Final Edition
THURSDAY
In 2 Sections – Section 1

The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 156 Number 4130 | New York, N. Y., Thursday, December 3, 1942 | Price 60 Cents a Copy

OUR REPORTER'S REPORT

The public offering of $12,500,000 of 30-year 3½% bonds of the Central Maine Power Company, due out today, appeared assured of a highly receptive market.

The first corporate undertaking of any size in several months, this operation was not of a nature to interfere with the Treasury's immense war financing project which got under way on Monday.

Discussion among dealers and investment bankers in advance of the offering indicated that quick placement of the utility bonds was expected.

Presumably, while the sponsoring syndicate had to await Securities and Exchange Commission clearance before opening the subscription books, dealers were able to judge the situation adequately by the flow of orders and inquiries making their appearance.

This financing was originally scheduled many months ago, but due to changes and the need for obtaining stockholders' approval of plans calling for the merger into Central Maine of the Cumberland County Power & Light Co., actual marketing of the bonds was held in abeyance until now.

Bankers paid the company 106.31 for the bonds and the reoffering today was scheduled to be made at a price of 107⅜.

Plenty To Keep Busy

With banks, investment firms and brokers bending to the task of assisting the Treasury drive to raise $9,000,000,000 of war funds this month, Wall Street, though it has been short on profitable business so far as new underwriting is concerned, had plenty to occupy its time.

(Continued on page 1971)

HOW DID WE GET THIS WAY?

THE ANATOMY OF CAPITALISM

By H. B. LOOMIS and JOHN B. KNOX

of John B. Knox & Company

Editor's Note: New Deal program makers, now wearing postwar planning labels, continue as in the past to pore over their blue prints with their backs to the world of realities. Their products are every whit as dangerous as they ever were—perhaps more so since the war appears to have lent them additional psychological support.

The best way to combat such seductive proposals as those now appearing almost daily, perhaps the only effective way, is to turn the flood light of fundamental truths upon them.

It is with hope of doing its part in combating this menace that the "Chronicle" is presenting a series of articles, of which this is the fourth, which call the reader's attention pointedly to certain fundamentals often overlooked in this day and time. It can think of no better contribution to postwar planning.

Part IV

Men have no historical sense and even if they had, history has been written with soggy ponderosity from political viewpoints without an explanation of the extent to which social institutions are conditioned by economic forces. It records the succession of events but not the reasons for their occurrence. It might just as well have been written in cryptograms. Men seem to know little and care less about the origin of the things which determine their lives. A study of the way by which things happened must be added to the catalogue of the things which happened before we start to remodel the world.

Today we act like a mob of ugly herd-minded hooligans, scrambling to pick the fruit of the tree of capitalism and destroying the tree in the process, regardless of the years of sacrifice which made the crop possible. That the tree must from time to time be pruned and cultivated in order to keep it healthy, is vastly different from the concept that it must be uprooted before a better crop can be reaped.

Reform and progress are terms too loosely used, just as are the words liberal, reactionary, politicians and statesman. Words have no absolute value. They become falsified as to their elemental meanings. The liberals of today are mainly engaged in attempting to discredit representative government and establishing "strong leadership," which

(Continued on page 1972)

Securities Dealers Need No Ceiling On Profits—Standard of Ethics One Of The Highest Of Any Business In The Country

What the securities industry of this country needs today is to "stop swallowing the other fellow's bunk." For too many years now, investment bankers and brokers have been unfairly placed on the defensive by demagogues, politicians and the Securities and Exchange Commission. Recently certain Government bureaus needed office space in New York City. It is no secret that "Wall Street" addresses were no asset to landlords on that much maligned street. Need one say more?

Unfortunately this constant barrage of outside criticism has gone so deep that it has become difficult for some of those in the securities business to see things in their proper perspective. Witness the brokers and dealers who today appear to accept the twisted conclusion that "the securities business is different from other lines of business; hence, it should be more strictly regulated by outsiders than any other business." Of course, the securities business is no different from any other business in its fundamental moralities, its relationship to the general warfare, or in the capacity of the American citizens who are members of this industry to conduct themselves according to the laws of the land which regulate all forms of business—the securities business included.

Not only is the securities business no different from any other line of business, when it comes to the fundamental relationship which exists between "buyer" and "seller"—but contrary to general belief, the securities business, as it is conducted today, is possibly on a higher plane of honesty and integrity than almost any other business in the country. Every year the vast majority of securities dealers handle literally thousands of satisfactory transactions with individuals, who know little or nothing about the investments to which many of them owe their very subsistence. These are the cases that no one ever knows about, or hears about—except those who are engaged in the securities business—and they unfortunately never seem to make this fine contribution to the public welfare known to

(Continued on page 1975)

INDEX

Dealers Urged To Give Support To Bond Drive

The National Committee of the Securities Industry for War Financing on Nov. 30 called on the financial industry for its support of the Treasury's December Victory Loan drive for $9,000,000,000. Members of the Committee are Emil Schram, President of the New York Stock Exchange; J. N. Whipple, President of the Investment Bankers Association; H. H. Dewar, Chairman of the National Association of Securities Dealers, Inc.; John L. Clark, President of the Association of Stock Exchange Firms, and Dominick Rich, Chairman, Government Security Dealers Group.

The following communication was sent to a list of 4,500 comprising the membership of the New York Stock Exchange, the Investment Bankers Association, the National Association of Securities Dealers and the Association of Stock Exchange Firms:

"Our Government expects to raise $9,000,000,000 in an intensive campaign, beginning Nov. 30. This is the largest single borrowing operation in our history. Next to the actual combat, it is the most important undertaking of the war to date.

"Responsibility for the success of the campaign rests, very largely, upon the financial industry, that is to say securities dealers, brokers, investment bankers and commercial banks. This is where the responsibility belongs. Here is our front in this global war. The United States Treasury, through the Victory Fund Committees of the 12 Federal Reserve Districts, is making full use of the facilities of our national securities distributing organization.

"We must measure up to our responsibility, no less so than our armed forces are measuring up to theirs. The objectives which we must consolidate are clear. We urge you, as patriotic citizens, to a maximum exertion to make certain that this campaign is the outstanding success which it must be."

James Hitchcock In Cruttenden Co. Dept.

CHICAGO, ILL. — James E. Hitchcock has become associated with the trading department of Cruttenden & Co., 209 South La Salle Street, members of the New York and Chicago Stock Exchanges, it is announced. Mr. Hitchcock was recently Manager of the stock trading department of Goodbody & Co. here and has been with this firm and its predecessor, Babcock, Rushton & Co., since 1928. He is a member of the National Security Traders Association and the Chicago Bond Traders Association.

Phillips And Baughan With Dayton Bond Corp.

(Special to The Financial Chronicle)

DAYTON, OHIO — William M. Phillips and Oliver Baughan have become associated with the Dayton Bond Corp., Third National Bank Building. Mr. Phillips and Mr. Baughan were formerly President and Vice-President, respectively, of the Estate Acceptance Corp.

Why Condemn and Abuse Wall Street, Financial Foundation of Prosperous United States?

It is unfortunate that few editors recognize the fact that a healthy "Wall Street" and a sound and prosperous economy go hand in hand. The truth of the matter is that any governmental policy that adversely affects the securities business merits real prominence in the columns of the press. It is gratifying to observe that the editor of the "Mt. Sterling Gazette and Kentucky Courier" of Mt. Sterling, Ky., realizes this and this fact is reflected in editorials appearing in that paper from time to time such as the following one in the Nov. 20 issue:

"We are unable to understand just why a lot of 'New Dealers' and rotten politicians at Washington and in different sections of the country are always attacking Wall Street and its members. The editor of the 'Gazette' does not know a single individual on Wall Street, and, therefore, has no interest in it except the interest of seeing that it gets a SQUARE DEAL, rather than a RAW DEAL from a lot of political parasites who would destroy it. Wall Street, in the opinion of this writer, is the financial backbone and foundation of this Nation. In every crisis which has confronted this country there has never been any more patriotic business place in the entire Nation than has Wall Street and its operators. In this crisis — the worst that has confronted this country since George Washington crossed the Delaware —Wall Street and its members have been one of the largest purchasers of War Bonds and Stamps of any section of the country. It and its members have never laid down 'on the job' and today it is 100% back of this country and its Commander-in-Chief. The attacks being made upon it by a lot of political parasites, many of whom have done nothing and will do nothing, for their country, is a distinct outrage and should be condemned by every citizen of this Nation who believes in justice and a square deal. In every crisis which has confronted this Nation, going back to the California earthquake, there has never been a more loyal section of the United States than has Wall Street. TODAY IT IS 100% behind the President of the United States, and that is much more than we can say about a lot of fellows who are always casting slurs at the greatest financial district in the world. In sunshine and in storm, in sacrifice and in prosperity there has never been and there never will be a more loyal section of the country than Wall Street. And, in our opinion, it is a distinct insult to successful business men to continue an attack upon them simply because they believe that this is still a Nation where, when we sing 'My Country, 'Tis of Thee, Sweet Land of Liberty,' we can sing the TRUTH. Wall Street, in the opinion of this writer, is one of the greatest things we have in the United States, and without it there would be a sad day in the United States. Wall Street is entitled to a FAIR DEAL from the people of this country, not a DIRTY DEAL, as it has been getting from a lot of politicians who have not yet learned that there is still some justice left in the world."

Geo. F. Hummel Is With Hicks & Price

(Special to The Financial Chronicle)

CHICAGO, ILL. — George F. Hummel has become associated with Hicks & Price, 231 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Hummel was formerly in the unlisted stocks and bonds department of Lowell Niebuhr & Co., Inc., and prior thereto was with Rogers & Tracy, Inc., where he specialized in unlisted industrial stocks.

Max Allen Commissioned

Max T. Allen, proprietor of Max T. Allen Co., Hazelhurst, Miss., has been commissioned in the U. S. Navy and will report for active duty at Quonset Point, R. I., on Dec. 22. He will close his investment business for the duration.

Alcock To Manage New A. M. Kidder Dept.

A. M. Kidder & Co., members of the New York Stock Exchange and other leading national exchanges, have opened a municipal bond department in charge of Thomas R. Alcock, at their main office at 1 Wall Street, New York City.

Mr. Alcock was formerly a partner in Alcock, Hill & Co. of Boston and prior thereto was manager of the municipal department for Southgate & Co.

COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
William B. Dana Company
Publishers
25 Spruce Street, New York
BEekman 3-3341
Herbert D. Seibert, Editor and Publisher
William Dana Seibert, President
William D. Riggs, Business Manager
Thursday, December 3, 1942
Published twice a week [every Thursday (general news and advertising issue) with a statistical issue on Monday]
Other offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of Mar. 3, 1879.
Subscriptions in United States and Possessions $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Cross Elected V.-P. Of Roosevelt-Weigold

Roosevelt & Weigold, Incorporated, 40 Wall Street, New York City, announce the election of Edwin J. Cross as Vice-President. Mr. Cross, who has been in the municipal bond field for the past 15 years, started his business career in the Trust Department of Roosevelt & Son in 1924 and was later promoted to the municipal department of that firm, which was under the direction of Charles E. Weigold. When Roosevelt & Son retired from the security business in 1933, Mr. Roosevelt and Mr. Weigold, former partners in that firm, together with Mr. Cross, formed Roosevelt & Weigold, Inc. to deal exclusively in State and municipal bonds.

C. H. Funk To Be Victory Fund Mgr.

SAN ANTONIO, TEX.—Creston H. Funk, for the past nine months President of Pitman & Co., Inc., is taking a leave of absence from the company to act as Regional Manager of the Victory Fund Committee for the San Antonio Region of the 11th Federal Reserve District. It is expected that B. F. Pitman, Jr., who has spent a substantial part of the past nine months investigating economic and financial conditions in Mexico and Central America, will again become active as the head of the firm.

Laird On West Coast

Douglas Laird, Vice-President of National Securities & Research Corporation, 120 Broadway, New York City, is traveling on the west coast and will be calling on dealers in Washington, Oregon, California and Texas for several weeks. He is due back in New York about Jan. 2.

DEALER BRIEFS

Hartford, Conn.

Discerning interest has been shown recently in some of the Connecticut Industrial Securities. Yielding an excellent return on one's investment at the present time, these securities of well established companies are good "Peace Stocks" as well as the securities of companies doing a very large and important war business. — *Cooley & Company.*

This territory always has a good market in our so-called "local" stocks, and the demand for insurance and industrial issues keeps up to the usual standards. There is a reasonable demand for local bank stocks and some also for our public utilities, so that while much money is going into Government bonds, there is a reasonably broad local market.

The insurance companies are always in the market with their large income revenue. Most of this is going into Government bonds to help the war effort with, of course, purchases of good bonds at attractive prices as a frequent alternative. Some of our smaller houses are closing as the staffs and partners go into service, and there have been some combinations and amalgamations of local firms.—*Whaples, Viering & Co.*

Portland, Me.

We believe a great many investors and *prospective* investors are somewhat bewildered by the conflicting opinions of our newspaper columnists, financial writers, economists, etc., but we do not find it difficult to talk with them in an attempt to clarify the situation. There is still plenty of courage available and after the Victory Bond Drive is over (and we mean over the top), we think the securities markets will show a marked improvement. — *W. T. Burns, Burns, Barron & Co.*

Providence, R. I.

Our local securities have been in good demand. The public interest is centered in post-war securities. Fixed interest bearing securities seem to be very high. And the swing of the pendulum will come with the result of a keen demand for good common stocks as the debt at the end of the war will be fantastic and I personally believe some inflation is bound to come.—*Gilbert F. Brooks, Gilbert F. Brooks & Co.*

The long cycle of deflation has ended and a period of inflation is now with us for some time to come. Cash is unquestionably less of an asset today than are some of the bargains in currently depressed issues.—*J. S. McDowell, McDowell, Dimond & Company.*

Florida Gas Tax Amendment Favorable To Road And Road District Issues

By H. G. CARRISON, Clyde C. Pierce Corp.

The people of Florida in the general election held Nov. 3rd took the final step in solving one of the State's most difficult problems, left over from the late lamented Florida boom. The electors, by a vote of five to one, ratified a constitutional amendment pledging for a period of fifty years, 2 cents of the State 7 cents gasoline tax, to the payment of Florida County Road and Road District bonded debts.

This pledge culminates more than 13 years of diligent effort and trial and error, during which time attempts were made to stabilize the heavy road debt situation and put it on a sound, payable basis. During this period of 13 years, the Legislature created the State Board of Administration and returned to the counties proceeds from the State-collected gasoline tax. The purpose of returning this money to the counties was so that they might pay from gasoline money their several road debts. The State Board of Administration was the fiscal agent of the various counties, administering these funds at the direction or request of the various County Boards of Commissioners. This method went a long way toward helping to re-establish the credit of Florida counties, especially with regard to roads. However, it was not enough, as there was no real pledge given, and the money that was turned back to the counties from gasoline tax could be withdrawn by the Legislature at any session. The net result was that the State from gasoline tax was paying for a grade of credit which it was not receiving, because the bondholder could not rely, without hesitation, upon the gas tax distribution. The present administration, under the guidance of Florida's able Governor Holland, realized the weaknesses of the old plan and determined that if Florida was paying for a good grade of credit, it should get it, and in addition thereto, eliminate as much of the ad valorem tax burden for Road purposes as possible from the State's taxpayers. The present administration's effort to accomplish these ends—and which effort bids fair to succeed—is expressed by the passage of the constitutional amendment referred to above, the aims and practical results of which we shall review briefly:

Under the resolution, the State Board of Administration has been created as a constitutional body, empowered to act at is own discretion, not requiring directive resolutions from County Boards of Commissioners. The Board of Administration will handle all funds derived from the 2 cents pledge of gasoline tax, and will administer sinking funds, coupon and bond retirements, refundings, and in general all those things pertaining to the State's Road and Bridge, and Road and Bridge District bonded indebtednesses.

(Continued on page 1969)

Lichtenstein's Ads Get Magazine Blurb

The unusual and amusing advertisements which B. S. Lichtenstein & Company, 99 Wall Street, New York City, specialists in obsolete securities, have been running in the "Financial Chronicle" since 1939 (on the upper right hand corner of the third page) are the subject of an article in the current issue of "Printer's Ink," which states:

An advertising campaign that increases business 300% is worth nurturing. Just such a campaign has become an institution with B. S. Lichtenstein and Co., Wall Street specialists in inactive and unlisted securities — "cats and dogs" to Stock Exchange members.

Mr. Lichtenstein credits the success of the campaign, begun in 1939, to the unconventional manner in which the advertisements were handled. His insertions in the "Commercial and Financial Chronicle," medium for the campaign, used to follow a formal, extremely simple pattern.

