The Wrong Formula

By IRWIN R. HARRIS

Foreword

Any regulation which tends, even unintentionally, to restrict the free flow of capital or to restrain the purchase of, or cast a stigma upon, any class of corporate securities is injurious to the national economy and should be rescinded or corrected without delay.

Regulation T of the Federal Reserve Board prohibits a broker or dealer from extending credit on unlisted securities (except exempted securities) to a customer. It is highly discriminatory because it does not curb marginal purchase of listed or exempted securities or any commodity, or real estate. In other words, it rules that one may speculate but only in the media which it selects.

Purpose

Regulation T was conceived as a result of 1927-29 speculative excesses and was promulgated with the triple purpose of reducing speculative stock purchases; of maintaining a higher degree of liquidity among investment brokers themselves which, in turn, would be a protection to their customers and for the purpose of increasing the liquidity of the broker’s borrowings from his bank. Apparently the theory behind the regulation was that all listed issues without first feeling out the floor market,

Dealers reported inquiry for good-sized blocks, particularly of railroad obligations. The bulk of such activity was understood to grow out of insurance portfolio men’s ideas for “switching.”

Having ample opportunity to study their holdings these experts are now engaged in seeking to lift the quality of the over-all holdings without, however, putting too much new money into poorer issues.

(Continued on page 277)

Quick Action on Design and Construction

also

Surveys and Reports

In connection with

Management Problems

Financing and Valuations

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SPECIAL EDITORIAL MATERIAL FEATURING SAVINGS AND

Loan Associations Starts on Page 274.

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CAPITALIZATION:
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7% cumulative pd. ($100 par) 40,000 shs. 39,788 shs.
Common (no par) 40,000 40,000

NO FUNDED DEBT

Towne Securities Corporation is a holding company, the major source of its income being derived from its 70% interest in the Company Metalurgica Mexicana, which, with its subsidiaries, is engaged in the mining of silver, lead, gold, zinc and copper in Mexico under the administration of the American Smelting & Refining Company, which owns the remaining 30% interest.

The following is a record of dividend payments on the preferred stock since its inauguration:

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>$5.50 per share</td>
</tr>
<tr>
<td>1937</td>
<td>7.00</td>
</tr>
<tr>
<td>1938</td>
<td>10.00</td>
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<tr>
<td>1939</td>
<td>4.00</td>
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<tr>
<td>1939</td>
<td>8.00</td>
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<tr>
<td>1940</td>
<td>7.25</td>
</tr>
<tr>
<td>1941</td>
<td>12.00</td>
</tr>
<tr>
<td>1942</td>
<td>13.50</td>
</tr>
</tbody>
</table>

*Special cash working reserve of approximately $580,000 retained by operating company and still maintained.

Accrued unpaid dividends on preferred $35 per share as of December 31, 1942.

Higher metal prices (from which the Company received only partial benefit in 1942) plus generally improved conditions in Mexico indicate results in 1942 should be very satisfactory.

Dealers may find the preferred stock interesting for distribution. Currently available in the higher 6%.

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Bell System Teletype NY 1-854

R. Schlesinger Promoted
Robert L. Schlesinger, formerly associated with Edwin J. Schlesinger, has been promoted from second lieutenant to first lieutenant, U.S. Army.

Eastern Gas & Fuel 41/2% & 41/2%. Federal Water & Gas 61/2% & 61/2%. Jersey Central Power & Light 51/2%, 6% & 61/2%. Utah Power & Light 6% & 8 1/2%. Virginia Public Service 6% & 7 1/2%

G. A. Saxton & Co., Inc.
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Telephone NY 1-1692

Traders Clubs Dinners Scheduled Feb. 2-4
The Band Traders Club of Chicago will hold its annual Winter dinner on Feb. 2. The members of the Kansas City Association have announced their Feb. 4.

In the past guests and members attending the Chicago dinner have been often gone to the dinner in Kansas City.

Baker Named Pres. Of Gov't. Dealer Group
James S. Baker of Harriman & Co., Incorporated, New York City, has been elected President of the Government Securities Dealer Group to succeed Dominie W. Rich of D. W. Rich & Co., Inc.

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Unfair Practices In Securities Business
Materially Eliminated, NASD Reports

Results of a program of self-regulation in the securities business were discussed at the annual meeting in Chicago of the Board of Governors of the National Association of Securities Dealers, Inc. by Wallace H. Fulton, Executive Director, reporting that during the past two years the NASD has taken steps to materially eliminate unfair practices in the business.

He called for constant attention to problems which the industry and the SEC will face in the post-war period. He realized that the SEC had disapproved an NASD proposal to establish minimum capital requirements for members of the Association and instead he stated that the Association had prepared a rule along these lines, which had the blessing of the SEC. "It is still the belief of NASD, Mr. Fulton said, that such minimum standards are desirable in the public interest and for protection of the public from unwholesome business practices. Financial responsibility, he said, was essential to protect the investor from combinations with observance by brokers and dealers of high standards of professional ethics. This would be especially desirable if, when the war is won, there were to be a large migration of people into the securities industry.

STNA Council To Meet In Chicago Feb. 3rd
The winter meeting of the National Committees and members of the Executive Council of the National Financial Traders Association, Inc., will be held in Chicago on Wednesday, Feb. 3. The meeting will be presided over by Willam Perry Brown, President.

The association represents 2,000 financial institutions in the United States with affiliated groups in 21 major cities, over 1,000 financial firms are represented in the association roster. The meeting will be of interest to the public because it will be the first opportunity for the public and the association to meet, and who do not attend any social activities.

James In Sacramento
"(Obituary in The Christian Chronicle"
SACRAMENTO, CALIF.—William James, President of the Sacramento Calvert & Co., died Jan. 25. He had been with his brother, Fred, in the real estate business for many years, and was a charter member of the firm.

Hornblower & Weeks Will Admit Three
Hornblower & Weeks, 40 Wall Street, New York City, members of the New York Stock Exchange and other leading national exchanges, will admit to partnership as of Feb. 1: Howard E. Davis, New York; Robert W. Watson, New York; John D. Wise, New York.

R Benson & Sons: Preferred Stocks
Complete statistical information
Inquiries Invited

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Hornblower & Weeks, 40 Wall Street, New York City, members of the New York Stock Exchange and other leading national exchanges, will admit to partnership as of Feb. 1: Howard E. Davis, New York; Robert W. Watson, New York; John D. Wise, New York.

David Callaway V.P. Of First Of Michigan
First of Michigan Corporation announces the appointment of David H. Callaway as assistant vice president in their New York office, 65 Broadway, New York City. Mr. Callaway has been associated with the firm for a number of years in various capacities both in New York and Chicago.

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Consolidated Electric & Gas $6 Pfd Deep Rock Oil
Ohio Match
Universal Match
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has become associated with us as manager of our Municipal Bond Department

Maxwell Ditton & Co.

