 par) of Elastic Stop Nut Corp. priced at $50 per share plus accrued dividends.

The new stock is to be convertible, for each preferred share, at the rate of 3 4/7ths shares of common stock on or before Nov. 30, 1943; 3 13/29ths shares of common stock on or before Nov. 30, 1946; and thereafter, as long as any preferred is outstanding, of 3 1/33rd shares of common stock. The new preferred is redeemable, at the option of the company, in whole or in part at any time on 30 days' notice at $52.50 per share plus accrued dividends.

Proceeds from the sale of the new preferred stock will be used to redeem 1,847.55 shares of outstanding 6% cumulative preference stock of $100 par value, to reimburse the company for sums expended for new machinery and equipment, for additions to plant and for additional working capital.

Elastic Stop Nut Corp. was incorporated in 1934. It maintains and operates factories at Union, N. J., and Lincoln, Neb., where it manufactures, under the trade name of Elastic Stop Nuts, a wide variety of self locking nuts which maintain firm bolted connections under conditions of severe vibration. The corporation also produces auxiliary material used for fastening gangs or series of bolts and nuts in assembly work. At present the bulk of its output is consumed by industries producing military equipment.

On completion of the present financing, the corporation's capitalization will consist of 50,000 shares of 6% cumulative convertible preferred ($50 par value) and 600,000 authorized shares of $1 par value common stock, 389,422 shares of which are now outstanding. There will be no funded debt.

Surrenders To Army

DETROIT, MICH.—William C. Roney & Co., members of the Detroit Stock Exchange, announce their removal to the Buhl Building from the Union Guardian Building which was recently taken over by the U. S. Army.

Our Reporter On "Governments"

(Continued from first page)

the market now. It's at dead center again, with no one buying and selling just hanging over everybody. Everybody is worried." . . .

And a check around indicated this was perfectly true. . . . Everybody is worried about (1) who is going to keep this market up by buying outside of the Federal; (2) how the banks are going to take more and more and more 2s, when they don't like that bond in the first place; (3) how the Treasury is going to raise the huge sums it needs when already the market shows bad signs of weariness; (4) how we're going to avoid out-and-out inflationary borrowing of funds when we've a financing prospect ahead that dwarfs all considerations. . . .

Have you the answer to any or all of these significant questions? . . . Can you see how we can raise these multi-billions without resorting to direct sales of securities by the Treasury to the Federal Reserve on a tremendous scale and more inflationary financing methods? . . .

Even the most conservative observers squirm as they study the figures, analyze the alternatives. . . .

Of course we've a supported market and we'll continue to have one. . . . And all investors must buy to the limit or they'll create the very situation they fear worst. . . . But you can't stop yourself from thinking. . . .

THE REFUNDING

A $2,000,000,000 issue of certificates of indebtedness will be sold on Monday to refund the $1,507,000,000 of ½% certificates maturing Nov. 1. . . . By so doing, the Treasury is raising an additional $500,000,000 in new cash. . . .

That will finish the job for this month and at the rate of current war bond sales, the Treasury should raise more than $900,000,000 through individual subscriptions this month. . . .

Next month? . . . Assuming the three-month spacing of the taps is to be continued, we should have another reopening of the tap issue for insurance companies and other institutions eligible to go on this subscription list. . . . And sales of war bonds. . . . And maybe some more shorts. . . .

Also there's a report around—which sounds good—that as soon as the tax bill is on the books as law, the Treasury will offer an issue of bills due March 15. . . . A large amount of them to help corporations keep their tax reserves invested and encourage subscriptions from sources which have been lax to date. . . .

INTO THE SHORTEST STUFF

Lots of investors around still who are far from fully invested in Governments. . . . Many corporations reported with fairly big cash balances on deposit with their banks and comparatively few Governments in their portfolios. . . . These apparently don't want long-term Governments and are afraid to buy the new issues. . . . So here's one thing being recommended by experts:

Get yourself fully invested so you'll be at ease with your conscience and know you're supporting the Treasury at this crucial time. . . .