However, the traditional way never appealed to Mr. Lichtenstein so when he approached Frank Kiernan & Co., advertising agency, he expressed his own ideas to them, and together they worked out the strategy.

He admits quite frankly that the flippant, often nonsensical pattern, used in his advertisements, has brought adverse criticism from relative concerns that frown on such lack of dignity. But, as the campaign is more than accomplishing its purpose, he feels this criticism is a help rather than a hindrance.

Flip as Lichtenstein's advertisements appear, they are not the easiest to do because they have to be turned out voluminously and at the same time, with variety. For this reason the conventional insertion would be lots less trouble.

"It's an awful headache sometimes," asserts Mr. Lichtenstein, "trying to think of new, humorous, eye-catching gags. On the whole we've been pretty successful."

REAL ESTATE SECURITIES

BROADWAY MOTORS BUILDING CORP.
(General Motors Building)
First Leasehold 4-6's, 1948
An Example of an Underpriced Real Estate Security

Typical of an underpriced security in the real estate field are the present outstanding leasehold mortgage bonds on the General Motors Building in New York City. With a backlog of rental income from the General Motors Corporation lease for half the space in the building and with interest being paid at 5% plus sinking funds averaging about $125,000 a year for the last five-year period for mortgage reduction, it would seem that the facts relating to this property warrant higher market levels. The following brief history gives the facts:

The original $6,000,000 mortgage had been reduced by serial maturities to $4,764,500 when the property was reorganized in 1936. In the reorganization, Motors Realty Corp. acquired the equity in the leasehold estate, securing the Broadway Motors Building Corp. first leasehold 6's and assumed the obligation for the First Leasehold Fixed and Cumulative Income 4-6's due Feb. 1, 1948, exchanged on a par for par basis pursuant to the terms of the reorganization, which provided for fixed interest at 4% per annum and the use of the next $100,000 of income after fixed interest for a sinking fund for purchase and retirement of bonds. Provision was made for 60% of any remaining surplus income to be used for additional interest and sinking fund.

Additional income interest has been paid as follows: ½ of 1% in February, 1939 and 1% in February, 1940, 1941 and 1942. Sinking funds have been available as follows:

For 1937	$130,714.84
" 1938	131,431.65
" 1939	115,637.45
" 1940	131,068.46
" 1941	124,896.34*

*Ground Rent increased $20,000 on 1/31/41.

The Dec. 31, 1941 balance sheet of the corporation shows that $1,120,000 bonds had been purchased and retired reducing the issue to $3,644,500 and that $59,099.31 remained with the Trustee for use in the purchasing and retirement of additional bonds.

The property consists of the leasehold estate and 25-story office building (erected in 1926) located on entire block bounded by Broadway, Eighth Avenue, 57th Street and 58th Street, New York City. The building of steel frame, fireproof construction, contains stores, offices and showrooms, having a net rentable area of 473,435 square feet. The 1942-1943 assessed valuation totals $6,975,000. Ground rent is now $260,000 per annum until Oct. 31, 1945, at which time it is reduced $50,000 to $210,000 per annum to Jan. 1, 1962. (This reduction of ground rent in 1945 obviously improves the sinking fund).

General Motors Corporation have 13 floors under lease at an annual rental of approximately $750,000 until April 30, 1948. A covenant of the lease provides that in the event of foreclosure under any mortgage on the fee, to which the mortgaged leasehold shall be subordinate, General Motors Corporation will purchase the fee and thereafter hold or cause to be held by the trustee, the leasehold estate intact for the benefit of the bonds until maturity.

Based on Indenture Provisions the 4% fixed interest has been earned as follows:

1937	1.82 times
1938	2.09 "
1939	2.36 "
1940	2.54 "
1941	2.62 "

Due to various times of sinking fund purchases, the fluctuation marketwise since 1937 has shown a spread from a low of 44 to a high of 74. At the current market level in the low 50's, the bonds offer a current yield of approximately 10% (based on 5% annual interest payments which are evident) and through the fairly large sinking funds available which will be increased by the reduction in ground rent, more than average appreciation possibilities.

John J. Hess In Army

John J. Hess, partner in Hess & Butchart, American Bank Building, Portland, Ore., is now serving as a captain in the U. S. Army. Captain Hess is stationed at Fort Mason, Oakland, Calif.

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)
CHICAGO, ILL. — **J. Russell Wheeler** has become associated with **Dempsey-Detmer & Co.**, 135 South La Salle St. Mr. Wheeler was formerly with Hicks & Price and Winthrop, Mitchell & Co. In the past he was an officer of Karl G. Hauch & Associates, Inc., investment research.

(Special to The Financial Chronicle)
KANSAS CITY, MO.—**James O. Bishop** has been added to the staff of **Prugh, Combest & Land, Inc.**, 1016 Baltimore Ave.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **Charle K. Godfrey**, formerly with G. Brashears & Co., has joined the staff of **Adams-Fastnow Company**, 215 West Seventh St.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Willis C. Horan** is now with **H. R. Baker & Co.**, Bank of America Building. Mr. Horan was previously with the Bankamerica Company.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **Maurice L. Kauffman** has been added to the staff of **Bogardus, Frost & Banning**, 629 So. Spring Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **Robert W. Hudson** has become affiliated with **William H. Jones & Co.**, 215 West Sixth St. Mr. Hudson was previously with E. F. Hutton & Co. and Floyd A. Allen & Co.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **Robert P. Archer**, formerly with Cavanaugh, Morgan & Co., has become connected with **Thomas Kemp & Co.**, 210 West Seventh St.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **Michael C. Niccoli** has joined the staff of **Sutro & Co.**, Van Nuys Building. Mr. Niccoli was formerly with Searl-Merrick Co.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Beverly C. McKannon**, previously with G. Brashears & Co., is now with **Witherspoon & Co., Inc.**, 215 West Seventh St.

(Special to The Financial Chronicle)
MIAMI, FLA.—**Clyde Foster Frost** is now affiliated with **United Securities Corporation**, Biscayne Building.

MINNEAPOLIS, MINN.—**Nella M. Doyle** has become associated with **J. M. Dain & Co.**, Rand Tower. Miss Doyle was formerly with Blyth & Co., Inc., and I. H. Overman, Inc.

(Special to The Financial Chronicle)
RALEIGH, N. C.—**Joseph W. Wood** has become connected with **J. S. Bache & Co.**, 126 South Salisbury St. Mr. Wood was formerly Pinehurst, N. C., manager for Post & Flagg and Thomson & McKinnon.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**H. S. Clegg, S. J. Flanery, Hubert Hynes** and **Harold W. Robinson** have been added to the staff of **H. R. Baker & Co.**, Russ Building.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**Raymond A. Fuller** is now with **Dean Witter & Co.**, 45 Montgomery St.

Holds Peak In Prime Corporate Bond Prices Has Now Been Reached

In their bulletin for November, Homer & Co., 40 Exchange Place, New York City, after stressing the fact that for the past ten years their underlying policy was dictated by the opinion that the high prices for long-term high grade bonds would be maintained, go on to say that they now are "taking this occasion to reverse this long-range position in so far as it applies to long-term prime corporate bonds and to suggest that a program of shortening maturities now for the first time seems indicated, together with a program of switching from corporates into governments. We are thinking in terms of the next several years and not at all of the immediate future.

"We base this change in view in part upon the long-range implications of the recent Congressional elections. * * * over a considerable period of years we have expressed the view that easy money has not been primarily attributable to such surface manifestations as gold movements and government policy, but has been primarily attributable to the psychology of fear which for ten years has pervaded this country and also most of the world. Virtually all investors have for years been primarily influenced by two fears: (a) Fear of political radicalism, which included fear of punitive taxation, profit confiscation and, in general, government anti-business policy, and (b) fear of disastrous war, which most of the time for the last ten years has been spreading throughout the world, and has finally reached our own shores. It has been our repeated analysis that these two fears created a great deflationary force which for years has effectively offset the inflationary American monetary position, resulted in a precarious balance between inflation and deflation, and served to maintain interest rates at very low levels. For ten years the great majority of investors, both private and institutional, have been obsessed with a ruling passion to preserve their principal at almost any sacrifice of income and to avoid any program involving the purchase of higher income in return for risk."

Continuing, the firm says that the November elections "were no doubt largely attributable to an underlying political trend away from economic radicalism," and "that such a fundamental trend had probably been under way in this country since 1938, that the war issue had obscured it in 1940, but that it was based on powerful forces which would in the future make themselves felt even more emphatically." As a result of the elections, the country will no doubt become increasingly aware of this trend. It would be foolish to argue that we will now have done with anti-business legislation, but nevertheless the spearhead of this deflationary force has been blunted, and this fact should gradually become apparent.

"The other fear mentioned above, i. e., fear of war, remains, and will continue, with its concomitant of restrictive war measures, for some time to come. Nevertheless if, in the next year or two, definite signs of decisive military victory come to hand and the end of the war comes in sight and, with it, a prospect of trade expansion, then the other principal source of fear will likewise fade. Thus we argue that while

(Continued on page 1972)

NSTA Publicity And Membership Committees

Membership of the Publicity and Membership Committees of the National Security Traders Association, as appointed by Wm. Perry Brown, Newman, Brown & Co., President of the Association, has just been announced.

Members of the Publicity Committee are: Walter F. Saunders, Dominion Securities Corp., New York City, Chairman; Richard F. Abbe, Jr., Van Tuyl & Abbe, New York City; Oliver B. Scott, Wyeth


Richard F. Abbe


Ora M. Ferguson


Oliver Goshia


John C. Hecht


Alfred N. Plumley


Walter Saunders


Sidney Spritz


Jerome F. Tegeler

& Co., Los Angeles, Calif.; Sidney D. Spritz, Ballinger & Co.; Alfred Plumley, First National Bank & Trust Co., Minneapolis.

Membership Committee is made up of: John C. Hecht, Butler-Huff & Co., Los Angeles, Chairman; W. Perry MacPherson, Walker, Austin & Waggener, Dallas, Tex.; Paul Frederick, Commerce Union Bank, Nashville, Tenn.; Mrs. Ora M. Ferguson, Merrill Lynch, Pierce, Fenner & Beane, Louisville, Ky.; Oliver Goshia, Collin, Norton & Co., Toledo, Ohio; J. F. Tegeler, Dempsey-Tegeler & Co., St. Louis, Mo.

Edw. Pringle Joins E. F. Hutton & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Edward O. Pringle has become associated with E. F. Hutton & Co., 160 Montgomery Street. Mr. Pringle was formerly a partner in Eastland, Douglass & Co. and its predecessor firm, Eastland & Co.

NY Bond Club To Hear Tolischus On War

Otto D. Tolischus, formerly New York "Times" correspondent in Germany and Japan, will be guest of honor and speaker at the luncheon of the Bond Club of New York to be held Dec. 16, Albert H. Gordon, President of the club, announced. The subject of his talk will be "Our Enemies." The luncheon will be held at the Bankers Club.

Leonard Gazan With H. G. Bruns & Co.

Leonard E. Gazan has become associated with H. G. Bruns & Co., 20 Pine Street, New York City. Mr. Gazan has been a partner of the dissolved firm of L. E. Gazan & Co. In his new connection, Mr. Gazan will continue to specialize in the issues with which he has long been identified.

Stanley M. Weaver Joins Merrill Lynch Staff

(Special to The Financial Chronicle)

DETROIT, MICH.—Stanley M. Weaver has become associated with Merrill Lynch, Pierce, Fenner & Beane, Buhl Building. Mr. Weaver was formerly with American Industries Corporation and prior thereto he was Manager of the trading department for Alison & Co.

RAILROAD SECURITIES

The speculative community received one of its most severe shocks last week when a surprise move was made to put the Alton into bankruptcy under Section 77. For ten years interest payments on the only outstanding bond issue (Chicago & Alton Refunding 3s) have at best been erratic, with nothing at all paid between April, 1938, and January, 1940. Nevertheless, throughout that whole period no attempt was made to put the company through the judicial reorganization that was obviously called for.

Apparently security holders were content to carry through without a cut in the capitalization on the theory that any available earnings would be passed along to holders of the Refunding bonds in any event, and that the expense of court action could be avoided. Also, in bankruptcy payments of interest on the old bonds would be subject to court approval, and might be less liberal than if subject only to the discretion of the management. Supporting the general belief that freedom from bankruptcy proceedings would continue indefinitely, the company entered an agreement with two institutional groups of bondholders a short time ago providing a formula for the disbursement of earnings.

Under this agreement there were to be deducted from earnings, the leased line rentals, funds for establishment of an adequate working balance, and a capital fund of 2½% of gross revenues. After these deductions the balance of income was to be applied to payment of overdue and current interest on the Chicago & Alton Refunding 3s. The agreement followed along the general lines set down by the ICC in formulating reorganizations under Section 77, and effectively put the bonds on a straight income basis. The parent company, Baltimore & Ohio, was also a party to the agreement.

The one weakness in the agreement, from the point of view of the bondholders, was the fact that it could be terminated at any time under various conditions, including merely 30 days' notice (without cause) by Baltimore & Ohio or the chairman of either group of bondholders. Nevertheless, this potential weakness was not given any great weight. As no bankruptcy attempt had been made over a period of years when interest was in default, there was considered to be little danger of such action now that a definite agreement had been reached and with traffic and earnings at warswollen levels. The plan was terminated by Baltimore & Ohio. The only rational explanation for the move at this time appears to be a desire to have the old stock declared valueless, thereby establishing a tax loss for the parent company. Under the 1942 tax law it is believed that such a loss could be applied against the regular operating profits of the parent company.

At first glance it would appear that the action has little effect on holders of the Refunding 3s. The tentative reorganization plan filed at the same time as the petition in bankruptcy, allocates all of the new securities to the holders of these bonds, with half of the claim to be met in new Income 4s and half in new common. The bondholders will still be entitled to all of the earnings of the property. There are, however, two adverse factors from the point of view of the bondholder.

For one thing, the tax burden of the company will be increased materially after reorganization. Half of the claim of the old bondholders against the company's earnings will be represented by common stock which is subordinated to income taxes. Only that portion of income represented by the 50% in new Income bonds will be free from taxes. The other blow to bondholders is to be found in the time element. It is true that the simple nature of the capital structure and the fact that Baltimore & Ohio will presumably not attempt to protect its old equity interest through court appeals should expedite proceedings. Nevertheless, the mere mechanics of putting the plan through (hearings will have to be held, ballot taken, etc., in any event) will presumably take more than a year at least.

During this period payment of any interest will naturally be dependent on court approval. It therefore seems doubtful if bondholders will receive much, if any, material participation in the expanded earnings for some time to come. There is obviously a strong possibility that bondholders will not reap the income benefits of high earnings during a considerable part of the trusteeship, only to see the trusteeship terminated in a period of declining railroad traffic when there would be a minimum of earnings in which to participate. With these considerations it is generally conceded that the bonds are lacking in speculative appeal even after their recent sharp decline.

Bond Club Of Phila. Slate Of Officers

PHILADELPHIA, PA. — The Nominating Committee of the Bond Club of Philadelphia has presented a slate of officers to the members. Voting will take place at the annual meeting of the club this month. Nominees were:

President, Walter A. Schmidt, Schmidt, Poole & Co., to succeed Arthur S. Burgess of Biddle, Whelen & Co.

Vice-President, Alfred R. Hunter, Yarnall & Co.

Secretary, Henry D. Boenning, Boenning & Co.

Treasurer, Eugene T. Arnold, Harriman Ripley & Co., Inc.

Jas. Yates, Jr., Now With Hill Brothers

(Special to The Financial Chronicle)

ST. LOUIS, MO. — James A. Yates, Jr., has become associated with Hill Brothers, Security Building, members of the New York and St. Louis Stock Exchanges. Mr. Yates was formerly a partner in Gatch & Co., where he was in charge of the New York Stock Exchange department. Prior thereto he was Manager of the trading department for Francis Bro. & Co., with which he was connected for many years.

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; Dec. 2 price—39¾.

Bank and Insurance Stocks

This Week — Bank Stocks

By H. A. LEGGETT

The big news in banking circles last week came, as is usual these days, from Washington. The matter of easing the way for banks and their customers to take on ever-increasing amounts of Government bonds was given official recognition—and attention. After a meeting in the office of Chairman Marriner S. Eccles, the Board of Governors of the Federal Reserve System issued the following statement of policy:

"The Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System and the executive committee of the National Association of Supervisors of State Banks make the following statement of their examination and supervisory policy with special reference to investments in and loans upon Government securities:

"'1. There will be no deterrents in examination or supervisory policy to investments by banks in Government securities of all types, except those securities made specifically ineligible for bank investment by the terms of their issue.