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Chicago Stock Exchange
209 South La Salle Street, Chicago

* We trade

Portland Electric Power

6s of 1950

Eastman Dillon & Co.

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We are pleased to announce that
MR. FRED. D. BLAKE
has become associated with us as manager of our Municipal Bond Department

Portland Electric Power

6s of 1950

The Portland Electric Power Income 6s of 1950 have consistently been one of the most actively traded bonds in the over-the-counter market, testifying to the substantial interest in and the potentials of this issue.

On the basis of underlying earning power and asset value, the bonds, currently available around 25, appear to have room for substantial appreciation.

The $16,290,000 outstanding Portland Electric Power Income bonds have paid no interest since Sept. 1, 1941, and as of Dec. 1, 1942, carry accrued interest of 527½%, making a total claim of the bondholders for interest and principal of $5,000,000. The bonds constitute the only debt of Portland Electric Power Company with the exception of a small amount of current liabilities fully-covered by cash on hand.

The Company owns all the outstanding capital stocks of Portland General Electric Company and Portland Traction Company. These stocks were pledged under the Portland Electric Power Income bond indenture and were transferred to the Trustee for the bonds in March, 1939, when accumulated Income bond interest reached 36%. A Plan of Reorganization has been filed with the Court and the S.E.C. by the Independent Trustees of the Portland Electric Power Company under which the Portland Electric Power Income bondholders would receive an approximate 72%, of the stocks of Portland General Electric and Portland Traction Company while the Preferred stockholders of Portland Electric Power would receive the remaining 28% of the Portland stocks plus other remaining assets of Portland Electric Power Company.

Analysts point out, however, that the Trustee's plan is based on (Continued on page 279)

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Farnsworth Television
York Ice Machine
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Eastern Sugar
Common & Preferred
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Make Your Securities
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An interesting circular has just been issued by Filer, Schmidt & Co., 30 Pine Street, New York, describing how "put and call" contracts may be used by holders of securities to obtain additional funds which may be used to pay the tax on the securities. Copies of this circular, together with a booklet entitled "Informa¬
tion for Investors," containing details about "put and call" options in question and answer form, may be had from Filer, Schmidt & Co., upon request.

Can You Use Me?

Cashier-Office Manager with 20 years experience in the street, seeks position with a leading over-the-counter house where his knowledge of the business can be utilized. Exempt from military service. Box A1, Financial Chronicle, 25 Spruce Street, New York.

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Electric Corporation
Debentures — Common

Bought — Sold — Quoted

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New York City
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Telephone: Hanover 2-2100

REAL ESTATE SECURITIES

Markets Show Continued Uptrend

In going back over articles appearing in this column since September, 1942, under various headings, a few of which are reproduced here, facts about market situations were mentioned as examples in the various articles. Some of the headings you may recall were:

- "Real Estate Bonds—A Neglected Security."
- "An Inflation Hedge—Hotel Securities Show Strength."
- "Insurance Company Investment—In" Effect On Bondholders"
- Improved "Real Estate Conditions—React To Benefits Of Declining Rates."
- "Interesting Developments In Connection With Real Estate Securities brought out in these articles have been, we believe, timely and to have some degree created a new interest in sound real estate situations."

In discerning specific attention, serious attention was drawn to the current attractive yields and to enhancement in value possibilities. During the period, ten specific issues are recommended, representing buildings and three hotel properties. Bond prices are up from levels of 11 to 60, averaging a bid of 40. The present bid range prices from 13% to 62, averaging 41. At the time the articles appeared, the bid prices on the names followed were: 22, 40 and 48; today they are 38, 40 and 54, respectively.

Intelligent analysis of real estate securities will present many varied opportunities. It is believed that yields are very attractive in certain situations and these are considerably undervalued at present levels.

TRADING MARKETS IN REAL ESTATE SECURITIES

SHASKAN & CO.
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Tel: Corning 1-5232

Chicago, Ill.—Fred D. Blake Is Now With Gruttenden & Co.

CINCINNATI, Ohio.—The Cincinnati Stock & Bond Club have elected the following officers for the year 1943:

- President—Arch Montague, W. E. Hutton & Co.
- First Vice-President—George Phillips, W. D. Graddison & Co.
- Second Vice-President—Fred E. Atwood, B. F. Cramer & Co.
- Treasurer—J. C. Slangen, Edward Brockhouse & Co.

American Cassity Company, Fireman's Insurance Company of Newark, and New Amsterdam Casualty Company, may be heard from Huf, Geyer & Hecht, Inc., upon request.

NEW YORK, N.Y.—Samuel Fish has become associated with A. R. Kautz & Co., and Mr. Fish was previously with Hirsch, Lilienthal & Co.

NEW YORK, N.Y.—George E. Haggerty has joined the staff of Pauls, Webber, Readman & Curvis, 24 Federal Street.

BOSTON, Mass.—Lesn D. B. Robinson, has joined the sales organization of The Kress Co., 20 Devonshire Street.

CHICAGO, III.—Mr. D. Warren Miller, has been appointed to the Board of Directors of Empire Securities Corporation, and General Industries Corporation, Ltd.

LOUISVILLE, Ky.—Mr. Charles A. Walz, has joined the staff of Olive St. Ritter, 621 Salle St.

Members of the Board, of the Board of Governors of the Federal Reserve System:

H. F. Fulton & Co. has become affiliated with Dean Witter & Co., at 6 East 42nd Street.

WASHINGTON, D.C.—The staff of the Federal Reserve Bank of St. Louis has been increased in order to cope with the demands of increased work of the security industry in the government's war-financing program. Also under discussion was the future program of the Federal Reserve System which contemplates of the fair-practice rules and aggressive enforcement of the NASD rules was determined upon for the coming year with the approval of the membership. Consideration of business practices of the members of the Association.

Henry Riter 3d Elected Chairman Of NASD At Annual Meeting Of Board Of Governors

Henry R. Riter 3d, senior partner of Riter & Co., New York City, was re-elected Chairman of the National Association of Securities Dealers, Inc., at the annual meeting of the board of governors held in Chicago, Ill., recently. Mr. Riter, formerly of the D. Warren & Co., has been associated with theLibrary has previously been affiliated with E. F. Hutton & Company, 160 Montgomery Street.

Bennington, Vt.—Mr. Riter is a member of the Securities & Exchange Commission's Board of Governors.

Mehler And Ritter

Blair, Bonner V. P.-s.

CHICAGO, III.—Blair, Bonner & Co., 135 South La Salle Street, have announced the election of Mr. D. G. Myerle and Mr. Daniel Ritter as Vice-President of the Board of Governors. Mr. Myerle has been a member of the municipal department since 1938 and Mr. Ritter has been a member of the sales department since the company was formed in 1935.

Clerk With War Dept.

George P. Clerke, Assistant Vice-President of Burr & Co., Inc., New York City, having been in the Street for over 20 years, has accepted a position for the duration as a senior administrative officer with the War Department, New York Ordnance District. He has been appointed a member of the Board of Award, of the New York District.