Taking the assumption that you don't want the new ones or the very longs outstanding, buy the shortest-term stuff available and keep rolling them over as they mature. . . .

You'll be in the most conservative position possible; you'll avoid any criticism of your activities; you'll have your money working for you. . . .

INSIDE THE MARKET

Many dealers saying there "are too many possibilities for investment." . . . Morgenthau is confusing the market by the variety of his offerings—certificates, bills, notes, 2s, 2½s as "taps," tax-anticipation notes, war bonds, etc., etc. . . . A narrower choice and a more defined financing program might be more advisable. . . .

Still talk around of the need for issuing one big loan at less frequent intervals, available to all buyers and sold by a nation-wide high-pressure campaign. . . .

Authoritative report from Washington is that Reserve is trying to convince bankers that they must borrow from the district banks to raise their reserves to buy new issues. . . . Cut in reserve requirements for nation as a whole will not come as soon as anticipated a while back. . . . Borrowing technique is recommended for the time being. . . . Plus open market support of the market by the Reserve Committee. . . .

Prime problem of Treasury today is merchandising—merchandising of its over-all point of view on fiscal policy and of its multi-billion dollar loans. . . . Good rules of merchandising suggest seller does not spring surprises on very people he consults and upon whom he depends for support. . . .

Canada's announcement of its Third Victory Loan covers sale of 14-year 3% issue, payable at maturity at 101. . . . Represents advance over issue floated in June, which was a 12-year maturity. . . . Spread between our rates and Canada's not too great. . . .

Proposed SEC Bid, Asked Disclosure Rule Held Harmful To N. Y. State And Municipal Financing

Objections to a proposal of the Securities and Exchange Commission to require over-the-counter dealers to tell their customers the best independent market at the time of each trade have been voiced by Joseph V. O'Leary, New York State Comptroller; Joseph D. McGoldrick, New York City Comptroller, and J. J. Mulcahy, Controller of the Port of New York Authority, in a letter to Ganson Purcell, Chairman of the SEC.

The belief is expressed therein that the enactment of the proposed legislation "would be ill-advised, because it would have seriously adverse effects upon the State of New York and of every municipality and sub-division of the State." The New York "Times" of Oct. 21 in noting the opposition to the proposed rule, states that in a joint letter, the Comptrollers recommended that the SEC "look upon State and municipal securities as exempt from the proposed rule on the grounds that it is impractical in transactions involving public securities, and that the losses which the State of New York and its municipalities and political sub-divisions would suffer from its operation are entirely out of proportion to any benefit which it might confer on the investing public." The text of the letter is given as follows in the "Times":

"Our attention has been called to a proposed rule which the Securities and Exchange Commission has suggested be placed into operation. The rule would be applicable to bonds issued by States and by their municipalities and would thus become applicable to the bonds of the State of New York, of the City of New York and of other municipalities of the State.

"In substance, it would require a bond dealer, entering into any transaction in these securities with a person or corporation other than another dealer, to advise the person or corporation of the best current bid and asked prices for the security. If the bid and asked prices could not be ascertained after the exercise of reasonable diligence, the dealer would inform the individual or corporation of the price at which the securities were acquired by the dealer.

"It is our belief that this enactment would be ill-advised, because it would have seriously adverse effects upon the financing of the State of New York and of every municipality and sub-division of the State for a variety of reasons:

"It would impair the liquidity of this type of securities and thus tend to lower their market value.

"Since it would tend to depress the current market level, there would be a consequent increase in the cost of new financing to the State and its municipalities of approximately $10,000 per $1,000,000 of new bonds issued.

"As the proposed rule would slow up dealer sales and increase the dealers' cost of doing business, the increase inevitably would be passed on to the government units issuing the bonds.