"'2. In connection with Government financing, individual subscribers relying upon anticipated income may wish to augment their subscriptions by temporary borrowings from banks. Such loans will not be subject to criticism but should be on a short-term or amortization basis fully repayable within periods not exceeding six months.

"'3. Banks will not be criticized for utilizing their idle funds as far as possible in making such investments and loans and availing themselves of the privilege of temporarily borrowing from or selling Treasury bills to the Federal Reserve Banks when necessary to restore their required reserve positions.'"

The above statement is much more general in its terms than originally rumored — and expected. Earlier dispatches from Washington had suggested that an official pronouncement might be made about a new deposit-capital ratio to replace the time-honored 10 for 1. Such discussions apparently ignored the fact that any attempt to fix a definite ratio, under present conditions, would be manifestly unwise, if not impossible. Furthermore, it would be little short of absurd to come out at this time with an announcement repealing something which never actually existed in the first place. Although usually regarded as a rough yardstick of conservative banking practice in the past, a 10 to 1 deposit-capital figure at no time enjoyed the status of a full-fledged regulation or requirement.

As a matter of plain fact, hundreds of banks haven't been within reasonable hailing distance of a 10 to 1 ratio for many, many years. Outside of the larger money centers, it is not at all uncommon for banks to carry deposits in the amount of 30 or 40 times their capital and surplus funds. Take for example, the case of a town in the so-called Hinterland (population around 30,000). The total banking capital of the community amounts to about $1,000,000 (in normal times, a very comfortable and conservative reservoir). Ten years ago, the bank deposits there were about 5 or 6 million dollars. Today they have swelled to a grand total of $40,000,000 and, according to present indications, may easily jump to 50, 60 or heaven-only-knows how many millions.

Of course it is generally recognized, by bankers and the examining authorities alike, that the amount of deposits in relation to capital has little to do with the soundness of a bank and that the determining factor is its assets. If a bank's assets are largely liquid and non-speculative, the deposit situation may be purely academic. Under our present

(Continued on page 1971)

FINANCIAL NOTICE

GREAT NORTHERN RAILWAY COMPANY

INVITATION FOR TENDERS

To the Holders of Great Northern Railway Company General Mortgage 4% Convertible Bonds, due July 1, 1946, Series G and H:

The Great Northern Railway Company hereby invites tenders on or prior to December 8, 1942 for sale to the Company of its General Mortgage 4% Convertible Bonds, due July 1, 1946, Series G and H.

Tenders at prices in excess of the principal amount of such bonds, exclusive of interest, will not be considered. Interest on bonds accepted for purchase, whether in registered or coupon form, will be paid to December 23, 1942, but not thereafter. The Company reserves the right to accept or reject any or all tenders and to accept or reject any part of any tender.

Persons desiring to tender bonds for purchase by the Company pursuant to this invitation should fill out and mail to the Company at the office of its Agent, The First National Bank of the City of New York, 2 Wall Street, New York, N. Y., a letter in the form which may be obtained from the Company or the Agent stating the price at which such bonds are so tendered. All tenders must be received by the Agent on or before 3 o'clock P. M., Eastern War Time, December 8, 1942. Bondholders making tenders who are unknown to the Company or its Agent should have their signatures guaranteed by a bank, trust company or a member of a recognized stock exchange. Notice of acceptance or rejection of tenders will be mailed not later than December 14, 1942, to the makers thereof at the addresses designated by them.

Bonds accepted pursuant to any such tender must be surrendered to the Company at the office of its Agent, The First National Bank of the City of New York, on or before December 23, 1942, or such later date as the Company may agree upon. Coupon bonds should have the January 1, 1943 coupon and subsequent coupons attached. Registered bonds must be assigned in blank or be accompanied by appropriate detached assignments.

GREAT NORTHERN RAILWAY COMPANY

St. Paul, Minnesota
November 17, 1942

By F. J. GAVIN, *President*

DIVIDEND NOTICES

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 147
Common Dividend No. 131

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending December 31, 1942, and a dividend of 10¢ per share on the Common Stock have been declared. Both dividends are payable January 1, 1943, to holders of record December 10, 1942. The stock transfer books will remain open.

J. P. TREADWELL, JR.
November 25, 1942 *Secretary*

American Locomotive Company

30 CHURCH STREET
NEW YORK, N. Y.

Preferred Dividend No. 138

A dividend on the Preferred Capital Stock of this Company of $1.75 per share on account of accumulated dividends has been declared payable December 22, 1942, to the holders of record of said stock at the close of business on December 9, 1942.

Transfer books will not be closed. Checks will be mailed by the Bankers Trust Company on December 21, 1942.

JOHN D. FINN
November 25, 1942 *Secretary*

THE ATLANTIC REFINING CO.

PREFERRED DIVIDEND NUMBER 27

At a meeting of the Board of Directors held November 30, 1942, a dividend of one dollar ($1) per share was declared on the Cumulative Preferred Stock Convertible 4% Series A of the Company, payable February 1, 1943, to stockholders of record at the close of business January 5, 1943. Checks will be mailed.

W. M. O'CONNOR
November 30, 1942 *Secretary*

GUARANTY TRUST COMPANY OF NEW YORK

New York, December 2, 1942.

The Board of Directors has declared a quarterly dividend of Three Per Cent. on the Capital Stock of this Company for the quarter ending December 31, 1942, payable on January 2, 1943, to stockholders of record December 11, 1942.

MATTHEW T. MURRAY, JR., Secretary.

Beneficial Industrial Loan Corporation

DIVIDEND NOTICE

Dividends have been declared by the Board of Directors, as follows;

PRIOR PREFERENCE STOCK
$2.50 Dividend Series of 1938
62½c per share
(for quarterly period ending Dec. 31, 1942)

COMMON STOCK
35c per share

Both dividends are payable Dec. 31, 1942 to stockholders of record at close of business Dec. 15, 1942.

E. A. BAILEY
December 1, 1942 *Treasurer*

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.

Now Stone, Moore & Co.

DENVER, COLO.—Donald F. Brown & Co., U. S. National Bank Building, announces the change of its firm name to Stone, Moore & Company, Incorporated. There is no change in personnel.

DIVIDEND NOTICES

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

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

5% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.25 per share, payable January 1, 1943 to holders of record at the close of business December 17, 1942.

7% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable January 1, 1943 to holders of record at the close of business December 17, 1942.

7% SECOND PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable January 1, 1943 to holders of record at the close of business December 17, 1942.

COMMON STOCK

A dividend of 50¢ per share, payable December 31, 1942 to holders of record at the close of business December 17, 1942.

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

December 1, 1942

DU PONT **E. I. DU PONT DE NEMOURS & COMPANY**

WILMINGTON, DELAWARE: *November 16, 1942*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable January 25, 1943, to stockholders of record at the close of business on January 8, 1943; also $1.00 a share, as the "year-end" dividend for 1942, on the outstanding Common Stock, payable December 14, 1942, to stockholders of record at the close of business on November 23, 1942.

W. F. RASKOB, *Secretary*

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a final dividend for the year 1942 of Fifty Cents ($0.50) per share on the Common Stock, payable December 22, 1942, to Stockholders of record at the close of business on December 2, 1942. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer,*
Philadelphia, November 20, 1942.

HOLLANDER DYED FURS

A. HOLLANDER & SON, INC.
Common Dividend

A year-end bonus dividend of 25c per share on the Common Stock has been declared payable January 4, 1943, to stockholders of record at the close of business on December 24, 1942. Checks will be mailed.

ALBERT J. FELDMAN, Sec.
Newark, N. J.
November 30, 1942.

MARGAY OIL CORPORATION
DIVIDEND NO. 50

The Board of Directors of the MARGAY OIL CORPORATION has this day declared a dividend of twenty-five cents a share on the outstanding stock of the corporation of the issue of 160,000 shares provided by amendment to the certificate of incorporation of April 27, 1926, payable January 9, 1943, to stockholders of record at the close of business December 19, 1942.

E. D. OLDENBURG, Treasurer.
Tulsa, Oklahoma, December 1, 1942.

Warren Bros. Bonds Seen Offering Possibilities

The 4½% bonds due 1956 and 5% bonds due 1977 of Warren Bros. offer particularly attractive possibilities at the present time, according to a circular being distributed by Josephthal & Co., 120 Broadway, New York City, members of the New York Stock Exchange. Copies of this interesting circular discussing the situation on these issues may be had from Josephthal & Co. upon request.

Shaskan Adds Siepser

James Siepser has joined the trading department of Shaskan & Co., 40 Exchange Place, New York City, members of the New York Stock and New York Curb Exchanges. He was recently affiliated with L. J. Goldwater & Co., Inc., and prior thereto with Strauss Bros.

FINANCIAL NOTICES

Cities Service Looks Good

The current situation in preferred stock of Cities Service Company offers most attractive possibilities according to a circular issued by James D. Cleland Company, 65 Broadway, New York City, which declares there seems little doubt that the present low price of the preferred stock is the result of undue attention focused on the "power and light" activities of the company and the oversight of the fact that the major activities and investments of the company are centered in the petroleum industry. Interesting figures are given in the circular comparing the securities in the Cities Service portfolio and discussing the outlook for holders of the preferred stocks. Copies of this circular may be had from James D. Cleland Company upon request.

Cullen Is Langill Partner

CHICAGO, ILL.—Charles J. Cullen has been re-admitted as a general partner in Langill & Co., 134 South La Salle Street, members of the Chicago Stock Exchange.

Director Indemnification For Chase and Nat'l City

As to forthcoming action of the stockholders the Chase National and National City Banks of New York at their annual meetings in January advices made available Nov. 23 said:

"A year ago many of the state banks in New York took action at their stockholders' meetings to authorize the indemnification of their officers and directors against the expense of litigation in cases where there had been a successful defense. A number of the national banks in New York and elsewhere are considering taking similar action this year. The Chase National Bank and the National City Bank in New York City have definitely decided to submit the matter to their shareholders in the form of an amendment of the Articles of Association.

"The action is not directed to any special situation, but is a general safeguard to protect officers and directors against the expense of unwarranted suits. It is understood that the proposed amendment is satisfactory as to form to the Comptroller of the Currency."

It is understood that the action was primarily conceived for the protection of directors.

Investment Trusts

A PLEASANT SURPRISE

More than 100,000 owners of investment company shares will enjoy the happy experience of discovering that dividends received from their holdings this year are exempt from Federal income taxes. Although not certain, it now appears likely that next year's dividends on the shares of many investment companies will also be tax exempt.

This pleasant surprise is the result of a provision in the 1942 tax law permitting investment companies to choose between paying taxes as ordinary corporations or qualifying as "regulated investment companies" and paying no taxes whatever on income distributed to stockholders. The decision to qualify as a "regulated investment company" is final once it is made—**but it may be postponed indefinitely!**

Taking advantage of this choice, many investment companies plan to pay taxes as ordinary corporations this year and utilize some of their unrealized losses to make their dividends to stockholders tax exempt. The gain which will accrue to the stockholder as a result of this procedure, to quote from the Quarterly Report of Boston Fund for the period ended Oct. 31, 1942, may be summed up as follows:

"If Boston Fund postpones making this election until a later year, it may file a return for 1942 and pay a tax as an ordinary corporation. By realizing losses from the sale of securities, it may then cause dividends paid to shareholders to be exempt from Federal income taxes applicable to individuals. And because corporations are allowed to deduct 85% of income received in dividends in computing taxable income, an investment company such as Boston Fund, filing its return as an ordinary corporation, is subject to a tax on but 15% of its dividend income. At the new corporation tax rates, this amounts to an effective tax rate on dividend income of some 6%.

"As the tax rates applicable to income of individuals start at 19%, it seems advisable for Boston Fund to pay a tax as an ordinary corporation at an effective rate of 6% and, by realizing losses from the sale of securities in an amount equal to net investment income, cause dividends paid to shareholders during the calendar year 1942 to be exempt from Federal income taxes applicable to individuals.

"For Federal income tax purposes, such tax exempt dividends should be considered to be in the nature of a return of capital and applied toward reduction of the cost price of shares in computing capital gains or losses at time of sale."

In the case of Boston Fund no commitment as to what course will be followed next year is made. The report concludes:

"It is impossible to state at this time what course of action with respect to this matter will be followed in 1943 because of so many factors, including possible further changes in the tax laws, which cannot now be foreseen. Accordingly, any assumption now as to whether dividend payments to shareholders in 1943 will constitute taxable or non-taxable income is not warranted."

A similar choice has been announced by Incorporated Investors, this company being the first so far as this column is aware to make public its decision with respect to its 1942 tax status. Other investment companies which have announced substantially identical plans are Affiliated Fund, American Business Shares and Selected American Shares.

New York Stocks and Fundamental Investors have gone a step further and announced their intentions with respect to 1943. On this point the sponsor of these two companies, Hugh W. Long & Co., notifies its dealers as follows: "It is further anticipated that a similar situation will exist in 1943 as regards realization of losses and in that event the management does not intend to file as a regulated company for that year."

An exception to the general position of the field is taken by Lord, Abbett's Union Trusteed Funds—and with very good reason, as the sponsor points out. "Without realized or realizable losses available in amounts sufficient to counterbalance invest-

(Continued on page 1975)

Municipal News & Notes

The recent announcement of the intention of the City of Phoenix, Ariz., to offer at competitive sale on Dec. 22 a total of $339,000 refunding bonds has served to focus renewed attention to the decision handed by down the Arizona Supreme Court on May 4 of this year in the case of Maricopa County, Ariz., vs. Sidney P. Osborn, et al (Loan Commissioners of Arizona). In its decision the State's highest court ruled that $4,900,000 of outstanding 5½% and 6% road bonds of the county, maturing serially to 1951, were subject to prior redemption, despite the fact that they had been issued without a specific call provision and accordingly had always been considered non-callable. The decision, moreover, was so broad in implication, it was said, as to apply in equal force in the case of any bonds issued since 1913 by counties, municipalities and school districts throughout the State. It was recently indicated that the matter would be appealed in Federal courts on the ground that no holder of bonds was a party to the suit which resulted in the court ruling. The county, however, is currently making plans to refund the bonds in question.

Meanwhile, it will be interesting to observe what effect, if any, the decision will have in the case of the projected Phoenix offering, the terms of which do not include any optional clause. Despite this fact, the attorneys who will furnish the final approving opinion, Messrs. Gust, Rosenfeld, Divelbess, Robinette & Coolidge of Phoenix, have stated that "the existing opinion of the (Arizona) Supreme Court (in the Maricopa County case) is so broad in its implication that our opinion on the (Phoenix) refunding bonds as well as other municipal and school district bonds that may be issued prior to a further declaration by the Supreme Court on the question must necessarily refer to said decision and the possibility that said bonds will be subject to call at any time."

This course will be followed with respect to the Phoenix issues, although the attorneys observed that the bonds in question are being issued under a different statute than that involved in the Maricopa County ruling. The law firm set forth its views in a letter addressed to Refsnes, Ely, Beck & Co. of Phoenix, Ariz., under date of Nov. 20.

Atlantic City May Defer Call for Bonds

The above city does not contemplate issuing any call of outstanding bonds until possibly next spring, it was recently indicated by Bessie M. Townsend, City Comptroller. The Comptroller was quoted in the local press as saying on Nov. 23 that "January, February and March are our poorest months, and we think it wise to wait until after that time before we do anything." Finance Commissioner Bader is said to have refused to make any comment other than "we paid too much last time." The present year's budget, it was said, contained a sum of $549,137 for a bond call, of which $505,000 represented an appropriation and the balance a left-over from last year's water bond call. The last call made by the city was in November and the average price paid at that time was $95. The city's bonds were recently quoted at $87, it was said.

Under the refunding agreement, the city must appropriate certain sums each year for the retirement of bonds, but some city officials say that there is nothing in the agreement that provides dates when the calls should be made. Technically, the money for the call should be filed in banks at Newark, but this, reports say, has been observed but once since the agreement was reached and the creation of balances caused so much trouble that it was never observed after that. Instead, the city sent just sufficient funds to cover the call.

Philadelphia Bond Exchange Advantages Cited

The advantages to the bondholder and the city of the current bond exchange offer made on behalf of Philadelphia by a syndicate headed by Drexel & Co., Philadelphia, and Lehman Bros., New York, as set forth by the Philadelphia Bureau of Municipal Research, are as follows:

"Advantages to Bondholders. Briefly stated, the benefits to a bondholder who makes an exchange under the present refunding plan are these: He secures a bond of the city with an assured minimum life greater than that of his present bond; he secures a bond bearing the same rate of interest as his present bond to the time that bond can be called by the city, and bearing a higher-than-present-market rate of interest thereafter; he secures a bond that is not subject to the Federal personal income tax and that may never be subject to that tax, whereas if he does not make an early exchange he may not be able to obtain a tax-exempt bond (or a taxable bond of equal value to him) except at a much greater cost; also, he secures a bond of the city with a higher present market value than (a) the value of the bond he turns in, plus (b) the 1% fee he pays for the exchange.