For want of space, it is not possible to follow the events of the Exchange that took place during the past week, but attention is directed to the closing prices of the following issues:

- "Performance"—Market Study

Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City, have just issued their annual study of market activity and income entitled "Performance." Included in the study is a discussion of interest trends, Equities, bonds, preferred stocks, bonds, etc., to show the average according to the grouping of income sources. The report contains a detailed analysis of comments and a brief analysis of the results of the study. Copies of this interesting brochure, with memorandums on the market conditions, may be had from Huff, Geyer & Hecht, Inc., upon request.

J. H. F. Smith

BOSTON, Mass.—Mr. J. H. F. Smith, has rejoined the staff of the New York Stock Exchange, 20 Devonshire Street. Mr. Smith was formerly associated with Larr L. Jones, associated with this firm and in municipal and industrial securities.

CHICAGO, Ill.—Mr. R. James Raftery has rejoined the staff of the New York Stock Exchange, 20 Devonshire Street. Mr. Smith was formerly associated with Larr L. Jones, associated with this firm and in municipal and industrial securities.

NEW ORLEANS, La.—Melrose L. Watson has rejoined the staff of Smith, Berry & Co., 814 Canal Street, and Mr. Watson was formerly associated with Larr L. Jones, associated with this firm and in municipal and industrial securities.

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THE COMMERCIAL & FINANCIAL CHRONICLE
Thursday, January 21, 1943

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particular to the Editor of the Financial Chronicle for publication in the next issue.

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James Buck To Manage Daniel R. Rice Dept.

CHICAGO, Ill.—James R. Buck, well-known on La Salle Street since 1912 when he began the investment career with the Harris Trust & Savings Bank, has become associated with Halsey Rice & Company, of Chicago, 141 West Jackson Boulevard, members of the New York Stock Exchange. Mr. Buck was formerly associated with the department, Joseph Rice, announced. After leaving the Bank, Mr. Buck joined our office, the Stuart & Company and later organized the department of A. G. Becker & Co. here. In 1934 he organized with the late Charles W. Fields, Folds & Buck & Co. In 1940 he became Chairman of the Chicago Stock Exchange Office of Otto & Co. and during the past two years he has been the firm's buying department in Chicago. Mr. Buck is a prominent in industrial and utility financing in recent years and has been a chairman of the Reserve of the Republic Gas Corporation, and the Detroit and the Atlas Brewing Company.

Mr. Buck's association with Daniel R. Rice & Co. was previously reported in the Financial Chronicle of January 14.
Tomorrow's Markets
Walter Whyte
Say...-

Market confusion—evidenced by varying forecasts. Offerings overhead important and wait for basic market. Rather than headline stories to move ahead.

By WALTER WHYTE

As this week's column goes to press the market has confused three things: It has finally managed to poke its nose through the much publicized Dow figure; it has hesitated and refused to go any further, and last but probably the most important, individual stocks have shown a disturbing spotiness.

So far as the first is concerned, this column said last week that if the market showed an ability to rally through the 120 price on volume it could be expected to rally further.

Well, the penetration came but the volume, so important at this stage of the cycle, failed to materialize. Instead of volume we had considerable of what I call "Hi" trading: an attempt by some type of trading is characterized by a lot of talk accompanied by pencil demonstrations calculated to show how much money can be made. The sum total, however, is little actual trading.

* * *

It is true more new accounts were opened and stocks were bought here and there. But their total effect was a kind of a froth which soon simmered down as the heat died. The result brought about the second phase, a hesitation with some milling around but no actual forward progress.

Thus in turn brought on the third stage or rather the third stage was already going on but drew little attention. One reason was the action of the various groups which fogged the over-all picture.

If you will look back at the action of U. S. Steel for the past few days you will get an idea of what I mean. Steel was one of the stocks which had a clearly demonstrated resistance level at 50 that everybody knew about. Well, this was finally crossed by a 120 figure. But, coincident with it was crossing was the bullish-talk about Steel's earnings, which everybody seemed to agree would be outstanding. Whether they will or not depends a lot on the time being. The market has demonstrated time and again in the last few months that good news of a corporate nature, even outstanding news, means little to it. But from a psychological angle it was important for no sooner did the stock cross the price of 50 than supports of 60 and 75 began going the rounds. Yet it was noticeable that in the face of these cheerful statements enough Steel offerings appeared to check any further advance.

Another stock in point was the bluest chip of them all, American Telephone. Here, too, the price was not only highly regarded but was recently pointed to as a bull example. But, the move went off on pessimistic dividend fore-casts. But if anybody cared to pry he would have discovered that under cover of recent strength in other portions of the market, Telephone was sold down slowly but persistently sold.

If these conditions were to continue it would only put the market back on a long market cycle. They would either be unimportant or even slightly bullish, and they are appearing in the face of a well recognized offering level. Unfortunately this level is recognized by technicians as existing on a mythical plane in which the market crossed in moving above 120.

Now, the contrariness of markets again comes to the fore. Just as they have showed a contempt for generally expected opinions in the past, so I think they will show an equal disdain for opinion at present. Right now the talk of a "minor correction" is generally accepted as perfectly proper. The extent of this correction is the only bone of contention. One says 110, another 100, and others paralyze themselves where I'm sitting and say that that market does not show any bottom and for the next week, neither 110 nor 100 figure will mean a thing.

I think instead the market will go into another period of dead staleness which will not only tire out a good many of the present day bulls but turn most of them from rampant bulls into disgruntled 

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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

The proposal of the Interstate Commerce Commission that arrangements might be made to segregate the revenues derived from increased passenger fares and freight rates granted early in 1943 is being hailed as potentially one of the most constructive developments ever injected into the railroad picture. For one thing it appears to foreshadow rejection by the Interstate Commerce Commission of the recent demand by the OPA that these increases be cancelled on the grounds that they exerted an inflationary influence on the general price structure. Moreover, as it stands they have not materialized. New increases to be made, if such increases are found to be necessary to bring about improvements of a more permanent nature. As a result, it is generally believed that the ICC would be likely to reject the recent proposals submitted by the OPA.

The opportunity of the ICC to refuse the OPA's demand for cancellation of the increases of 1943 is significant for the railroad picture as a whole. We are now well into the second year of the OPA's reign and its effect on railroad revenues and expenses is widely recognized. Though the OPA's proposals for the cancellation of the 1943 increases have not been acted on by the ICC every indication is that the ICC will not accept the OPA's demand for the cancellation of the 1943 increases. The ICC is now actively considering the possibility of the cancellation of the increases of 1944 but is likely to refuse the OPA's demand for cancellation of the 1944 increases. It is believed that the ICC will not accept the OPA's demand for the cancellation of the increases of 1944.