"Since it is at times difficult to ascertain true prices for municipal securities and since comparable bond issues have varying characteristics which affect their market value, this difficulty in itself would confuse and perhaps mislead the inexperienced investor.

"Nor is the dealers' cost of the security a true test, in view of the common practice of block purchases of serial bonds. While the dealer buys at an average cost for the entire block, he may sell one portion below and another portion above the average cost, which would be difficult to explain to the inexperienced investor."

Yule Gift Selection Seen Nearly Normal

Early Christmas shoppers, despite wartime curtailments, will have a nearly normal selection from which to choose their gifts in the nation's retail stores, Hughston M. McBain, First Vice-President of Marshall Field & Company, said today, reporting the results of a survey made by merchandise managers.

"Generally speaking," Mr. McBain said, "more than 90% of the kinds of things we customarily sold at Christmas will be available this season.

"Goods manufactured while the nation was still at peace and ordered before the conversion of many plants to war production, will provide—this year, at least—many of the items customarily seen on retailers' Christmas counters," he said.

"In addition to those pre-war made goods, the ingenuity of American manufacturers has created others from materials not needed in war. Shortages will be apparent in some specific lines, and replacement materials will be evident in others, but very few of the items usually given at holiday time will be totally absent."

With one notable exception, there will be no shortage in apparel lines. "Rubberized" materials and rainproof synthetics have gone to war—but suits, coats, handbags, gloves and all kinds of cotton garments will be available in sufficient quantity.

"Replacement materials will be evident in many of these items—made-made fibers for animal fibers; wood, bone, shell and synthetics for metal. But, it has been the experience of Marshall Field & Company, that the replacement material in many instances is equivalent for civilian use to the materials now in war production," Mr. McBain observed.

Costume jewelry will not be curtailed, though the materials from which it is made have already undergone extensive change. Aluminum and stainless steel kitchen ware, except for some stocks on hand, are "out," but in their stead are enamelware, iron and newly developed glass and pottery utensils.

The supply of imported china and dinnerware is now limited to that from England, but this country's kilns are providing china of top quality. "A number of years ago, we brought the technique of making Quimper and Majolica ware to this country," Mr. McBain pointed out, "with the result that our own factories are now turning out ware equal to the foreign product."

Besides the English ware arriving in this country, Irish linens have come in adequate volume. Even Swiss watches still reach this country.

For this year at least, there is an adequate supply of hollow and flat silverware. There is enough luggage, smokers' items and stationery.

Toys have undergone radical change. "Wheel goods" are virtually non-existent in the former sense of the word. Today's toy departments will offer scooters, wagons, pull toys and doll buggies constructed, with the exception of a few nuts and bolts, entirely of wood. Toy PT4's, anti-aircraft guns, airplanes and tanks are in evidence — all made of wood.

"It is already evident that Americans are looking ahead—with the realization that this war is a hard war. They are buying practically. They have an eye toward long wear and usability, comfort and utility when they shop today.

"And finally, many of them are concentrating on the stay-at-home things in clothes and equipment. I venture to say that this Christmas season will show an all-time high in the sale of parlor games—not for children alone but for adults as well," Mr. McBain concluded.

M. D. Griffith, of NY Board Of Trade Takes War Post

At a special meeting of the Board of Directors of the New York Board of Trade, on Oct. 15, a leave of absence was granted to M. D. Griffith, Executive Vice-President, from the New York Board of Trade. Mr. Griffith will be located in Washington on a temporary basis until Dec. 15th, to handle a special assignment for the War Department. Sidney J. Weinberg, Assistant to Donald Nelson, formally requested the New York Board of Trade to grant the leave of absence. Mr. Griffith has been the Executive Vice-President of the Board for the past 15 years. John C. Ostrom was appointed Acting Executive Vice-President during Mr. Griffith's absence. Mr. Ostrom will also continue in his present post as Secretary of the Drug, Chemical and Allied Trades Section.