"Advantages to the City. The principal objective of the city is to eliminate the uncertainties of future interest rates, including any increase in rates that may result from subjecting the income from municipal bonds to the Federal personal income tax. By making an exchange now it insures itself against having to pay, after given dates, more than 3¼% on such of the bonds as are turned in by their holders. Assuming a 100% exchange of the eligible bonds in the hands of the public, the city would save more than $45,000,000 in net interest cost over the life of the new bonds as compared with the cost of the present bonds over their life. A smaller exchange would, of course, mean a smaller saving — not necessarily proportional, but possibly not far out of line."

Toronto's Indebtedness Cut $85,000,000 In 10 Years

The remarkable record of debt reduction by our States and municipalities which has continued with consistent regularity since 1932 has been widely publicized in these columns and elsewhere. While this is true, it is also a fact that the accomplishments in this respect by certain of Canada's taxing units are no less impressive, although they are not accorded the prominence they so righly merit. With this as a preface, let us here review the splendid progress in the matter of debt retirement effected by Toronto, Ontario, during the past decade. The story, as set forth in a recent issue of the Toronto "Globe & Mail," follows:

Toronto's municipal debt has taken a nosedive during the past 10 years. Cold figures in sombre financial statements will support the statement.

Finance Commissioner G. A. Lascelles and his associates wage an unceasing tussle with the sinking fund to bring about a lower mill rate with its consequent reduction in the amount paid by Mr. Property Owner in taxes. The Sinking Fund, one of the principal keys to city finance, is the amount of money placed aside annually to meet the city's future debt obligations.

The Sinking Fund money, of course, is invested by the city in sound securities. By investing wisely, the Sinking Fund can be made to work for the citizens. The more interest it brings in, the more is on hand in the city's coffers. When the Sinking Fund earns more money than is expected, a surplus is created to retire bonds ahead of time. This practice saves the citizens money. If a City of Toronto bond, due to be paid off in 1950, is actually paid off in full by 1942, the city saves eight years' debt charges.

Over a period of years, the amount saved in interest charges by retiring bonds before maturity amounted to a considerable sum. It would equal about one and a half mills on the 1942 tax rate, Finance Commissioner Lascelles estimated.

In 1932, Toronto's total gross debt stood at $195,064,861. Each year since then, it has been pared until today the total is only $110,585,283. It will come down still more, says Finance Commissioner Lascelles. The following figures show the steady decline during the decade: 1933, $191,487,601; 1934, $188,547,562; 1935, $180,683,302; 1936, $176,066,410; 1937, $167,425,350; 1938, $158,556,184; 1939, $147,434,575; 1940, $132,913,453; 1941, $120,985,431; 1942, $110,585,283.

The city's present standing in regard to debt is excellent, and two factors are chiefly responsible for this picture, says Finance Commisisoner Lascelles. They are the practice of financing capital expenditures through issuance of short-term debentures instead of for long periods, and the strict economy instituted by City Council of spending money only for essential new works and services.

During the 1932-42 decade the city's new debt amounted to $51,943,101. Included in this sum, however, was $15,146,791 for direct unemployment relief, for which debentures were issued for short terms and at very low interest rates. Less than $1,000,000 of the relief debentures remain to be paid off, and they will be cleared from the records by the end of 1944.

Citizens of North Toronto have been paying for a sewer and drainage system for the past 13 years, and this debt is due to be cleared off at the end of 1944. This local improvement project cost more than $8,000,000, and North Toronto tax bills will drop when it is finally laid to rest along with the city's other dwindling outstanding debts.

Mobile, Ala. Seeks Court Ruling On Bond Issue

The City Commission is awaiting the decision of the Circuit Court as to the city's authority to raise street improvement funds by increasing the amount of Bankhead tunnel bonds. In event the procedure should be held legally permissible, the city plans to issue $4,500,000 of tunnel bonds for the purpose of retiring the $2,600,000 now outstanding and to provide for street improvements and other projects.

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.)

As noted in this space last week, dealer activity in recent weeks has been identified in large measure with the redistribution of old blocks of bonds occasioned by liquidation carried out by various institutions and municipal sinking funds. Further selling of this character is continuing. In this connection, the Nov. 30 municipal news letter issued by Hemphill, Noyes & Co., New York, said in part as follows:

"Dealers are glad to have these old sinking fund and institutional holdings to bid for. They comprise a varied assortment of high grade old issues already familiar in every detail. Naturally, dealers and investors both are speculating as to how much more of this sort of selling there is likely to be. 'As much as the market will take,' probably is the answer. Pressure on institutions and sinking funds to switch into governments is undoubtedly very great, but it can be successful only while there is an improvement in return to be secured by the exchange. Since there is nothing neccessitous about this old holder selling, it is not likely to be pressed in a volume which would depress the market seriously. It may, however, prove to be a reservoir feeding the stream of offerings so constantly that prices cannot rise. That result could not hurt anyone; prices are plenty high enough."

December 15

$600,00 Allentown, Pa.

At previous sale, several years ago, successful bidder was account of Smith, Barney & Co. and Lazard Freres & Co. Second high offer made by First Boston Corp. and Associates.

N.Y. Victory Fund Group Opens Dec. Loan Drive

Approximately 5,000 volunteer workers, from the staffs of commercial and savings banks, trust companies, investment dealers and brokers, insurance companies and others in Manhattan and the Bronx went into action on Nov. 30 opening the Victory Loan Drive to sell $9,000,000,000 of U. S. Treasury securities during December, Perry E. Hall, Executive Manager of the Victory Fund Committee for the Second Federal Reserve District, announces. The Committee's plans call for a thorough canvass of investors and business establishments by these workers who are formed into fifteen teams, each headed by one of fifteen largest commercial banks in the two boroughs. A total of 66 banks and nearly 300 investment dealers and brokers are included in the teams.

In other boroughs of New York City, and in other communities in the Second (New York) Federal Reserve District, general groups have been organized to canvass potential investors. Insurance companies, through the Chairmen of the National Association of Life Underwriters' Committee for National War Savings, have cooperated with banks and investment dealers, under the direction of the Regional Chairmen of the Victory Fund Committee, in organizing these groups.

Allan Sproul, President of the Federal Reserve Bank of New York, is not only Chairman of the Victory Fund Committee for the Second Federal Reserve District, but also Chairman of Region 8, comprising New York and Bronx Counties. Mr. Francis T. Ward is Vice-Chairman of this region. On Nov. 29 Mr. Hall said:

"The Secretary of the Treasury has asked the Victory Fund Committee to do the most important job that they have yet undertaken, and we must succeed in that job completely. The nation is now spending for war purposes more than $1,500,000,000 each week, and to win the war it must and will spend any amount necessary. To raise this money, and put the resources of the country behind our armed forces, every individual and every corporation with available cash must lend to the Government by purchasing its securities."

For the Victory Loan Drive, the Treasury is offering three new issues; a description of the securities appears elsewhere in these columns.

Mr. Hall further said:

"Somewhere in this list every investor will find a security suited to his particular needs. Behind our armed forces must stand our dollars — billions of dollars. The way to make our dollars fight is to lend them to our Government. The Government promises to repay, with interest. If a U. S. bond today is not the best investment in the world, there is only one that is—a Jap bond. Or a German bond."

First Boston Group Offer Central Maine Issue

A new issue of $12,500,000 Central Maine Power Co. first and general mortgage bonds, series M 3½%, due 1972, is being offered today by a syndicate headed by the First Boston Corp. and Coffin & Burr, Inc. The issue, which was awarded to the syndicate on Nov. 30 on competitive bidding, is being offered to the public at a price of 107⅜ and accrued interest.

Affiliated with the First Boston Corp. and Coffin & Burr, Inc., in the offering are: Blyth & Co., Inc.; Kidder, Peabody & Co.; F. S. Moseley & Co.; Stone & Webster and Blodget, Inc.; Harris, Hall & Co. (Inc.); Tucker, Anthony & Co.; White, Weld & Co.; A. C. Allyn and Co., Inc.; Paine, Webber, Jackson & Curtis; Arthur Perry & Co., Inc.; Hornblower & Weeks; Whiting, Weeks & Stubbs, Inc.; Bodell & Co., Inc.; Putnam & Co.; Charles H. Gilman & Co., and Maine Securities Co.

The present financing by Central Maine Power Co. is pursuant to the plan whereby the assets of Cumberland County Power & Light Co. are being absorbed and liability assumed for that company's $9,275,000 first 3½s, 1966, and $1,494,000 first 4s, 1960.

Proceeds from the sale of the $12,500,000 3½s, as well as those from $5,000,000 10-year serial notes to be placed privately and 261,910 shares of $10 par common stock, will be used to retire the Cumberland County Power Co. debt, preferred stock and Central Maine's bank loans.

Attractive Possibilities In New Warren Securities

The new securities to be issued under the plan of reorganization of Warren Brothers Company offer interesting possibilities according to a comprehensive circular issued by Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, members of the New York Stock Exchange and other leading national exchanges. The circular contains a brief resume of exchange terms under the plan, an outline of the new capitalization, security, sinking fund, provisions for class "B" preferred stock, pro-forma interest coverage and earnings on preferred stock, current business, working capital, excess profits tax base and prospects for preferred dividend. Copies of the circular may be had upon request from Paine, Webber, Jackson & Curtis.

Florida Gas Tax Amendment Favorable To Road And Road District Issues

(Continued from page 1963)

The 2 cents gasoline tax pledge, which is the backbone of this amendment, will be set up by and with the State Board of Administration, to the credit of the several counties, and will be set up, using as guiding principles, those originally set forth by the 1931 Legislature in allocating former gas tax proceeds.

The State Legislature, when drafting the terms of this amendment, realized that in any such plan which contemplated a pledge of revenue for a long period of time, there should be flexibility, and this flexibility should be that which would prevent the accumulation of large surpluses pledged to one county, while other counties defaulted. Therefore, the State Board of Administration was given the power to invest accumulated surplus funds of one county into bonds of another county having depleted sinking funds. The only objection to the exercise of this power, as we see it, is that the credit of the county having surplus funds might be jeopardized by the use of its funds in a county with depleted funds and a default allowed to occur in the bonds of the county with surplus funds. However, it must be borne in mind that the scope of Florida's Road debt problem has been greatly broadened and what applies to the county with depleted funds can also apply to maturing bonds of a county whose funds have been over-invested to the extent of not leaving a cash balance available sufficient to meet maturing items. Further, should one of the several counties have obligations maturing and the State Board of Administration be without surplus funds, the State Board is empowered to issue Tax Anticipation Certificates, bearing interest at a rate not greater than 3% and maturing within the life of the amendment, the proceeds of which would be used to retire those maturing bonds mentioned above. These new certificates would be obligations of the State Board of Administration, payable exclusively out of the pledged and anticipated revenues which would accrue to the county in question, namely the county for whose relief the Board of Administration certificates are issued.

This amendment will go into effect Jan. 1, 1943, and will need no enabling legislation as it is self-executing.

Although it will be more than a month before it becomes operative, its effect is already widely felt through a general stabilization and strengthening of Florida Road and Road District bonds. Although the amendment pertains strictly to bonds of the above category, it will also do much to aid cities, school district and other taxing units because of the relief from ad valorem taxation which it will give. This will enable Florida's taxing units to give greater attention to their other debt problems, which problems seem much less acute in the light of this sound legislation.

SEC Rule Standardizes Brokers Filing Form

The Securities and Exchange Commission has adopted a new ruling, under the Securities and Exchange Act of 1934, requiring registered dealers and brokers to file a statement of their financial condition with the Commission annually.

The form to be used in filing these statements is the standard type of financial questionnaire, which is the outgrowth of several months' discussion between the SEC and committees appointed by the National Association of Securities Dealers, Inc., the Investment Bankers Association of America, the Association of Stock Exchange Firms, national securities exchanges, the American Institute of Accountants, the Commodity Exchange Administration, and certain independent accounts "expert in brokerage and investment house accounting," the Commission declared. It is expected that other regulatory bodies requiring financial reports from brokers and dealers and members of securities exchanges will also use the new report form.

"It has been estimated by representatives of the securities industry that the adoption by all regulatory bodies of a standard form of questionnaire would result in a savings of approximately $500,000 annually to brokers and dealers," the Commission said.

"The Commission's new rule is known as Rule X-17A-5. In general it requires brokers and dealers to submit reports of financial condition to the Commission at least once each year on the new form X-17A-5. It specifies certain cases under which the reports must be certified by an independent public accountant, and contains requirements with respect to the qualifications of accountants and the information to be contained in the accountant's certificate."

Although the rule becomes effective immediately, no reports need be filed before Jan. 1, 1943.

NSTA Service Flag

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

Richard Muller, U. S. Army, formerly with T. C. Corwin & Co., Hartford, Conn.

Raymond W. Smith, U. S. Navy, formerly with Chas. W. Scranton & Co., New Haven, Conn.

William Lally, U. S. Army, formerly with J. Arthur Warner & Co., Hartford, Conn.

William H. Rybeck, U. S. Army, formerly head of Wm. H. Rybeck & Co., Meriden, Conn.

Kelvin N. Sachs, U. S. Army, formerly with Turner, Sachs & Co., Hartford, Conn.

Bruce H. Beal, U. S. Army, formerly with Kennedy-Peterson, Inc., Hartford, Conn.

Bureaucracy Fatal To Freedom, Says Fulton

James A. Fulton, President of the Home Life Insurance Company, speaking at the Winter meeting of the National Association of Insurance Commissioners in the Hotel Pennsylvania, on Nov. 30, asserted that freedom could be destroyed as much by "unrestrained bureaucracy" as by military invasion and domination. The New York "Times" of Dec. 1 further reported Mr. Fulton as follows:

Mr. Fulton declared that, beginning with the first World War and continuing through the depression, "and tremendously accelerated in the present crisis," there had been a trend in which "the functions of government became too detached from the people being governed."

"I recognize the necessities of the present situation, but unless that trend is arrested and reversed when this war is over, the American way of life as we have known it will be a thing of the past. It will profit our armed forces little to win battles abroad if they come back to find the way of life they fought for destroyed at home.

"What has this to do with insurance? Simply this. Insurance is about the one great business that is regulated by bodies that are close to home. It is worth a good bit to be able to put on your hat and go down the street to talk over your joint problems with the insurance Commissioner of your own State. We know from experience that it does not work that way in Washington."

Revised Report Form For NYSE Houses

Member firms of the New York Stock Exchange were advised on Nov. 27 that a revised edition of Form 120 will be substituted on Dec. 7, for the present one. The revisions in the form involve (1) the addition, at the request of the Securities and Exchange Commission, of a new item, namely, the daily round-lot volume of purchases and sales of stocks on the Exchange for the margin accounts of non-member customers; and (2) the exclusion of an old item, namely, the number of shares sold in odd lots.

The revised Form 120 will be filed by only firms which clear or settle transactions, according to a letter sent out by John C. Korn, Acting Secretary of the Exchange. The letter continued:

"The reporting firms are requested to make suitable arrangements with their member correspondents, who carry customers' accounts, for the collection and prompt transmission to the reporting firms of the required transaction figures.

"The Securities and Exchange Commission will accept figures, provided by a tally sheet record, on the number of shares bought and sold on the Exchange for non-member customers' margin accounts. Where this method is found expedient, such a tally sheet could be kept, for example, by margin clerks who would check-off, throughout the day, each round lot of 100 or of 10 shares bought or sold for the indicated margin accounts."

Result Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Nov. 16 that the tenders for $500,000,000, or thereabouts, of 91-day Treasury bills, to be dated Nov. 18, 1942, and to mature on Feb. 17, 1943, which were offered on Nov. 13, were opened at the Federal Reserve banks on Nov. 16.

The details of this issue are as follows:

Total applied for____$1,157,405,000
Total accepted _____ 501,422,000

Range of accepted bids:

High—99.925. Equivalent rate of discount approximately 0.297% per annum.

Low—99.906. Equivalent rate of discount approximately 0.372% per annum.

Average price—99.906+. Equivalent rate of discount approximately 0.371% per annum.

(85% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Nov. 12 in amount of $350,655,000.

With respect to the previous issue of $500,000,000 of 91-day bills, dated Nov. 12 and maturing Feb. 10, 1943, the Treasury on Nov. 9 disclosed these results.

Total applied for___$1,013,151,000
Total accepted ______ 501,485,000

Range of accepted bids:

High—99.925. Equivalent rate of discount approximately 0.300% per annum.

Low—99.906. Equivalent rate of discount approximately 0.376% per annum.

Average Price—99.907. Equivalent rate of discount approximately 0.373% per annum.