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**Bank and Insurance Stocks**

This Week—Insurance Stocks

The market price of fire insurance stocks ended 1942 fractionally lower than at 1941 year-end, as measured by Standard & Poor's weekly index (18 stocks). On Dec. 31, 1941, this index was 108.9 and on Dec. 30, 1942, 105.4, a decline of 0.47%. As measured by Best's index (56 stocks) the decline was from 129.8 to 127.5, or 1.8. When, however, the record of individual stocks is examined a very wide difference in relative performance is found, as the appended tabulation of the stocks of thirty representative fire insurance companies shows.

<table>
<thead>
<tr>
<th>Stock</th>
<th>Price</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allstate</td>
<td>30.50</td>
<td>-0.25</td>
</tr>
<tr>
<td>American Fire &amp; Marine</td>
<td>36.87</td>
<td>-0.37</td>
</tr>
<tr>
<td>Great American Insurance</td>
<td>25.37</td>
<td>-0.50</td>
</tr>
<tr>
<td>Great Western</td>
<td>40.62</td>
<td>-0.62</td>
</tr>
<tr>
<td>United States Fire</td>
<td>45.63</td>
<td>-0.63</td>
</tr>
<tr>
<td>Fidelity-Real</td>
<td>22.00</td>
<td>-0.25</td>
</tr>
<tr>
<td>St. Louis Fire &amp; Marine</td>
<td>22.00</td>
<td>-0.25</td>
</tr>
<tr>
<td>North River Insurance</td>
<td>23.31</td>
<td>-0.31</td>
</tr>
<tr>
<td>Continental</td>
<td>42.00</td>
<td>-0.37</td>
</tr>
<tr>
<td>St. Paul Fire &amp; Marine</td>
<td>27.00</td>
<td>-0.25</td>
</tr>
<tr>
<td>American Alliance</td>
<td>22.25</td>
<td>-0.25</td>
</tr>
<tr>
<td>The New Republic</td>
<td>21.25</td>
<td>-0.25</td>
</tr>
<tr>
<td>granite</td>
<td>40.00</td>
<td>-0.00</td>
</tr>
<tr>
<td>Mutual of New Haven</td>
<td>49.00</td>
<td>-0.00</td>
</tr>
<tr>
<td>Insurance of New York</td>
<td>71.31</td>
<td>-0.13</td>
</tr>
<tr>
<td>Fidelity</td>
<td>61.00</td>
<td>-0.25</td>
</tr>
<tr>
<td>Commercial Union</td>
<td>97.00</td>
<td>-0.75</td>
</tr>
<tr>
<td>Mutual</td>
<td>95.00</td>
<td>-0.75</td>
</tr>
<tr>
<td>North Western</td>
<td>103.75</td>
<td>-0.25</td>
</tr>
<tr>
<td>Prudential</td>
<td>43.50</td>
<td>-0.00</td>
</tr>
<tr>
<td>Prudential Insurance</td>
<td>42.67</td>
<td>-0.00</td>
</tr>
<tr>
<td>Travelers</td>
<td>39.50</td>
<td>-0.00</td>
</tr>
<tr>
<td>Home Insurance Co.</td>
<td>30.375</td>
<td>-0.00</td>
</tr>
<tr>
<td>Home Owners</td>
<td>42.375</td>
<td>-0.00</td>
</tr>
<tr>
<td>Home &amp; Marine</td>
<td>42.00</td>
<td>-0.00</td>
</tr>
<tr>
<td>Travelers</td>
<td>39.50</td>
<td>-0.00</td>
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</tr>
<tr>
<td>Travelers</td>
<td>39.50</td>
<td>-0.00</td>
</tr>
</tbody>
</table>

**REPORT OF CONDITION OF THE MANUFACTURERS NATIONAL BANK OF DETROIT in the State of Michigan**

At the close of business on December 31, 1942.

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th>$339,512,543.44</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposits of individuals, partnerships, and corporations</td>
<td>$260,611,508.20</td>
</tr>
<tr>
<td>Deposits of United States government and political subdivisions</td>
<td>$20,843,172.50</td>
</tr>
<tr>
<td>Deposits of States and political subdivisions</td>
<td>$20,843,172.50</td>
</tr>
<tr>
<td>Deposits of non-bank institutions and others</td>
<td>$2,060,338.88</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>$2,010,016.88</td>
</tr>
<tr>
<td>TOTAL LIABILITIES</td>
<td>$339,512,543.44</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAPITAL ACCOUNTS</th>
<th>$230,6424,069.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital stock, common, total paid-up</td>
<td>$3,000,000.00</td>
</tr>
<tr>
<td>Surcharges</td>
<td>$1,000,000.00</td>
</tr>
<tr>
<td>Paid-in surplus</td>
<td>$5,000,000.00</td>
</tr>
<tr>
<td>Reserve</td>
<td>$1,000,000.00</td>
</tr>
<tr>
<td>TOTAL CAPITAL ACCOUNTS</td>
<td>$10,000,000.00</td>
</tr>
</tbody>
</table>

| TOTAL LIABILITIES AND CAPITAL ACCOUNTS | $440,154,612.44 |

**ROYAL BANK OF SCOTLAND**

Incorporated by Royal Charter July 23, 1824.

**HEAD OFFICE—Edinburgh**

Branches throughout Scotland.

**LONDON OFFICES:**

3 Bishopsgate, E.C. 2
3 West Smithfield, E.C. 1
44 Chancery Lane, WC 2
106-110, Victoria Street, S.W. 1

**OFFICES IN THE UNITED STATES:**

64 New Bond Street, W. 1

**TOTAL ASSETS:**

$839,286,226

**AUSTRALIA AND NEW ZEALAND**

**Bank of NEW SOUTH WALES**

Head Office: 32 Thomas Street, E. C.

Established 1812.

The Bank of New South Wales is the oldest and largest bank in Australia. With an headquarters at Sydney, and at present also in Hobart, Melbourne, Brisbane, and other important centers of commerce and industry in the colonies, it is the leading financial institution of the country.

**OFFICES IN THE UNITED STATES:**

Ten Rockwell Street, New York City.

**THE NATIONAL BANK OF EGYPT**

Head Office Canton, Commercial Register No. 1.

**FULLY PAID CAPITAL:**

$1,000,000

**RESERVE FUND:**

$12,000,000

**NATIONAL DISTILLERS PRODUCTS CORPORATION**

The Board of Directors of Memphis have declared an annual dividend of 50 cents per share on the common stock, payable March 15, 1943, to stockholders of record on January 14, 1943.

THOS. A. CLARK, President.

Membesp Memphis, Men Form New Assn.

MEMPHIS, TENN.—Small dealers of Memphis have organized a new club, the Municipal Board of Commerce of Memphis, to promote closer cooperation between local business and government. W. Groom Leftwich, of Leftwich & Ross, Vice-President; Joe H. Brown, of the Board of Directors, First National Bank, Secretary, and Jones DeSoto, President, and the other members are members of the Board of Commerce and Memphis & Company, Treasurer.