(27% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Nov. 12 in amount of $350,655,000.

* * * *

Secretary of the Treasury Morgenthau announced on Nov. 30 that the tenders for $500,000,000, or thereabouts, of 91-day Treasury bills, to be dated Dec. 2 and to mature on March 3, 1943, which were offered on Nov. 27, were opened at the Federal Reserve Banks on Nov. 30.

The details of this issue are as follows:

Total applied for, $1,220,276,000.
Total accepted, $503,206,000.

Range of accepted bids:

High, 99.925, equal to a rate of discount approximately 0.297% per annum.

Low, 99.906, equal to a rate of discount approximately 0.372% per annum.

Average price, 99.907, equal to a rate of discount approximately 0.368% per annum.

Approximately 22% of the amount bid for at the low price was accepted.

The results of the previous issue of 91-day Treasury bills, dated Nov. 25 and maturing Feb. 24, 1943, sold on Nov. 23, were as follows:

Total applied for, $1,149,026,000.
Total accepted, $501,722,000.

Range of accepted bids:

High, 99.925, equivalent rate of discount approximately 0.297% per annum.

Low, 99.906, equivalent rate of discount approximately 0.372% per annum.

Average, 99.907, equivalent rate of discount approximately 0.370% per annum.

(55% of the amount bid for at the low price was accepted).

Larson In U. S. N.

Edward L. Larson, partner of De Young, Larson & Tornga, Grand Rapids, Michigan has been commissioned a Lieutenant (j.g.) in the U.S.N.R. and reported for duty on Dec. 1 for his indoctrination at Harvard University. Mr. Larson is a graduate of Manistee High School and Michigan State College, and has been connected with the investment banking field in Western Michigan since 1933. He has been a partner of De Young, Larson and Tornga since its inception in 1937 and has taken a leave of absence for the duration.

Treasury Drive For $9 Billion In December—Three New Issues In Record Financing

The Treasury Department launched on Nov. 30 its Victory Fund drive for the unprecedented sum of $9,000,000,000 in December to finance the war effort. The Treasury expects to raise this sum through the continuing sale of War Savings Bonds and Tax Savings Notes, and partly through offering of three new Treasury issues designed for every class and type of investor.

The three new issues, on which the Victory Fund Committees launched an intensive sales campaign on Nov. 30, and which, Secretary Morgenthau said, have as their principal aim—"enlisting accumulated savings and idle funds"—consist of 26-year 2½% Victory bonds, due Dec. 15, 1968, callable Dec. 15, 1963; 1¾% bonds due June 15, 1948, and ⅞% one-year certificates of indebtedness.

In announcing plans for this financing, Secretary Morgenthau said:

"All elements of the banking and securities business will conduct a vigorous campaign to assure the widest possible public purchases of all issues of these securities. In conjunction with weekly sales of discount bills, these arrangements will make approximately half the $9,000,000,000 of Treasury borrowing in December available from non-banking investors, while the other half will be made available by commercial banks. The widest possible public participation is essential in the interest of sound financing out of current income and savings.

"After completion of this borrowing the Treasury does not expect to do further major financing until February. For its new money needs in January the Treasury will rely upon further sales of Tax Savings Notes, Savings Bonds, and Treasury bills."

The Victory Fund Committees, made up of well organized and expanding groups of 44,000 volunteer workers, drawn largely from the securities, banking and insurance fields throughout the country, began soliciting on Nov. 30 subscriptions from individual investors, corporations, savings and commercial banks, insurance companies, institutions, trusts and estates.

Concurrently with the December drive, Secretary Morgenthau said, the 300,000 volunteers of the War Savings Staff in every community, intensified their efforts to add at least 7,000,000 more income-earners to the ranks of those already investing regularly in Series E War Savings Bonds through the payroll savings plan.

The following regarding the special offerings, being sold under the direction of the Victory Fund Committees, is from Secretary Morgenthau's announcement:

"1. Twenty-six-year 2½% bonds due Dec. 15, 1968, callable Dec. 15, 1963, to be issued in coupon or registered form at the option of the buyers. Commercial banks, which are defined for this purpose as banks accepting demand deposits, will not be permitted to hold these bonds until ten years after the date of issue. There will be no limit to the amount of this issue, and no restrictions upon issuance excepting the temporary exclusion of commercial banks from ownership for their own account. Subscription books will be opened Nov. 30, and will remain open several weeks. The bonds will be sold in denominations from $500 to $100,000.

"2. Two series intended for banks as well as other investors: (a) 1¾% bonds due June 15, 1948, and (b) ⅞% certificates of indebtedness due one year after issuance. These securities will be open for subscription by banks, and also by all other classes of investors, whether private, corporate or institutional.

"Sales to commercial banks will be limited to $2,000,000,000 or thereabouts of each series. Applications from commercial banks in amounts up to $100,000 will be allotted in full, and larger subscriptions on an equal percentage basis.

"All applications from others than commercial banks will be allotted in full. The total of these securities to be issued thus will be the $4,000,000,000 from commercial banks, plus the full amount subscribed by others.

"For all classes of subscribers other than commercial banks, subscription books will be opened Nov. 30 for both series, and will remain open for several weeks. For commercial banks subscription books will be opened Nov. 30 on the 1¾% bonds and will remain open until the close of business Dec. 2, while books will be opened Dec. 16 on the ⅞% certificates and will remain open until the close of business Dec. 18. In the case of such bank subscriptions, payment for the bonds must be made on Dec. 11, and for the certificates on Dec. 28.

"The 1¾% bonds will be issued in coupon or registered forms at the option of the buyers. The ⅞% certificates will be issued in coupon form only. The bonds will be sold in denominations from $500 to $100,000, and the certificates from $1,000 to $100,000.

"The 2½% bonds, 1¾% bonds and ⅞% certificates of indebtedness will be dated Dec. 1, 1942, and will bear interest from that date. Accrued interest will be charged on all subscriptions for which payment at a Federal Reserve Bank or at an authorized depositary is received later than Dec. 1.

"Any bank or trust company qualified to hold War Loan deposits will be permitted to make payment by credit for securities subscribed for its own account or that of its customers up to any amount for which it shall be qualified in excess of existing deposits."

Chronicle 'Printers' Receive Award From Treasury Department

Herbert D. Seibert & Co., Inc., printers of "The Commercial & Financial Chronicle" and many other publications, received the "Bull's Eye" Certificate of Award from the Treasury Department.

The award was made to the employees of the above named firm for investing more than 10% of the gross payroll and 100% participation in United States War Bonds. This includes members of New York Typographical Union No. 6, New York Printing Pressmen's Union No. 51, copy-holders and miscellaneous help.

Over-the-Counter Securities

Wertheim & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have just issued an interesting circular outlining pertinent facts on several over-the-counter issues which the firm considers offer particularly attractive possibilities at the present time. Copies of this circular may be had from Wertheim & Co. upon request.

The Securities Salesman's Corner

SOME THINGS A BOND SALESMAN THINKS ABOUT AT THIS SEASON OF THE YEAR

Can it be that Pearl Harbor happened almost a year ago. Where did the days go? Must order those Christmas cards again. Wish some one would give me an idea of a different sort of Christmas remembrance for a change. Something I could send to everyone that wouldn't cost too much—yet novel and practical. Remember those years when the cost was no object? Wonder what happened to that fellow who sold me that case of supposed genuine imported Scotch back in Christmas, 1929, that finally went down the drain . . . lucky . . . that would have been a way to ruin a clientele.

Raining again . . . getting colder, too . . . gas rationing. Market is indecisive . . . what is going to happen to the rails . . . are they over their peak . . . wish some one would give me a good situation I could "get hot" about. Seems as if some of the Congressmen are regaining their courage . . . telling the bureaucrats off . . . funny how everything works in cycles . . . just like the market, or styles, or fads . . . one extreme to the other . . . up and then down. This seems to be the biggest lesson of all . . . life teaches you more than all the fancy talkers . . . you learn about these things in this business. The laws of economics and of human nature keep on working . . . funny how you gradually get the longer view . . . things will swing back again . . . the war will be over . . . maybe someday it will no longer be dishonorable and unpatriotic to make money again . . . Wall Street will rise in public esteem . . . feel more certain of it this year than for a long time.

Old fashioned Christmas parties in Wall Street . . . bonuses, smiles . . . eggnog and fruit cake in New Orleans and you used to walk from one party to another . . . under your own power—until . . . that girl you used to know and didn't marry . . . what a big shot you thought you were with those 1929 commission checks . . . how little you knew . . . how little your customers knew . . . how all-fired greedy most of them were . . . the fellow with the margin account who said he'd be satisfied when he made a hundred thousand . . . his wife told him stories she heard at bridge games about big profits . . . he believed them . . . you didn't . . . "Button Up Your Overcoat" . . . Shubert Theatres at 84 . . . Majestic Radio . . . National City 500 . . . the wires . . . the tips . . . the deals . . . Mellon said, "Buy Governments."

Better get to work . . . make some calls . . . everyone is better off working than sitting around . . . even bond salesmen. Stop on the way home . . . check prices on a phonograph for the kid's birthday . . . wonder about those price ceilings . . . fellow told me he paid $20 for two electric heaters . . . thought he was overcharged so he called the OPA. He was . . . they were only worth about $3 apiece . . . he asked the OPA what he should do about it . . . they told him he should bring suit against the gypper who overcharged him . . . then he would have to subpoena the OPA and they would bring the price ceiling figures into court . . . he didn't have any other recourse . . . so that's how bureaucracy works . . . and some believe that governmental control of our economic life will work . . . how would the SEC describe this sort of a deal . . . unconscionable profit?????

There goes the telephone . . . must be the wife telling me to get the milk and bread on the way home . . . well, cross the fingers anyway . . . maybe it's a customer . . . hello! . . . it's the wife . . . and she wants the break and milk . . . thankful we can still get it . . . it's different "over there" . . . so long till next week.

Bank & Insurance Stocks

(Continued from page 1966)

banking laws, rediscount privileges are sufficiently broad to eliminate the necessity for competitive selling of bank investments at any time. Thus there is little likelihood of a cumulative deflation of banking credit such as took place from 1929 to 1933.

There has also been a growing tendency, on the part of supervisory agencies in recent years, to differentiate between what are termed fluctuating assets and non-fluctuating assets. Some querulous quibbler may take issue with the idea of a "non-fluctuating asset but the intent of the distinction is clear enough — and eminently sound in principle. Obviously, there is a vast difference between a Government Bond and a fourth-grade railroad bond just as there is little in common, qualitatively speaking, between a V-loan and the IOU of a shoe-string real estate operator.

The general trend of banking assets is now very definitely in the direction of public credit and away from private credit. Accompanying the large increases in Government Bond holdings and V-loans is a sharp contraction in "Other Securities," instalment credits, real estate loans and general commercial borrowings. Thus the banking assets of the nation are rapidly being converted, to a large extent, from a heterogeneous collection of individual obligations to a single claim on all the assets of all the people. Conditions being what they are, who can say that this may not work out for the best?

In this connection, the following remarks which appeared recently in the editorial columns of "The Wall Street Journal," seem to sum this matter up very quotably:

"Banking capital and surplus under normal conditions are in the nature of an insurance fund designed primarily to protect the security of deposits against losses incurred by the bank in its loans and investments. They also help to constitute the reserves whose primary purpose is to protect the liquidity of deposits. Inasmuch as government obligations now constitute the main body of banking investments and are devoid of risk to the bank, the need for capital and surplus relative to deposits is correspondingly diminished. Also the existence of the Federal Deposit Insurance Corporation lessens the importance of capital and surplus from the point of view of liquidity.

"This philosophy, however, is predicated upon the existence of a condition which is quite abnormal from a strictly banking viewpoint. That condition is a fact and in the light of that fact the philosophy is, doubtless, sound. How long the fact will continue to be a fact we do not know. We do know that government obligations must continue to be taken by banks in large volume so long as the war lasts. So long as the war lasts normal commercial banking processes must play a subordinate part in the whole banking operation. When they will again take the front of the stage is beyond the wit of man to determine. When that time comes the question of the capital-and-surplus-deposits ratio may come up again, but, for the present, it is to be shelved.

"That in the large sense government obligations are 'riskless' from a banking point of view is of course true, where they can be held to maturity with proper amortization of premiums paid. The Treasury policy with respect to its borrowing from banks is that they should confine their purchases to bonds with a maximum maturity of 10 years, and that a maximum rate of 2% interest will be offered on such loans."

Our Reporter's Report

(Continued from first page)

Fifteen teams swept into the field in competition with each other to place the nation's new war bonds and other securities offered by the Treasury, and there was every indication that the selling campaign would be a substantial success.

Presumably taking cognizance of at least one recent venture, the Treasury this time keyed its offerings in a manner to appeal to all sources of funds available for investment. Bonds, notes and certificates provide a wide choice of selection.

Pushing Toward the Goal

Insurance companies and corporations alike are showing full urge to get aboard the war financing bandwagon and with a minimum of delay.

Four of the so-called "Big Five" insurance companies alone entered subscriptions for a total of $680,000,000 of the new 2½% Victory Bonds, against purchases of $455,000,000 in August and $460,000,000 in May for the account of the same group.

Meanwhile, the Public Service Corporation of New Jersey placed its subscription for a block of $5,000,000 of the new issue, being one of the first corporations to announce action.

November Calls Small

Calling of bonds for repayment in advance of maturity dropped off to approximately $56,000,000 last month, the lowest in about nine years, and contrasting with $168,000,000 a year ago.

This brings to approximately $900,000,000 the total of debt redeemed by corporate issuers before maturity thus far this year, only about a third of the total so retired in the same period of the preceding year.

However, the trend in that direction should be spurred by the provision in the New Revenue Act allowing a 10% refund on excess profits through the medium of debt retirement.

Passage of the new Tax Bill came too late to permit exercise of the call on issues on which the privilege had expired, that is so far as action this year is concerned.

Empire Gas & Fuel Exchange

News of the extension to Dec. 15 of the time in which holders of Empire Gas & Fuel Corporation preferred stocks for 3½% sinking fund debentures aroused no end of interest in the progress of that exchange which has been under way for weeks.

Bankers sponsoring the exchange reported that only the loose ends now remained to be gathered in, embracing such people as those who had lost their certificates, or died, or lost track of their investments.

But that the campaign has been a real success was indicated by reliable estimates placing stock turned in around 123,000 shares out of the 127,000 shares involved.

Kansas City P.S. Attractive; The Future Of Tractions

The prospects and possibilities offered by Kansas City Public Service Company 5% preferred are most attractive according to a circular prepared by Kneeland & Co., Inc., Board of Trade Building, Chicago, which states that earnings for this security should exceed $8 per share; unlike many tractions and rails, reorganization of the company has been completed; the company serves a defense production center; management is under RFC supervision; small funded debt; modernization of equipment started years ago; excellent labor relationship (employees participate in net income); large monthly retirement of RFC loans; ratio of earnings versus market price; income taxes, which should be very little if any in 1942 because of prior losses.

Copies of this interesting circular, which is available to dealers only, may be had upon request from Kneeland & Co., together with a reprint of an article on tractions, which appeared in the "Chicago Sun," discussing the war and post-war problems of traction companies.

HOW DID WE GET THIS WAY?

(Continued from first page)

is dictatorship by another name. The idea seems to be indigenous to the "class-conscious wearers of spats" who call themselves liberals. The dogmatism of a minuscular mind is beyond understanding.

The steps by which mankind advanced from barbarism to civilization; from want to plenty; are not difficult to understand. Until they are understood and appreciated by masses of men who aspire to equality and self-government, with ignorance and envy the matrix of their aspirations, civilization rests upon an inverted pyramid and a cataclysm is inevitable.

In a state of barbarism, men were scattered in small numbers over large expanses of territory. They lived from hand-to-mouth, starving or feasting as the hunt succeeded or failed. Each man supplied his own needs directly; made his own weapons; killed his own game; unable to provide for tomorrow because of his inability to store up a portion of his labor, which is but another way of saying to acquire wealth. Even under these conditions, the standard of living varied with the capacity of the individual, although originally the human species can have presented very few deviations from the norm of intelligence. No one knows how genius received its initial momentum. It is not even latent in most of us.

Man's first upward step came with the acquisition of skill, which did not come to all in equal quantity or quality. It came as the result of some inborn element; some expression of the composition of the protoplasm of the cell; plus perseverance, toil and sacrifice. One man "had what it takes" and others did not and that is all there is to it. The law of the prosperity of the fittest is not a man-made law and it cannot be abrogated by man. It is a primary law of existence, against which the statute of limitations does not run. To assume otherwise is to place dream and chimera on the same plane as factual evidence; to deny the potency of facts. Any attempt to create a society which ignores this law will be wrecked on the rocks of reality. No other conclusion is possible from any rational appraisal of human potentialities.