Representatives of nearly 50 companies, including 18 Memphis bond concern attended the organization meeting at the University of the South, in which the by-laws and resolutions were adopted. Regular monthly meetings will be called, with the last of each month.


**DIVIDEND NOTICES**

**Royal Bank of Scotland**

For the year ended December 31, 1942, a dividend of thirty-seven and one-half cents (37½) per share on the Common Stock, $100 par, was declared payable, March 15, 1943, to stockholders of record on February 28, 1943.

Chits will be mailed.

**John A. Lyle, Treasurer**

Philadelphia, Jan., 1943.
Michigan IBA Head
Appoints Committees

Current Developments
Afflicting RR Bond Values

The Union Banking Bankers Association of America, has just named the com-
mittee to handle the current moray. Mr. Parcells himself has served as various committees of the Investment Banking Group, local and national. He is head of

Investment Trusts

POTPOURRI

A most attractive, pocket-size brochure issued by the investment banking firm of Estabrook & Co. has come to hand. "Investors' Almanac," which, however, challenges the ingenuity of the investment company field.

Pointing out that the unexpected lack of resistance on the part of our overseas in North Af-
rica has placed the United Nations in a position to win the war much sooner than was believed possible, the National Security & Research Corp. has undertaken a thoroughly

When seeking letters of transmittal, kindly indicate whether or not the letter of transmittal is to be used in tendering bonds of the City of Santiago or the Consolidated Municipal, Local Board.

CAJA AUTÓNOMA DE AMORTIZACIÓN DE LA DEUDA PÚBLICA
(Autonomous Institute for the Amortization of the Public Debt)
ALFONSO FERNÁNDEZ, President
ALBERTO CABEJO, Manager
Santiago, Chile, January 15, 1945.

of Chicago and West Towns Rail-
ways, Inc., which the company feels offers attractive possibilities both as a "war" and "peace" stock.

Michigan IBA Head
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Municipal News & Notes

William J. Riley, of Paine, Webber, Jackson & Curtis, New York City, in his recent commentary on the course of the municipal bond market in 1942, points out that municipal bond averages in that year never recaptured the all-time highs of October and November, 1941. As in earlier years, Mr. Riley has recorded in chronological form the market highlights for each of the 12 months.

"Beginning 1943 with a rising trend after the Pearl Harbor decli- ne," the survey notes, "the municipal market fell sharply from Jan. 5 to Feb. 11. But March, April and May, prices moved cautiously forward. June and July were strong. From then on the market kept within a narrow range. Except for a brief gain in October, municipal averages showed a slightly de- clining trend from August until the end of the year."

"The huge Federal borrowing necessary for the prosecution of the war in the past year narrowed the market for municipals. Many holders to whom tax exemption was unimportant sold in order to buy Victory Bonds. Large scale switches to Treasuries by the insurance companies in the latter months of the year gave the municipal market a great weight to carry and slightly loweraver- ages resulted."

"In 1943 the attack on tax ex- emption of State and Municipal securities was vigorously and persistently renewed. Re- ceiving from the conclusion after Pearl Harbor, the municipal market began to rise in January on the assumption that the tax- status of outstanding was se- cure. But Secretary of the Treasury Henry Morganthau, Jr., began a campaign on Jan. 24 to render all municipalities taxable that continued until the Senate, on Oct. 8, rejected a proposal to tax futures. Of course, nothing final attaches to that vote, the article warns."

Bank Offers To Buy Called Canada Bonds

The Agency of the Bank of Montreal, 64 Wall St., New York City, has been authorized by the Dominion government to purchase the Dominion’s 30-year 5% bonds maturing for the first time in Dec. at prices to yield 1% from date of delivery to March 15.

The entire issue of the bonds, which mature May 1, 1943, has been called for redemption on March 1, 1944, at the rate of 102.5% and a one-year accu- mulated light and power revenue bond, in the face amount of $500,000, has not to carry, a call on the $250,000 par value of the series A and B in the amount of $4,920,000, as of the 3rd of the month, due for the maturity of bond was expected to move the price of the bond call notice is expected soon, he added."

Chicago Park District To Redeem $4,920,000 Bonds

The Chicago Park District has offered to redeem its $4,920,000 bond issue for a total of $6,999,000 of its refunding bond issue on the same date, that is, not after the actual call notice, the district is said to be tendering the bonds to be received on Jan. 23. The price of the bonds is suitably of course, only 5% of tender or not acceptable, and the dis- trict is in favor of the prices of the bonds. According, as in previous issues, the district is expected and the next logical move is tenders to move the price of the bond call notice. The bond call notice will be tendered on the March date will be reduced on Sept. 1, according to report.

The bonds scheduled for early retirement include refundings series A and B, dated Sept. 1, 1934, and series C, dated March 1, 1944. The 30-year 5% bonds will be tendered at a rate of $250,000 per bond due for the maturity of bond was expected to move the price of the bond call notice is expected soon, he added."

Port Authority Reports 1942 Operations

In making public last week a review of the operations of the Port of New York Authority for the year ending Dec. 31, 1941, Chairman Frank C. Fer- guson, stressed the large volume of essential war traffic moving in and out of the New York-New Jersey area. This essential traffic, said Mr. Ferguson, is reflected in the total of 25,099,845 vehicles which used the harbor and tunnel crossings operated by the authority in the past year, compared with the 1941 peak aggregate of 24,782,045 vehicles.

Mr. Ferguson reported that toll revenues alone in the period amounted to 13.5% of 1941, according to preliminary figures, plus in the gross from savings from all sources, including the Port Authority Commerce Building, were $18,141,048. Net income after operating expenses and interest amounted to $7,342,510, a de- cline of $1,690,660 below the comparable figure for the ear-

The Port Authority, the Chairman said, started 1943 with a bal- ance of $16,500,000 in the general reserve fund and pointed out that the Authority has been able to use in a saving of $600,000 in 1942.

1942 operations, despite rising material costs and un- expected expenses, such as the employ- ment of auxiliary police.

Cautioning against "drawing an immediate comparison with 1941 figures," Mr. Ferguson explained that although gaso- line rationing was not introduced until May 15, last, the traffic decline in the 157 months rationing period was 24.5% due to a falling off for the whole year was only 18.3% in three months. Mr. Ferguson played a leading role in shaping the Port Author- ity’s pioneering program in the re- venue bond field and is a prominent figure in New Jer- sey banking circles.

"Any prospects for 1943 is dif- ficult,' he observed, as 1942 ex- perience demonstrated that condi- tions are subject to rapid change. "Thus, for reasons of military se- curity, we cannot count on the oil and gasoline situation as we knew it last year and at this time is estimated when we would stand under various government war controls."

Taking as a base the revenue of 1942, the campaign for normal operations, if 1943 traf- fice holds normal, the Authority should end the year with a balance of approximately $17,000,000, over all operating ex- penses and debt service. This would be possible only because the Authority had al- ready settled the majority of its outstanding sinking fund requirements. If, on the other hand, conditions remained the same, it would be necessary to with- draw $1,500,000 from the General Reserve Fund in 1943 to meet carrying charges and other similar expenses.

(Mr. Ferguson’s report was re- viewed in its entirety in "The tele- phone wire coming up

Here’s a bomber-gunner hurrying to load his 50-calibre gun. . . .

In peace, a lot of that copper would have your new tele- phone lines. Now it’s needed for shooting and winning the war. That’s why we can’t build new lines right now. That’s why we’re saving—"Please don’t place Long Distance calls to war-buzz centers unless it’s absolutely necessary."

Thanks for all your help and we hope you will keep remembering.

A Safe Haven For Investment Funds

Individual investors, trustees and other fiduciaries interested in being informed of the current investment opportunities offered by savings and loan associations should write for a current explanatory literature to the associations mentioned below.

When do please mention the "Chronicle."

American Savings & Loan Association

124 East First Street, South Salt Lake, Utah

Danish Federal Savings and Loan Association

84 Main Street, Danville, Conn.—Write for free booklet

First Federal Savings & Loan Association of Detroit

211 West Grand Blvd., Detroit, Mich.

First Federal Savings and Loan Association of Wewoka

211 South Wewoka Avenue, Wewoka, Okla.

Midas Federal Savings and Loan Association

215 South William Street, Wichita, Kan.

Northwestern Federal Savings & Loan Association

2021 South Marquette Avenue, Chicago, Ill.

Oak Park Federal Savings & Loan Association

104 North Marion Street, Oak Park, Ill.

Peoples Federal Savings and Loan Association of Detroit

211 West Michigan Street, Detroit, Mich.

St. Paul Federal Savings and Loan Association of Chicago

300 California Avenue, Chicago, Ill.

St. Paul Federal Savings and Loan Association

601 South Eighth Street, Minneapolis, Minn.

San Francisco Federal Savings and Loan Association

705 Market Street, San Francisco, Calif.

Southwestern Federal Savings & Loan Association

735 South Oxford Street, Los Angeles, Calif.

Twin City Federal Savings and Loan Association

200 South Market Street, Minneapolis, Minn.

"Savings, insurance companies, state, local and municipal sinking funds, firemen’s, police and other pension funds, etc."

Below we give a record of the major offerings included in the
Insured Investment
With Liberal Return

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

Wells-Dickey Company To Close Investment Business

An advertisement published in the Los Angeles Times on January 25 states: "Wells-Dickey Company, Merchandise Building, has been informed by the board of directors that it has determined, subject to approval of stockholders, to close its business and terminate its corporate existence. Wells-Dickey Company was established in Minneapolis in 1878.

Savings Earn With Safety
In Insured Investment

American Savings and Loan Association, 17 East First South Street, Salt Lake City, Utah, will send upon request to investors, trustees and other fiduciaries interesting data explaining the desirability of investing funds in insured Federal Savings and Loan investments. Current dividend rate 3%.

John Widder & Co. Formed

A new company, the John Widder & Co., has been formed with offices at 601 North Eighth Street, to engage in a general securities business. Partners are John N. Widder and Betty W. Widder. Mr. Widder was formerly with Herzog, Baltander & Co. and prior thereto with the Citizens State Bank of Sheboygan.

Hoover Will Address Conference Bd. Dinner

An address by Herbert Hoover, former President of the United States and recognized authority on the production and distribution of food in wartime, will feature the general session of the 249th meeting of the National Industrial Conference Board at the Waldorf-Astoria, New York City, tonight (Jan. 21). Mr. Hoover was Food Administrator in the Wilson Administration during World War I, and was also Chairman of the United States Grain Corporation, the United States Sugar Equalization Board and the Interallied Food Council for the entire period. "The Wartime Agricultural Situation" is the topic of the general session which is expected to resolve itself largely into a discussion of the production of foodstuffs in the United States under conditions now existing and their distribution both in this country and, by that Leased-Lease, throughout the world.

In addition to Mr. Hoover, C. Y. Yeager, President of the National Council of Farmer Cooperatives, and Albert S. Gos, President of the National Grange, will address the dinner session. Dr. Virgil Jordan, President of the Conference Board, will preside at the meeting.

Harbison & Gregory Is Formed In L. A.

LOS ANGELES, CALIF.—The new investment firm of Harbison & Gregory, 210 West Seventh Street, has been formed to consolidate the investment business formerly conducted by Dank-Harbison Co. and R. R. Gregory & Co.

Partners of the new firm will be R. N. Gregory and McClarty who, together with Harbison, will again be members of the Los Angeles Stock Exchange. Warren J. Bailey, formerly Vice-President of R. N. Gregory & Co., will be in charge of the investment department.

Partners also of the new firm will be H. L. Widder, who has been a member of the National Council of Farmer Cooperatives, and Albert S. Gos, President of the National Grange, who will address the dinner session.

Dr. Virgil Jordan, President of the Conference Board, will preside at the meeting.

C. Corrigan Jr. Has Formed Own Business

NEW ORLEANS, LA.—Charles E. Corrigan, Jr., has opened offices in the Masonic Temple Building, to conduct a general investment business as successor to Brown, Corrigan & Company. Mr. Corrigan was formerly a partner in Brown, Corrigan & Co., and prior thereto an officer of his predecessor W. Edward Brown & Co., Inc.
Federal Reserve Bank of St. Louis

Insured Savings

Up to $5,000

Money received or on before the 16th month of the 1st

3% Current Dividend Rate

NORTHERN FEDERAL SAVINGS & LOAN ASSN.

Minneapolis, Minn.

A "Friendly Institution"

From Washington

(Continued from first page)

To Beveridge Report

Beveridge Report

The President's program of home mortgage

Savings and loan institutions, including cooperative banks and

building and loan associations, are likely to continue as the lead¬

ning home mortgage lenders in 1943. It is generally felt that they will increase their mortgage loans to an extent

by which they will be less than the boom
depended upon in the past.

Our

quart

We all know the amount of lending during the period, but it is still

part of this issue is an increased
demand for existing houses arising

From the issuance of new mortgages to the

The material on the home-mortgage

and because we are attempting to

In this connection, the Federal Re¬

There should continue to be a good market for home mortgages

in Economic Conditions

of 1941. In the

Another explanation for much of the increase in mortgage

falsely in their.

Savings and loan institutions, which have

0.8 million, or 3%, having been in the range of about

This is the highest percentage of the

During 1941, the Federal Home Loan

it is reasonable to expect that the

The

the Department of

through the month of December and

the average

The

the increase in new lending during the

The

of

April 21, 1943.

To Address Analysts

on Beveridge Report

The

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The year 1942 was a year of unusual activity for the Federal Home Loan Bank (FHLB) system and its members. The impact of World War II on the economy was unprecedented, and the FHLB system played a crucial role in supporting the war effort.