Following increased skill and the improved implements which resulted, came the next step forward; a step which more fully enabled all men to participate in the results of the superior genius of the few. This was the development of the division of labor. Instead of each man producing his own requirements, gradually one man began to create one type of article, or perform a function, and his neighbor another type. Their efforts were guided by their natural ability to do some one thing better than some other thing. Their success was measured by their determination to improve their capacity.

Then, as now, and as it always will be; the articles which required the least aptitude; the least training; which could be produced by the greatest number of men with the least overall effort, provided the least reward. The greater the quantity in proportion to the demand, the less the value, is a law which applies to the attributes of men and which cannot be repealed by popular assemblies. It is inherent in the intricate web of motivation which lies at the base of all human actions. To maintain otherwise is to totally misread history, to misconceive man and to misunderstand the genetics of progress.

The division of labor finds its closest approach to perfection in a capitalistic economy. Here labor of all grades is combined with capital of all types—accumulated labor—to permit the production of the things men need. Symbiosis, mutual interdependence, and not parasitism is the characteristic of capitalism. Economic power is the ability to extract from nature the products men desire. There is no inherent conflict of economic interests, only a rivalry of abilities.

In the inability to understand this lies the fatal defects in the morbid and macabre teachings of Marx, Engel, Lenin and Trotsky; in the inane and inaccurate preachings of the neurotics, Jean-Jacques Rousseau and Leo Tolstoy; in the maudlin and maculate mouthings of the paranoiacs, Proudhon, Barbeuf, Bakunin and Sorel; in the rantings and ravings of the inebriate, Jack London, and in the intellectual mire of other innominate social pariahs and excretions.

The psittacine disciples of these and other "limited lovers of mankind" are still crusading against the divine right of kings while, with a purblind fanaticism which reveals the weakness of their case, they advance the demonstrably absurd theory of the divine right of the proletariat, the declasse and the motley misfits who compose the dregs of every culture.

What they advocate is the elevation of the social residuum or dross; the creation of a Utopia through a regnant proletariat which is supposed to qualify for its destiny through some sort of a cabalistic, social osmosis.

These people are not iconoclasts as they label themselves but political necromancers; manufacturers of superstitions on a quantity basis; superstitions whose decalogue commands the extinction of truth. They are masters-of-ceremony at a fandango of foolishness—tirelessly vocal—dribbling with assinities. Their antics resemble those of a blind man in a dark room, frenetic by reason of his own futility, trying to catch a black cat which is not there.

Communists assume that a man has a right to destroy that which he cannot produce, understand, or enjoy so that no other man may have more and thus be reduced to equality. Drab people are never happy until they have made everyone else drab. Shakespeare understood their psychology when his gardener said to his assistants:

> "Go thou and like an executioner,
> Cut off the heads of too fast growing sprays,
> That look too lofty in our commonwealth;
> All must be even in our government."

There is nothing more absurd than the rigid and stylized contentions of Laski that "communism wins its way by its idealism, its spiritual promise and not its materialistic prospects."

Holds Peak In Prime Corporate Bond Prices Has Now Been Reached

(Continued from page 1964)

the psychology of fear which has for ten years determined investment policy, is by no means at an end, and while it will subside very slowly, nevertheless for the first time in a decade it is possible to foresee its future termination. We believe this is a most fundamental influence on money rates. We believe that if the psychology of fear does, in effect, diminish progressively, the result will be a long-term downtrend in high-grade long-term corporate bond prices.

"All of the above, of course, falls into the category of long-range speculation. For the duration of the war we feel quite certain that the government has more than ample powers to maintain high prices, especially for its own bonds. We further believe that it will use these powers to this end. We see no reason to expect any early change in the present level of bond prices.

"Furthermore, looking ahead towards the post-war situation, we believe that the banking system will be so heavily involved in government securities that at that time any government in power must and will take strong measures to protect institutional investors against depreciation in their government bond portfolios. Thus we can see, in these present arguments, no valid reason to avoid U. S. Government bonds, which, in fact, must be bought by financial institutions as an indispensable means towards winning the war. On the contrary, we can principally foresee in these arguments additional reasons why government bonds, both near-term and long-term, are distinctly more attractive than any other category of high-grade bonds.

"Thus the government's post-war obligation to protect institutions from any losses on its own bonds need not extend to other types of long-term high-grade bonds such as corporate bonds and municipal bonds. It is probable, therefore, that at some such future period a wide difference in yield will develop, with prime corporates and other non-government obligations selling at a heavy discount below governments of similar maturity.

"To sum up, the foundation upon which we have maintained for years our confidence in long-term bond prices has now been partially undermined. There is a prospect that such deterioration will continue. It should not affect government bonds because it must be a matter of national policy to protect such holdings and to maintain low rates to finance and refinance the Federal deficit. This protection, however, need not be extended to other classes of high-grade bonds.

"From the above, we would suggest long-range policies as follows: (a) A reduction of maturities from very long to medium, i. e., 4 to 8 years; the cost of a change from 20-year maturity to 8-year maturity is today less than half the cost in 1940. (b) A transfer of funds into U. S. Government securities from all other departments of the high-grade bond market.

"As to those departments of the bond market other than the high-grade department, we see no reason to change previous policies, as follows:

"(a) We continue to believe that near-high-grade corporates—that is to say, those which command premium prices and are generally considered 'good' but not 'prime'—should be avoided by all classes of investors. This is the department of the bond market which can be relied upon to create the most future trouble. In times of stress these items do not hold up and many of them lose their investment rating permanently. Nevertheless, they are usually bought at 'near-high-grade' prices and therefore there are no offsetting profits or large income to compensate for a sure percentage of casualties.

"(b) Prior to 1938 we maintained a fixed policy of selling all outright second-grade rails. In the spring of 1938 we reversed this policy and suggested that the price structure was too low for liquidation and that while such bonds should be treated selectively, sweeping liquidation programs were not advisable. We considered that at the then prevailing prices, the probable income to be received offered good compensation for the risk of postponing liquidation, and that in many cases substantially higher liquidating values would, in the long run, be obtainable. We continue to hold this opinion of the second-grade railroad bond market in general and believe that regardless of peace or war many second-grade rails continue substantially underpriced and reward the holder adequately through large income for the continued risk of postponed liquidation. We suggest that all emphasis should be put on selectivity between the individual issues.

"(c) An exceedingly small percentage of our customers can legally or prudently buy second-grade rails, and so we have never felt called upon to adopt a definite investment policy on this question. In general, however, where risk investments are legal and prudent, as in the case of various funds and estates which customarily hold common stocks, we believe that excellent values are still obtainable in the second-grade rail market in highly selected senior borderline and senior bankrupt bonds which should prove sound irrespective of the prospect for a long or a short war. * * * We are much impressed by elements of fundamental long-term strength in the railroad picture, quite apart from temporary wartime prosperity. We believe that, while many poorly secured second-grade rails are dependent for their present price structure on flush war earnings, most of the senior second-grade rails are selling at prices which discount no element of special prosperity, and purchasers are thus well fortified against future adversity."

Eberstadt Appointed To New Post With WPB

The War Production Board was recently reorganized by Chairman Donald M. Nelson in order to concentrate all responsibility for the allocation of materials and their actual distribution under Ferdinand Eberstadt, who was given the title of program Vice-Chairman.

The change placed Ernest Kanzler, Director-General for Operations, directly under Mr. Eberstadt in the WPB high command.

Simultaneously, Chairman Nelson created labor advisory committees, to be made up of labor spokesmen from every industry, to advise each of WPB's 36 industry branches.

This move, said the Associated Press, was accompanied by the elevation of the industry branches to the status of industry divisions, with enlarged powers of estimating the materials needed by each industry and controlling the allotment of materials. It is added:

"The WPB Requirements Committee which divides the country's materials among various needs will have 36 small counterparts, one assigned to each industry division. Each of these 'sub-requirements committees' will have a spokesman from each of the seven 'claimant agencies,' which seek supplies — Army, Navy, Maritime Commission, Lend-Lease Administration Board of Economic Warfare, Aircraft Scheduling Unit and the WPB Office of Civilian Supply."

Banks Urged To Carry Share In War Finance

While lauding the banks for their part in financing the war program, Allan Sproul, President of the Federal Reserve Bank of New York, urged on Nov. 20 that the banking institutions appraise their positions in terms of current events rather than past practices in order to see whether they are assuming "their share of the load."

Speaking before the mid-year trust and banking conference of the New Jersey Bankers' Association, held at the N. Y. Reserve Bank Auditorium, Mr. Sproul said the banks had a two-fold responsibility in war financing, helping the Victory Fund Committees sell Government bonds to others and being sure that they were doing their share in buying governments for their own account. In the New York "Times," Mr. Sproul was quoted as saying that the "gigantic financing program announced by the Treasury for December will call for a maximum effort." The same advices stated:

"Under the leadership of the Victory Fund Committee of the New York Federal Reserve District, he said, every effort will be made to sell as many securities outside the banking system as possible. But, he added, it will also be the duty of the Committee to see to it that banking support of the program is evenly distributed. Every bank, he added, must assume its share of the burden by buying substantial amounts for its own account."

UP-TOWN AFTER 3

PLAYS

"The Pirate," Alfred Lunt and Lynn Fontanne in a new play by S. N. Behrman. Presented by the Playwrights Co. and the Theatre Guild at the Martin Beck Theatre, N. Y. Cast includes Alan Reed, Estelle Winwood, Clarence Derwent, James O'Neill and others. Staged by Alfred Lunt and John C. Wilson. Sets by Lemuel Ayres.

The Lunts have a field day in one of the extravaganzas of the season. It can't be rightly called a play. It's part vaudeville, part comic opera and the rest a burlesque of a high order. Alfred Lunt pulls rabbits out of hats, juggles things and even hoofs a bit. He meets and falls madly in love with the Senora Manuela, a perfectly respectable married lady whose only departures from the path of virtue have been mental ones. Lynn Fontanne, as the lady in the case, the beautiful Manuela, managing to look younger than ever, meets his advances, archly, haughtily and mockingly. Through it all the music pokes fun and the high-flown verbal passages delivered in round swashbuckling language of a Dumas character with touches of Damon Runyon keep the story on a light amusing level. Plot concerns itself with a strolling player in 19th Century Santo Domingo who meets a lady of station. She, bored with her marriage to a fat, middle-aged bore, tries to overcome it by reading tales of derringdo. Her hero of the moment is a pirate, Estramondo. The ragtag player, to excite her interest, boasts of being the pirate. Her husband notifies the authorities and the boastful suitor is arrested. Of course his arrest is short for it turns out that the lady's husband is the famous Estramondo. The production is magnificent. The costumes and the settings are brilliant. Yet, if "The Pirate" didn't have the Lunts to carry it, it would just be another one of those things.

"The Great Big Doorstep," Dorothy Gish and Louis Calhern in a new comedy by Frances Goodrich and Albert Hackett. Presented by Herman Shumlin at the Morosco Theatre, N. Y.

Here is a light, unpretentious comedy which is a delight throughout. A sort of "Tobacco Road" with shoes on, it tells of a lazy man, a ditch digger, who prefers to call himself a Drainage Expert; his wife, a bedraggled slattern with a double-edged tongue, and their flock of children, all live together in a ramshackle hut on the Mississippi. The river has thrown up an ornate doorstep which the family put in front of their home. From then on it's a problem of getting a house to fit the elegance of the doorstep. A house nearby is to be foreclosed and all the family needs is $60 to get it. The problem is to get the $60. A mooning swain of the youngest daughter promises the money but meets with an accident. A brother offers his check, which bounces. How the sum is finally gotten is the crux of the story. Louis Calhern, as the lazy, shiftless husband, is first rate. Dorothy Gish, as his wife who fears the family is breaking up, is excellent. The rest of the cast turn in equally good performances.

"Yankee Point," Edna Best and John Cromwell in a play by Gladys Hurbut. Presented by Edward Choate and Marie Louise Elkins at the Longacre Theatre, N. Y. With Elizabeth Patterson, Dorothy Gilchrist, James Todd, Arthur Aylsworth and others. Staged by John Cromwell.

Last summer the Nazis landed a group of saboteurs on our Eastern coastline. The play deals with a family living on a mythical "Yankee Point" who discover and capture one of these Nazis. The first two acts are well played and seem credible. The family, representative of any middle-class American family, lives on Long Island. The mother is an air spotter. The father, a school teacher who fought in the last war, has been offered a non-combatant commission, and called up for this war. One of the daughters is all mixed up trying to recall her father's pacifist ideas and unable to reconcile herself to the change. Another daughter is engaged to an Army flier. And a crochety housekeeper, who has been with the family for generations, is a hypochondriac. Such is the family, when on the eve of the father's departure, a German Army coat is found buried on the beach. From then it's a hunt for the spies mixed in with conversation about life in case the coast is invaded. Well, the invasion occurs. There is a lot of fireworks set off. Searchlights comb the sky, but finally the invaders are fought off. The last act is given over to pure and adulterated melodramatics and seem to have been tacked on as an afterthought.

MOVIES

"You Were Never Lovlier" (Columbia) co-starring Fred Astaire and Rita Hayworth with Adolph Menjou and Xavier Cugat and his orchestra. A pompous South American hotel magnate refuses to hire Astaire. He does later. Astaire gets mixed up with hotel owner's daughter, Rita Hayworth. First they love each other, then they don't, and finally they do again. One dance Astaire does is tops. The rest you have seen before.

New York Stock Exchange Weekly Firm Changes

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

Transfer of the Exchange membership of Richard H. Moeller, partner in R. Swinnerton & Co., which will continue as a member firm, to J. C. Herbert Bryant will be considered on Dec. 10. It is understood that Mr. Bryant will act as an individual floor broker.

Transfer of the Exchange membership of James T. Hamill to William A. Atkins will be considered on Dec. 10.

Tomorrow's Markets Walter Whyte Says—

Market hints near term rally. Peace and tax talk superficial and not sufficient cause for present bearishness. Two new stocks recommended.

By WALTER WHYTE

Last summer there was common talk how the market couldn't "logically" go up as long as the war was going against us. The market, we were told, was waiting for victories to feed on and no strength would be seen until we got them. So, to show its contempt for public belief, the market, then around 100 (Dow), started up anyway. Then when a trend seemed established, with the averages advancing to about 117, the pendulum of popular opinion swung to the other extreme. "It couldn't go down because . . . ." and then you had your pick of a lot of choice reasons. All you had to do was to pick the one you liked best.

Well, the market did go down. And not only did it disregard all the carefully worked out "reasons" but also paid just as little attention to the war news which began to report victories instead of ". . . retiring to previously fortified positions."

* * *

The rank and file mystified by the whole thing, began casting around for new reasons. It finally hit on two.

The first was the possibility of an early peace. The second was tax selling. To justify the first reason the so-called war stocks began to go down, while the stocks of companies associated with peace time business started going up.

* * *

Now I don't know if the war will end tomorrow, next month, next year or 10 years from today. I doubt if anybody else does. Lloyd George, British Prime Minister during World War I, admits that he didn't know about conditions inside Germany which would lead him or his Cabinet to believe the end of the war was in sight until the Germans actually asked for an armistice. Yet somehow the belief has taken hold that our successful invasion of the North African Coast marks off the end of the war.

* * *

But, assuming for the sake of argument, that the premise is correct, I fail to see in it a bearish argument. On the contrary if the war should end tonight I believe the market would go up so fast it would leave most of us dizzy.

Of the second reason, taxes, there is this to say. Every year at this time tax selling appears. But as usual its effect is overrated. Not that taxes and getting the funds together to pay them doesn't affect the market, but to say tax selling, whether for that reason or for establishing a tax loss, is largely responsible for current dullness and declining tendencies is oversimplifying the causes.

The fact is that despite actual inflation, prevailing governmental regulations make investment not only for profit but as inflation hedges as well, far from the simple thing it once used to be.

* * *

No one, for example, knows how new government plans or decrees will affect his business. And to put cash into another man's business (securities) when faced with so many uncertainties in one's own business is just too much to ask of human nature.

You've already read something of the British Beveridge plan. Don't be surprised if a similar plan is suggested here by Roosevelt. It isn't simply a question of whether the plan (involving an annual expenditure of $2,000,000,000) will help bring about this "world of tomorrow" we read so much about today. But it certainly will have a disturbing effect on markets. The financial mirror, the stock market, reflecting all these conditions, acts accordingly.

* * *

Yet, if Washington plans are disturbing, these fears apply only to conservative investors. The agile trader need not concern himself with long term trends or the possible effect on them of political or economic changes. He can dash in and out of stocks long before these conditions take hold, if they ever do. Of course the conservative investor, a devotee of safety and interest, has his job cut out for him. But to get back to the trader, with whom the column is primarily concerned, and the market of the near term future rather than a market six months or a year from today.