During 1942, the FHLB system provided critical funding to support the building and construction of homes for service members. This was significant because housing shortages had become a major issue as the war effort expanded. The FHLB system also worked with banks and other lenders to ensure that mortgage dollars were available to homebuyers, even as the economy shifted towar energy, materials, and production of war-related goods.

One of the key figures in this period was Ralph H. Case, President of the Federal Reserve Bank of St. Louis. His annual report for 1942 highlighted the challenges and successes of the year. He noted that the FHLB system had made deposits of $273 million, an increase of 15.5% over the previous year. This was a significant amount, considering the economic conditions of the time.

In terms of investments, the FHLB system continued its practice of investing in government securities, which were seen as a safe and stable investment option. The FHLB held a large portion of its assets in U.S. government bonds and T-bills, reflecting the conservative investment strategy of the time.

The report also touched on the role of the FHLB system in promoting thrift savings. It was noted that savings and loan associations had increased their deposits, with a significant portion of this growth coming from war-related savings. The FHLB system played a key role in encouraging these savings, and the report highlighted the importance of thrift savings in providing a stable source of funds for the economy.

In summary, 1942 was a year of significant economic change and adaptation. The FHLB system, under the leadership of Ralph H. Case, played a crucial role in supporting the war effort and in promoting the financial stability of the nation. The report of 1942 serves as a reminder of the challenges faced by the economy during this time and the resilience and adaptability of the FHLB system in meeting those challenges.
The Wrong Formula

(Continued from first page)

The desire to enforce a higher degree of liquidity on brokers, dealers and banks for the greater protection of their customers, however, is not necessarily irrecoverable and should be pursued. But Regulation T has failed to accomplish this ideal because it based upon the wrong formula that listing alone is an assurance of ready marketability. The original endorsement is the Amendment to Regulation U of the Federal Reserve Board, which permits a broker or dealer a maximum loan value at his bank of 50% on listed and 40% on unlisted stocks. [Supplement effective Nov. 1, 1937.]

Effect

Regulation T has caused bankers universally to drown upon borrowings upon unlisted collateral and to avoid ac-
quainting itself with an unlisted security. While possessing such security figures are available, it is believed that banks are being forced, nevertheless, to accept a steadily increasing percentage of unlisted collateral because business is being driven out of margin accounts to direct bank loans. Banks are not nearly as well equipped to check collateral value as are brokers, and most bank loans are 90 to 100 day time loans. On the other hand, brokers check margins daily and make immediate demand for added security whenever a deficiency occurs. Hence, there has been a decrease in the size of the electric companies, the effect desired.

In respect to unlisted securities, Regulation T lessens the dealer's ability to market his merchandise and to maintain better secondary markets. For instance, a dealer who can convince his customer that his loanable stock will have a desirable value and meets the investor's individual require-
ments. This investor decides to purchase 5,000 of XYZ stock, but when he learns that it cannot be purchased and lent immediately unless the stock can be carried on margin for 45 days or until certain funds become available. He offers to put up additional unlisted collateral. Alas, shareholders of the dealer's firm and the Federal Reserve Board prohibits an initial extension of credit against unlisted collateral. The investor immediately begins to worry that the dealer's reasoning is not perfect, and an investor may sell his unlisted securities if the Federal Reserve Board has prohibited brokers and dealers from advancing funds against such securities. Frequently, the investor will balk at the dealer's reasoning, for the dealer has been sold a bill of goods. Many brokers, however, have turned to a new angle in the field of margin lending. Rather than ask the customer to finance a margin loan, the broker loaned the customer his own securities. Because the customer is unable to lend the security on margin, the broker lends the security to a friendly customer.

A broker or dealer, furthermore, cannot finance an in-
vestment in a security other than on partial credit. Let us consider the recent boom in secondary market securities such as Clark Equipment, Pet Milk, Maseonite and Edison Broth-
ers Stores in spite of the fact that the junior common stock exchanges are listed on the New York Stock Exchange.

Nor can he extend credit on any stock bank or the
stock of any Insurance company, excepting the few in the entire field of insurance. Moreover, since banks and brokers should drown upon unlisted securities as collateral. When, in most cases, the stock of their own institution is traded exclusively on the New York Stock Exchange, it is evident that the stocks of big city banks and leading insurance companies enjoy an active market and large blocks can be traded on spreads closer than many of the stocks and bonds listed on the New York and other National Securities Ex-
changes. When investor interest again centers in equities, the realization that they cannot borrow from their broker or deal directly in such securities, the loss of these institutions to lose confidence in these securities.

At this point, it would appear appropriate to point out that the Securities and Exchange Act of 1934 (Section 7-e) prohibits dealers in U.S. government securities from listing a new issue, in which he participates in the underwriting, for a period of 6 months, thus effectively preventing the partial payment investment purchasing of such securities by individuals. Ironically, it does not prohibit a non-particip-
ating firm from accepting an unlisted new issue as addi-
tional collateral to a margin account already in existence.

III

Regulation T is predicated upon the formula that listing is an assurance of marketability. This is easy to dis-
prove. The record speaks for itself. In 1941, 1,239 stocks were reclassified as unlisted, but of these only 60% were still listed by the New York Stock Exchange. The total volume in 51 of these stocks increased from 10 up to 1,000 shares with many wide price ranges. For instance, sale of 140 shares of Wheeling and Lake Erie caused a decline of 33 points and sale of 960 shares of American Coal resulted in a range of 9½ to 17 high,

He said to keep his assets liquid... so I recommended Old Schenley. America's best-bonded, full, naturally matured.

Straight Bourbon Whiskey - $7.00 a gal - Anglo-British Distillers Co., N.Y.C.

of the truth.

sets by Stewart Chasey (Reviewed Friday, Jan. 12, 1943).

With Russia and Russia making the game of international politics even more perplexing, the truth is that we have not yet learned the lesson. The market in its own fashion recognizes these things and evaluates them accordingly. If for example, it is necessary for the country which is in a severe financial position to sell off its resources, the market will show it. All this naturally ties in with our domestic and foreign policy which is usually buried in news stories. But if the aver-

age person doesn't know anything about the market, he can interpret them properly and does interpret them for his own action. If an event has not appeared, or if it has, was not of sufficient magnitude to make much differ-

ence.

The end result for the trader is that he is a football player watching waiting with all stops in securities held still ap-
plying.

More next Thursday.

— Walter Whyte

(The views expressed in this columnist's columns are those of the author only.)

The Penthouse Club
30 Central Park South
Adjusting The Plan

A most unique restaurant in a bea-

tiful location, overlooking Central
Park to the north.

Serving best food, skillfully prepared.

Entertainment after 11 P.M.

Telephone Flans 32-0100
The Securities Salesman's Corner

The Answer To 1943's Problems—Large Unit Sales

There are no obstacles that cannot be successfully overcome in the New York market. There are a number of them, of course, but the answer is in our ability to employ the techniques of salesmanship that have been developed over the years. The answer to the problem of getting our shares off the ground is in our ability to sell them to the public in the most effective manner possible.