It is admitted that the current market is in disfavor. It therefore is the time to look around and see what stocks are a buy. This doesn't mean stocks are a buy because they're lower today than they were last week or last month. A cheap stock may be a lot cheaper tomorrow. Yet, with the overall market picture being what it is, the pessimistic outlook which seems to have gained new followers is not, in the opinion of this column, warranted.

* * *

A few weeks ago when everybody was wildly bullish you were told to either sell half your lines, put close stops on the remainder, or sell the complete line. Well, you know what happened since. The only two stocks you now hold are Air Reduction at 30 with a stop at 35, and International Harvester at 43 with a stop at 49.

With the averages hovering between 113 and 114 I think the market is beginning to make a new base. So I suggest buying two more stocks at specific prices. These are: Goodyear 22 to 22½ with a stop at 21. And Superheater 12½ to 13½ with a stop at 11. I don't think you'll get both of these right away. But I don't believe the market will run away either.

* * *

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.]

Calendar of New Security Flotations

OFFERINGS

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

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

Central Maine Power Co. filed an amendment to its registration statement on Nov. 12 which made the amount of the proposed offering of first and general mortgage bonds $12,500,000 and fixed the interest rate at 3½%. The amended application also covered 261,910 shares of $10 par common stock, same as original statement. Offering price of bonds to the public and list of underwriters will be supplied by post-effective amendment. Redemption provisions of the new bonds also will be supplied by amendment. Company also proposes to issue and sell privately $5,000,000 face amount of its 10-year serial notes maturing serially $500,000 each year from 1943 to 1952. Interest rate on notes has not yet been announced

Declarations to Become Effective—The SEC on Nov. 5, 1942, issued an order granting the applications and permitting to become effective declarations filed by Central Maine Power Co., Cumberland County Power & Light Co., New England Industries, Inc., and New England Public Service Co. pursuant to sections 6, 7, 10 and 12 of the Public Utility Holding Company Act of 1935 regarding transactions, summarized as follows:

Central Maine and Cumberland (both subsidiaries of Nepsco) propose to enter into an agreement of merger by which Central Maine will acquire all the assets and assume all of the liabilities of Cumberland and by which Central Maine will continue as the surviving corporation. Cumberland will dispose of all of its assets to Central Maine and will be merged into Central Maine.

It is proposed that Central Maine: (1) change and increase its authorized common stock from 150,000 shares (no par) into 1,500,000 shares of common stock ($10 par) of which 642,500 shares will be outstanding in the hands of the holders of the presently outstanding 140,000 shares of common stock, and change the voting power of the common stock so that each share of such common stock ($10 par) will have one-fifth of a vote; (2) issue and sell for cash $12,500,000 first and general mortgage bonds of a new series, to be designated Series M; (3) issue and sell for cash $5,000,000 in principal amount of 10-year serial notes; (4) issue a presently undeterminable amount of $50 preferred stock, 5% dividend series, of which series 20,000 shares are presently outstanding

It is further proposed that Central Maine: (1) assume the liability upon $9,275,000 first mortgage bonds, 3½% due 1966 and $1,494,000 of first mortgage bonds, 4% due 1960 of Cumberland, and redeem and retire said bonds at 105¼% and 105%, respectively; (2) redeem and retire all outstanding shares of preferred stock of Cumberland at their respective redemption prices, subject, however, to an offer of exchange to be made to the holders thereof under which such holders may elect to receive two shares of $50 preferred stock, 5% dividend series, plus two shares of common stock ($10 par) of Central Maine for each share of 6% preferred stock of Cumberland, or two shares of $50 preferred stock, 5% dividend series, plus one share of common stock ($10 par) of Central Maine for each share of 5½% preferred stock of Cumberland. It is further proposed that Central Maine redeem or otherwise retire its presently outstanding 7% preferred stock in direct ratio to the par value of its $50 preferred stock, 5% dividend series, issued in such exchange of Cumberland preferred stock

It is further proposed: (1) that Central Maine issue and sell for cash 261,910 shares of common stock ($10 par) at $10 per share, and that Nepsco purchase such shares (less any shares taken by holders of common stock and 6% Preferred stock of Central Maine upon the exercise of their respective preemptive rights); (2) that Nepsco tender for conversion its present holdings of 54,699 shares of common stock of Cumberland and 638 shares of 6% preferred stock of Central Maine and receive therefor 404,575 shares and 6,380 shares (total 410,955 shares) respectively of common stock ($10 par) of Central Maine

It is further proposed that Central Maine's bank loans be paid off and necessary funds provided for the purchase and construction of property with cash derived from the transactions described above

Registration Effective 5:30 p. m. EWT on Nov. 25, 1942, as of 5:30 p. m. EWT Nov. 4, 1942

Bonds Awarded under competitive bidding rule, on Nov. 30, to the First Boston Corp. Coffin & Burr, Inc., group on bid of 106.31

Offered Dec. 3, 1942 at 107⅞ and int. by syndicate headed by The First Boston Corp. Coffin & Burr, Inc. and associates.

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

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

Offerings will rarely be made before the day following.

THURSDAY, DEC. 3

CURTISS CANDY CO.

Curtiss Candy Co. has filed registration statement with the SEC covering 30,000 shares of participating preferred stock, par value $100

Address—622 Diversey Parkway, Chicago

Business—Company is one of the largest and leading candy and confection manufacturers in the United States

Offering—Registrant proposes to offer the participating preferred shares registered, at $100 per share. The entire amount of the consideration received shall be credited to capital account. It is not proposed to pay any commissions or underwriting fees with respect to the sale of the stock. Approximate date of proposed public offering Nov. 25, 1942

Underwriting—There is no commitment of any kind with respect to the sale or underwriting of the securities registered

Proceeds—Will be used principally in the acquisition of similar types of business $700,000; additional farm lands $750,000; trucks $100,000; raw commodities for purposes of stabilizing inventory $250,000; to provide funds for payments under pension and profit-sharing plans for its employees $900,000; in reduction of indebtedness on farm properties $200,000, and for additional working capital $75,700

Registration Statement No. 2-5059. Form A-2. (11-14-42)

Hearing on suspension of registration set for Dec. 9, 1942, as SEC states it has reasonable cause to believe that statement includes "untrue statements of material facts"

SATURDAY, DEC. 5

MUTUAL INCOME FOUNDATION, INC.

Mutual Income Foundation, Inc., has filed a registration statement with the SEC for 200 fully paid certificates of ownership at $500 each, 150 periodic payment certificates of ownership at $1,000 each, total 350 certificates; 150,803 shares of beneficial interests to be issued under periodic payment certificates of ownership now outstanding; 36,938 shares to be issued under the certificates of ownership to be sold, total 187,741 shares. Aggregate offering price, $1,218,158

Address—1308 Penobscot Building, Detroit, Mich.

Business—Investment trust.

Offering—Continuous public offering is proposed from and after the effective date of registration statement

Proceeds—For investment

Registration Statement No. 2-5060. Form C-1. (11-16-42)

TUESDAY, DEC. 8

AMPAL-AMERICAN PALESTINE TRADING CORP.

Ampal-American Palestine Trading Corp. has filed a registration statement with the SEC for 182,000 shares 4% preferred, cumulative non-voting stock, par value $5 per share

Address—1440 Broadway, New York City

Business—The corporation was organized for the purpose of developing trade relations between the United States and Palestine and its surrounding territories; to assist in the development of the economic resources of Palestine and to afford financial aid to commercial, banking, credit, industrial and agricultural enterprises, cooperative and otherwise, in and relating to Palestine. Company was organized Feb. 6, 1942, in New York.

Underwriting—There are no underwriters. The securities will be sold through the efforts of the directors and employees of the issuer

Offering—The offering price to the public will be $5.50 per share, for a total of $1,001,000. Date of proposed public offering is Dec. 1, 1942

Proceeds—A number of schemes for investment by the corporation of the proceeds of this issue have been considered by its directors. No final decisions have been reached, and no commitments have been made, except that, in a general way, and subject to re-examination, the directors believe that the corporation could with profit to itself and with substantial benefit to the economic organization of Palestine, make investments for the purposes indicated in its organization

Registration Statement No. 2-5061. Form A-1. (11-19-42)

WEDNESDAY, DEC. 9

LOCKHEED AIRCRAFT CORP.

Lockheed Aircraft Corp. has filed a registration statement with the SEC covering participations in employees' retirement income plan. Statement says number of certificates for which registration statement is filed is uncertain. All participations during the first year after effective date of the plan. Aggregate offering price is given as $174,000, being estimated amount of employee contributions during first year of plan

Address—1705 Victory Place, Burbank, California

Business—Participations in the retirement income plan of Lockheed Aircraft Corp. and subsidiaries

Underwriting—No underwriters

Offering—The effective date of the plan will be Dec. 31, 1942. The plan is to be administered by a retirement plan committee, to be appointed by the boards of directors of the company and its subsidiaries. It is expected that this committee will be initially composed of five individuals, of whom a majority will be employees of the corporations. Participation in the plan is optional with each eligible employee. It is estimated that approximately 2,250 employees of the company and its subsidiaries, including 13 officers and 10 directors, will be eligible as of Dec. 31, 1942, to join the plan.

Proceeds—Indenture provides that funds received by the trustees may be applied toward the purchase of or payment of premiums upon annuity contracts, etc. Pending such application, funds may be held in cash or invested in securities of the United States Government, in other securities, but not securities issued by Lockheed or any of its subsidiaries

Registration Statement No 2-5062. Form Cl. (11-20-42)

MONDAY, DEC. 14

TRIUMPH EXPLOSIVES, INC.

Triumph Explosives, Inc., has filed a registration statement with the SEC for voting trust certificates for 499,722 shares of common stock, par value $2 per share

Address—Fourth Avenue at Wood Street, Pittsburgh, Pa. Plant located at Elkton, Maryland

Business—Manufacturer of fireworks, flares, etc.

Underwriting—No underwriters.

Offering—Date of proposed offering or delivery of voting trust certificates Dec. 18, 1942. Peoples-Pittsburgh Trust Co., Pittsburgh, trustee. The voting trust is for the duration of the war, but not exceeding ten years from Oct. 1, 1942, the date of the voting trust agreement. The agreement may be terminated earlier by the voting trustees with the written consent of the holders of v.t.c. representing a majority in par value amount of the stock deposited thereunder

Registration Statement No. 2-5063. Form F-1 (11-25-42)

SATURDAY, DEC. 19

PHILLIPS PETROLEUM CO.

Phillips Petroleum Co. has filed a registration statement with the SEC for 43,928 shares of common stock, without par value.

Address—80 Broadway, New York

Business—The company and its subsidiaries compromise an integrated unit in the petroleum industry, owning reserves of crude production in a number of fields in the Mid-Continent and Gulf Coast areas, natural gasoline plants and crude oil refineries, oil pipe lines, gasoline pipe lines and marketing outlets throughout Central United States and extending into adjacent areas

Underwriting—There are no underwriters in connection with this issue

Offering—Executive committee on Nov. 24, 1942, approved an issue of 43,928 shares of its common capital stock, without par value, for issuance if the company exercises an option received under date of Nov. 12, 1942, to acquire capital stock of Alma Oil Co. The latter, a Delaware corporation, has issued and outstanding 25,000 shares of common stock, par $100 per share. In consideration of $1,000 cash, the owners of 21,500 shares of stock granted to Phillips and Sunray Oil Co., an Oklahoma corporation (in the proportion of 79% to Phillips and 21% to Sunray), the option to purchase the 21,500 shares and such additional shares of the remaining 3,500 shares as said stockholders shall be able to deliver. In the event that Phillips and Sunray shall exercise such option, the consideration to be paid will be 43,928 shares of Phillips common stock, and the sum of $615,024, provided, that if the said stockholders shall be unable to deliver all of the shares of said common stock of Alma, the cash payment shall be reduced $98.40 for each share not so delivered. Stating the basis of exchange in terms of the consideration to be paid only by Phillips, the company will receive in exchange for the 43,928 shares of its common stock 18,749 and a fraction of common stock of Alma, which will be recorded on the company's books at $1,844,976

Proceeds—For exchange of stock

Registration Statement No. 2-5064. Form A-2 (11-30-42)

SUNDAY, DEC. 20

POTASH CO. OF AMERICA

Potash Co. of America has filed a registration statement with the SEC for 65,000 shares of capital stock, par value $5 per share. The shares are already issued and outstanding

Address—First National Bank Building, Denver

Business—It is engaged, and intends to continue to engage, in the business of prospecting for, mining, refining and distributing potassium salts, known as sylvite or manure salts, and potassium chloride, known as muriate

Offering—The 65,000 shares will be offered to the public at a price to be filed by amendment

Underwriting — Maximum number of shares to be purchased by the underwriters are 42,064 of the 73,360 shares now owned by Lehman Corp., and 22,936 of the 40,000 shares owned by General American Investors Co., Inc. The underwriters are Boettcher & Co., Denver, which will purchase 21,032 shares from Lehman and 11,468 shares from General American Investors, and Laurence M. Marks & Co., New York, 21,032 shares from Lehman, and 11,468 shares from General American Investors

Proceeds—Proceeds will be received by the selling stockholders

Registration Statement No. 2-5066. Form A-2 (12-1-42)

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.

P. L. ANDREWS CORP.

P. L. Andrews Corp. has filed a registration statement with the SEC for $360,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1943 to 1957.

Address—7800 Cooper Ave., Glendale, New York, N. Y.

Business—General character of the business done by the corporation is the design, development, manufacture and sale of paper packaging and wrapping materials in a variety of forms of envelopes, folders, wrappers, folding boxes and containers. Primarily because of the nature of the plant and products of the corporation, it is anticipated that the war or conditions arising therefrom will not alter substantially the general character of the business or products of the corporation

Underwriting—No firm commitment has been made to take any of the securities registered, but P. W. Brooks & Co., Inc., New York City, is the principal underwriter, as defined in the Securities Act of 1933

Offering—The securities will be offered at prices ranging from 99½ to 102¼ depending upon maturity date

Proceeds—Net proceeds will be used to discharge a proposed demand bank loan, to reimburse the corporation for machinery acquired and balance for such additional production facilities as are needed.

Registration Statement No. 2-5058. Form A-2 (10-28-42)

Request for withdrawal of specified material filed Nov. 18, 1942

Amendment filed Nov. 12, 1942, to defer effective date

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)

Amendment to defer effective date filed Nov. 14, 1942

FLORIDA POWER & LIGHT CO.

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

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

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

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

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

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

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

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 100.50 and interest to 104.08 and 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)

Registration effective 5.30 p. m. ESWT on Nov. 9, 1942

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 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)

Registration effective 5:30 p. m. ESWT on Oct. 28, 1942

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 Nov. 9, 1942, to defer effective date

NEIMAN-MARCUS CO.

Neiman-Marcus Co., Dallas, Texas, has filed an amended prospectus with the SEC in connection with the public offering of $700,000 5% cumulative preferred stock, par value $100 per share. According to amended prospectus the public offering price has been reduced from $100 to $92.50 per share, effective Nov. 15, 1942. Statement says that principal underwriters will grant concessions to dealers constituting the selling group of $6 per share. The principal underwriters have also discontinued stabilizing the price of such shares

The registration statement was originally filed Nov. 19, 1942, No. 2-4581, Form A-2. Offering price to public at that time was given as $100.50, with underwriting discounts or commissions of $5.50 per share. Amended prospectus dated May 1, 1942, stated that 1,566 shares of the 7,000 shares covered remained unsold in the hands of the principal underwriters and selling group and price to public was lowered to $100 per share. Amended prospectus does not indicate number of shares still remaining in hands of selling group

Principal underwriters were Moss, Moore & Cecil, Inc., and Dallas Rupe & Son, Dallas, Texas

Company owns and operates retail specialty shop located in Dallas, Texas

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.

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 Nov. 2, 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

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

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

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 Nov. 19, 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 either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the best possible price."

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

Investment Trusts

(Continued from page 1967)

ment income, with a substantial part of the aggregate income comprised of bond interest, and with a policy of distributing substantially all net investment income, it is at once apparent that the status of 'regulated investment company' is to the overwhelming advantage of Union Trusteed Funds, Inc."

Investment Company Briefs

"This is the seventeenth anniversary of the first public offering of shares of Incorporated Investors," writes the Parker Corporation in a letter to affiliated dealers under dateline of Nov. 25, 1942.

"Since then there have been many prosperous years for investment bankers — and some that have not been prosperous at all.

"We feel that forces are now at work that make the look ahead much brighter.

"In the first place, vast amounts of cash are going into government bonds which will be converted back to cash after the war for spending or for investing in the stocks of good American companies.

"Then too, those forces which have been shaking the confidence of the investing class for a decade seem to be weakening. A gradual shift to the right appears to be in progress.

"Since the election Congress has stiffened and has refused blanket grants of authority to the Executive Department, substituting therefor only specific authority sufficient for the job in hand. We may expect more of this attitude rather than less.

"Even before election, the passage of the 1942 Revenue Act indicated a conservative approach to the problem of raising revenue. It was clear that Congress would not tolerate the power to tax being used for social reform. The more radical ideas on corporation income taxes, payroll taxes, estate taxes, capital gains and excess profit taxes were defeated, no matter how important the source of the ideas. All in all the 1942 Revenue Act is favorable to the investing class and has marked significance for the future.

"As Incorporated Investors starts its eighteenth year, we are optimistic for the future of our business—and yours."

This column shares the optimism of the Parker Corporation. And while we have this opportunity, we should like to extend our congratulations and best wishes to Incorporated Investors, one of the "charter members" of the field.

* * *

"Preferred Stock Profit Possibilities" is the title of a convincing 12-page bulletin on Lord, Abbett's Union Preferred Stock Fund. The potentialities in individual preferred stocks are illustrated by means of charts. An accompanying folder summarizes the advantages of the Fund in concise, easy-to-read language.

* * *

A "definite statement of investment policy with respect to National Bond Series and National Low-Priced Bond Series" has been issued by National Securities & Research Corporation. We quote in part:

"Following our research work with respect to our new bond funds, we decided three rules must be adhered to. First, every issue bought or held must fully earn as well as pay its interest coupon. Second, the issues selected for the eligible lists must be as of a date certain, and they must, as of that date, have covered their fixed charges for the past year, and of course be paying interest as due. The third factor was that as of a date certain we would divide the bonds into two groups—one of which is our Bond Series and the other our Low-Priced Bond Series. Each group would have a specific yield as of a date certain and thereafter that yield would fluctuate with the prices of the bonds. Under no circumstances would we change our investment criteria if bond prices advance in order to maintain a high yield.

"Our date certain was July 1, 1940. Our eligible list was completed as of that date. While in the future we expect to make some changes in our eligible list, eliminating bonds that may be called or become undesirable, and adding other bonds that may be consistent with our criteria and new issues not otherwise inconsistent, it is not our intention to add weaker bonds in order to hold up yields in an advancing bond market. . . .

"Any policy that is based upon selling the better bonds because of their market improvement, and buying weaker bonds in the hope that they will improve, will probably result in disaster, because at the top of the economic cycle a portfolio so managed would consist of the weakest issues and they are the bonds that would suffer the most in a recession. . . .

"Perhaps in the future, if medium-grade bond prices rise substantially, our two bond series may not be as popular as others because of lower yields. However, we are confident that over a long period of time the policy we are pursuing will be fully justified by the performance of the fund and it is to this that we have dedicated ourselves rather than to any policy that may bring temporary success through larger sales but ultimate disaster to the investor. Our criteria have been defined and will be adhered to—let the chips fall as they may."

* * *

The current issue of Keystone Corporation's "Keynotes" contains another in the series of brief punchy discussions on taxes and what to do about them. Short-term and long-term transactions are the subject of this issue.

* * *

"Dividends are holding up surprisingly well," states a recent issue of Selected Investments Company's "Selections." "It is our expectation that Selected American Shares' dividends for the year 1942 will prove gratifying to shareholders, and particularly to those shareholders who were led to believe that taxes would cause drastic revisions in corporate disbursements this year."

* * *

Distributors Group has published an attractive folder on the General Bond Shares of Group Securities under the title, "Protecting Your Income During An Era of High Taxes." Three points are stressed in selecting bonds considered suitable for this purpose.

1. Bonds with active markets.
2. Selling at discounts.
3. Whose market prices are influenced primarily by earning power.

In addition, the bonds selected must be obligations of companies whose earnings before taxes—are being rapidly increased.

* * *

The action of the market continues to indicate that "lower prices will be seen before any sustained upward movement occurs," according to the November 25 forecast of "Investment Timing." This is the seventh week that the service has held to the expectation of lower prices.

National Securities & Research Corp. is out with a neat little card showing **how much** security losses may save in taxes for individuals in various income brackets. It shows, for example, that a man with net taxable income of $10,000 can save $340 in taxes by realizing a net loss of $1,000. Should be a quick convincer to action.

* * *

The current issue of Massachusetts Distributors' "Brevits" contains some revealing comments on the Washington scene by Paul Mallon, veteran columnist. Among the quips: A Government co-ordinator "is a man who brings organized chaos out of regimented confusion." Hopeful conclusion: "The experience of this war is ruining the plans and hopes of Socialists and New Dealers for post-war ownership or control of business. Even they can see from what is happening every day here that they could not make it work."

* * *

A new folder by Hare's, Ltd., contains some interesting 1942 earnings estimates on leading aircraft manufacturing companies. This year's sales of the ten companies reviewed are put at $3,800,000,000, net earnings at $82,800,000, and post-war credit at $30,900,000. Figures are given on the individual companies.

Securities Dealers Need No Ceiling On Profits—Standard of Ethics One Of The Highest Of Any Business In The Country

(Continued from first page)

others. But let the SEC uncover a handful of cases where some dealers in securities may have taken advantage of an isolated investor's lack of knowledge of security values and immediately all dealers in securities in every State in the Union become malefactors and are made suspect of everything from the suggestion of "fraud," to "actions against the public interest."

In fact, one would imagine when the public's total losses in all these cases of which the SEC complains are so small in comparison to the vast sums which are mulcted out of the gullible public every year by "quack" lawyers and doctors, and other fraudulent business schemes of every kind and description, that instead of preparing a new method of placing a stranglehold on the securities business, the Securities and Exchange Commission would be out singing the praises of "Wall Street" throughout the length and breadth of the land.

It is time that those in the securities business refuse to allow themselves to be misled and misrepresented. For example, in a recent brief submitted by the SEC, in a case involving the profits of a dealer, wherein the SEC appeared as a friend of the court, the Commission inferred that when one holds himself forth as a dealer in securities he simultaneously establishes a fiduciary relationship with his client. Such far-fetched groping and twisting, in order to erect some kind of round-about foundation in law, whereby the SEC can abolish the personal property rights of American citizens engaged in the securities business (as dealers and principals for their own account and risk*) and thereby establish a basis for the control of profits by the Commission, is the sort of undermining skullduggery that must be brought to the surface and publicly condemned.

CONGRESS NEVER INTENDED THAT THE SEC SHOULD HAVE THE RIGHT TO IMPOSE ARBITRARY RULINGS WHICH HAVE THE FORCE OF LEGISLATION OVER THE PERSONAL PROPERTY RIGHTS OF THE CITIZENS OF THIS NATION.

The securities industry needs nothing more than to be let alone for a while. The recent elections have shown that there is a limit to which the public will tolerate excessive abuse of power by the executive agencies of the government. It is well to remember that the employees of these agencies are appointed to their offices—they are not elected by the people—and Congress has heard the voice of the people. A weak-kneed acquiescence to bureaucracy is no longer indicated for the securities dealers of this country.

*It must be remembered that there is a vast difference between a dealer and a broker in securities. A dealer buys a block of securities for his own account just as does the proprietor of a furniture, hardware or any other kind of a store or merchant. The profit a dealer in securities feels it is reasonable or desirable to exact is limited by the same factors as those governing a merchant in any other line of business.

A broker on the other hand acts as an agent of an investor and is, therefore, morally and ethically bound to obtain the best possible price for his customer for which he gets a commission. As is well known many investment firms act as both dealers and brokers. That is to say, if an investor does not care, for any one of a variety of reasons, to buy the particular security an investment house has on its "shelf" and previously bought for its own account, a firm that does both a dealer and broker business will take an order for the particular security the customer does wish to buy or sell and will charge a commission for their services.

Lt. Phillips Dead

Lt. Harper Stewart Phillips of the 31st Armored Regiment of the 7th Armored Division was drowned, while on leave from the service, in a boat accident on Rock River near Edgerton, Wis. Lt. Phillips was associated with McDougal and Condon, Chicago municipal firm, until he joined the Armored Division.

Urges Making This A 'Carry Christmas!'

"Make this a CARRY CHRISTMAS!" says Schenley Distillers Corporation in their newspaper advertising for Schenley Royal Reserve.

This is a new theme for a new Christmas. A theme that is portrayed by a man smilingly carrying bundles and packages in his arms, waiting at a bus stop. But more than saving gas, tires and solving the delivery problem, it reflects a spirit that makes "Carry Christmas" hold more than a practical connotation.

It tells you that "this is the Christmas to carry home War Bonds and Stamps regularly in your pocket . . . to carry faith, courage and firm hope constantly in your heart. . . ." Because it reflects the spirit of every American this Christmas, Schenley makes it a "Carry Christmas."

This advertising, handled by The Kleppner Company, will run in 150 newspapers.

New Frontiers For Ins.

An interesting memorandum has just been issued by Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City, entitled "New Frontiers for Insurance," which outlines the opportunities created by Federal investigation of fire insurance practices, which will have, the Company believes, results highly beneficial to the capital stock insurance companies, for, if present shortcomings are followed through to the sources and corrected, the scope for growth of the better managed companies should be enlarged, their costs reduced, and their profits increased. Copies of the memorandum containing a discussion of the recent Federal action and the beneficial possibilities may be had upon request from Huff, Geyer & Hecht, Inc.

N. Y. Analysts To Meet

The New York Society of Security Analysts announce the railroad group of the society at their Dec. 15 luncheon meeting (12:30 p.m. at 56 Broad Street, New York City) will discuss the St. Paul reorganization plan. Pierre Bretey of Goodbody & Co. will lead the discussion in which Wendell Reuss of Townsend, Graff & Co. and Herbert Wyeth of Shields & Co. have been invited to participate.

The bond and investment group, of which Seth Seeley of City Bank-Farmers Trust Company is Chairman, will meet on Dec. 7.

Our Reporter On "Governments"

The biggest single financing job in the history of the world is under way now. . . . You know this as well as any one, it is to be presumed, for salesmen of top calibre are at your institution now or will be in a day or so. . . . The nation's commercial banks have been organized into their own sales groups on the basis that it is better that they place bonds with non-banking sources than that they take them down themselves. . . . The nation's investment bankers have been organized under the Victory Fund Committees. . . . The nation's Stock Exchanges are doing a job on their own too. . . . There's no point in repeating the well-known facts. . . . The December drive to raise $9,000,000,000 from sales of bonds, certificates, war bonds, tax notes to every source of funds available is the news of the day and the week. . . . Of all the securities available on the Government list today, the 2.9% war bonds are the most attractive—if you can buy them. . . . Next on the list are the "on sale" 2½s—if you can buy them. . . . Next on the list are the securities which fit best into your portfolio as it stands today. . . .

These are facts. . . . As for predictions, as matters shaped up the week before the sale went on and as they shape up today, it appears certain that Secretary Morgenthau will get his $9,000,000,000. . . .

It's probable he will get more, maybe $2,000,000,000 or $3,000,000,000 more for the organization behind this campaign is superb. . . .

It's possible that the commercial banks will supply only one-third of the funds obtained. . . . Of course, their subscriptions to the "bank bonds" and certificates are limited to $4,000,000,000, and subscriptions may reach $12,000,000,000 at the end. . . .

Insurance companies may send in more than $1,500,000,000 and they'll supply at least $1,200,000,000. . . .

As for war bonds, much here depends on the success the Treasury has with its efforts to swing the $400,000,000 of Christmas Club funds distributed this week from gift and cultural purposes into war bonds. . . .

Corporations, savings banks, estates, individuals must make up the balance—and the general feeling is they will, particularly with purchases of tax notes, which are mounting sharply. . . .

NO HURDLES

One of the more significant recent developments is the final "official" abandonment of the time-honored banking theory that a ten-to-one ratio between bank deposits and capital is a minimum margin of safety for depositors. . . .

This rule is gone now—not by implication and not by "understanding" but by definite statement on the part of the bank regulatory agencies—the Federal Reserve Board of Governors, the Controller of the Currency, the Federal Deposit Insurance Corporation, the National Association of Supervisors of State Banks. . . . And with it goes the last real hurdle to all-out, more-than-possible purchases of Governments by the country's commercial banks. . . . The banks must buy billions of Governments. . . . Nothing must stand in their way (stories about this impending change have been printed here for months). . . . So the rules go and if there are any more stumbling blocks, they'll be pushed aside as easily. . . .

Not that the rule has meant much for years. . . . The Reserve System has even admitted that in recent months and informed questioning commentators off-the-record that it was working on a new measure for the adequacy of bank capital. . . . In 1843, the ratio of capital to deposits was 200% and banks failed. . . . In 1914, the ratio was 20% and banks failed. . . . At the end of 1941, it was only 10% and few banks failed. . . . In June of this year, it was at 9½% and bank failures weren't even thought of. . . . In the words of C. A. Sienkiewicz, Vice-President of the Philadelphia Reserve Bank, in a recent address to the National Association of Supervisors of State Banks:

"It has been evident for a long time that the traditional method of using the capital-to-deposit ratio to measure the vulnerability or exposure of a bank has been highly unsatisfactory because such a simple ratio does not adequately measure a bank's condition. . . . While no rule-of-thumb measurement of capital structure is entirely adequate, it seems that the preferable method of attacking the problem would be through some ratio between available capital and the amount of assets subject to depreciation." . . .

To put it into easier language:

From now on, Governments are officially considered "non-risk assets" in measurement of bank liquidity or soundness. . . .

About the only restriction here is that commercial banks maintain an average maturity of 10 years or less. . . .

While nothing official has been said, the unofficial position of the authorities is that banks should reduce as rapidly as possible their investments in less-than-top corporate and municipal securities and should reinvest the funds in short-term Governments. . . .

While nothing official has been said about this either, the unofficial position is that banks should set aside part of their current earnings as a reserve against losses in securities other than Governments at some possible future date. . . .

INSIDE THE MARKET

Important report out of Washington recently, not confirmed but believed authentic, is that Reserve officials expect commercial banks may have to buy 66⅔% of the Government securities to be sold in the coming 12 months. . . . Up to now, banks have supplied about 53% of the war funds. . . .

Report suggests commercial banks will be playing an even larger part in the financing of the war than has been believed up to today. . . .

Story fits in with official scrap of the ten-to-one ratio and explains why announcement on subject was made by so many high agencies. . . . (Incidentally, none of the stories out of Washington actually mentioned the deposit-capital ratio; it was just taken for granted by observers.) . . .

Another important report is that Reserve System has nodded approval of any bank borrowing from district Reserve institutions or sales of Treasury bills to Reserve at moments of tightness. . . . Also no official story on it, because Reserve wouldn't want to tie itself into knots now, when at some future date a tight money policy might be advisable. . . . But the "nod" is there nonetheless—until further notice. . . .

Number of participants in the payroll savings plan of the Treasury now up to 23,400,000 and goal is to add another 10,000,000 to the rolls before the end of the year, according to reports. . . .

One recommendation of an expert on Government financing trends is that a bank should invest that portion of its funds which, after examination of its own history in previous wars, it believes it will lose after the war in Governments maturing up to 18 months. . . . Only that portion need go into short-terms. . . . One way to find out what percentage may go is to measure the increase in deposits since the beginning of 1940 and consider part of this as "possible withdrawals." . . . Balance of funds may go into longer-term Governments carrying satisfactory interest rates. . . .

Report around banks may be given relief from necessity of maintaining reserves against Government deposits. . . .

A BETTER MARKET?

It's rather early to tell and we won't know definitely until the end of December or early January, but the feeling of experts is that the market will become a better trading affair from now on. . . . Belief based on fact that financings now are to go on every-other-month basis, giving market plenty of time to rest and prices plenty of time to move into line with each other between financing dates. . . .

Some anticipations of switching volume in 1943. . . . Banks and insurance companies and corporations realigning their portfolios as issues come out and one loan appears more suited to a particular portfolio than another. . . .

At any rate, one of the best moves of the Treasury in recent months has been to space the financings more widely, observers believe. . . . Prices of Governments now—steady and well-supported in a quiet market—reflect that conviction. . . . And trading market here may redevelop just as it redeveloped in England after a year of adjustment. . . .

E. H. Rollins Elects Andersen Vice-Pres.

Jonas C. Andersen, who retired as a vice-president of The Chase National Bank of the City of New York in May, 1942, has been elected a vice-president of E. H. Rollins & Sons, Incorporated, investment bankers, 44 Wall Street, New York City. Mr. Andersen was associated with the bank for over 24 years and was in charge of their Bond Department. Prior to this he was associated with Rhoades & Co.