The key to the solution is found in the realization that we are dealing with a market that is composed of two distinct segments: the institutional investor and the individual investor. Each of these segments has its own unique set of requirements and expectations, and it is our job to tailor our sales approach to meet these needs.

For the institutional investor, the emphasis is on providing a full and comprehensive understanding of the investment opportunity. This includes providing detailed financial statements, historical performance data, and analysis of the company's prospects.

For the individual investor, the emphasis is on simplifying the investment process and making it accessible to all. This includes providing easy-to-understand investment options, fixed minimum requirements, and the assurance that there will be no hidden charges.

The answer to the problem of getting our shares off the ground is in our ability to sell them to the public in the most effective manner possible. This requires a combination of sound salesmanship, a clear understanding of the needs of both segments, and a commitment to providing the best possible service to our clients.
OFFERINGS

NE-ENAMEL CORPORATION—The corporation has filed a registration statement with the SEC for 150,000 shares of common stock under the Exchange Act. The proceeds will be used for general corporate purposes. The common stock, par value $1, will be sold at a price of $25 per share. The offering is expected to be completed on March 20, 1943.

THREE WAYS CORPORATION—The corporation has filed a registration statement with the SEC for 100,000 shares of common stock under the Exchange Act. The proceeds will be used for the development of new products and for the expansion of existing facilities. The common stock, par value $1, will be sold at a price of $10 per share. The offering is expected to be completed on April 10, 1943.

GUARDIAN LIFE & HEALTH INSURANCE COMPANY—The corporation has filed a registration statement with the SEC for 50,000 shares of common stock under the Exchange Act. The proceeds will be used for the development of new products and for the expansion of existing facilities. The common stock, par value $1, will be sold at a price of $50 per share. The offering is expected to be completed on May 1, 1943.

STATEMENT TO INVESTORS—The corporation has filed a registration statement with the SEC for 200,000 shares of common stock under the Exchange Act. The proceeds will be used for the development of new products and for the expansion of existing facilities. The common stock, par value $1, will be sold at a price of $25 per share. The offering is expected to be completed on June 1, 1943.

EXPLORATION CORPORATION—The corporation has filed a registration statement with the SEC for 100,000 shares of common stock under the Exchange Act. The proceeds will be used for the development of new products and for the expansion of existing facilities. The common stock, par value $1, will be sold at a price of $10 per share. The offering is expected to be completed on July 1, 1943.

INVESTMENT TRUSTS

(Continued from page 27)

NORTHEASTERN CORPORATION—The corporation has filed a registration statement with the SEC for 100,000 shares of common stock under the Exchange Act. The proceeds will be used for the development of new products and for the expansion of existing facilities. The common stock, par value $1, will be sold at a price of $10 per share. The offering is expected to be completed on August 1, 1943.

SOUTHERN CORPORATION—The corporation has filed a registration statement with the SEC for 100,000 shares of common stock under the Exchange Act. The proceeds will be used for the development of new products and for the expansion of existing facilities. The common stock, par value $1, will be sold at a price of $10 per share. The offering is expected to be completed on September 1, 1943.

PARKS & LEAKE JOIN Dickson Inv.; Dept.

Duncan To Home Office

R.S. Dickson & Company, Inc., 30 Broad Street, New York City, has announced the appointment of Mr. Parks & Leake, Inc., as its New York City office. Mr. Parks & Leake, Inc., is also associated with Mr. Dickson in this department. Mr. Parks was formerly manager of the New York office of Smith, Barney & Company, and is one of the leaders in the field of investment counseling.

The appointment of Mr. Parks & Leake, Inc., as the New York City office of R.S. Dickson & Company, Inc., is in line with the company's policy of expanding its service to the investment community.

NATIONAL SECURITIES SERIES

1943

Jan. 15, 1943

Bond Series... 12

Preferred Stock Series... 14

Low-Priced Common Stock... 16

Dividends

Affiliated Companies—Quarterly dividend of 3¢ per share paid Jan. 15 to holders of record Dec. 31, 1942. Dividends for the first quarter are payable April 15.

National Securities Series

Jan. 15, 1943

Bond Series... 12

Preferred Stock Series... 14

Low-Priced Common Stock... 16

First Mutual Trust Fund

1943

Jan. 15, 1943


Seaboard Airline

Good Mutual

The Seaboard Airline Railway Company has announced the payment of a good dividend to its shareholders. The dividend is payable on February 1, 1943, to shareholders of record on January 15, 1943.
Portland Electric Power 6s of 1950

(Continued from page 287)

their valuation of the Portland General Electric stock at $25 per

and of the Portland Traction stock at $30 per share, the

total valuation of these stocks well in excess of the claim of the

Bonneville Power Authority and the claims of stockholders and providing an

equity for the preferred stockholders. The valuation basis used by the

Independent Trustee appears to be too high and favor-

able by comparison with other simi-

lar instances.

It is believed by many that fair-

ness and the public interest can be all or practically all of the available

assets to the income bond

holders, with little or nothing al-

lowing to the preferred stock-

holders.

The Portland General Electric

Company's power and light service to the City of

Portland and some 36 other com-

munities in the territory. It is

the major utility in Oregon and its

rates are reported among the

lowest of any electric power sys-


tem in the country. It is the larg-

est individual purchaser of power from the Bonneville Power Au-

thority.

The Portland General Electric

Company, on Dec. 31, 1941, had

outstanding $44,000,000 of 4 1/2

and 5% bonds and $3,318,387 of

collateral notes due to banks.

Properly plant and equipment ac-

count after deduction of

$5,394,378 of intangibles and

$3,393,376 depreciation reserve,

amounted to $83,302,065.

Total capital and surplus of

Portland General Electric per the

Dec. 31, 1941 balance sheet was

$22,714,205, or $19,167 per Com-

mon share, cut all the common

shares of Portland General Elec-

tric's stock to be held to be applicable to the Portland Electric Power In-

come bonds, the balance sheet book value would equal $1,460 in Portland

General Electric Common

stock for each $1,000 prin-

cipal amount of Portland Electric

Power Income bonds.

The book value of that company's Common stock, also entirely owned by

Portland Electric Power, would equal an additional $229 per $1,000 Port-

land Electric Power Income bond.

During the past twelve months, Portland General Electric Com-

pany has returned both income debt over $700,000 and increased net

working capital over $500,000. In the same period, Portland Traction

Common stockholders net depreci-

ated over $650,000 and im-

proved its working capital posi-

tion at the expense of $500,000. In other words, Portland Electric

Power Company's equity in these two subsidiaries has increased

roughly $2,730,000 by comparison with the values given in the fore-

gone paragraphs.

On the basis of current earn-

ings, which provide a sounder

method of evaluating the assets

underlying the Portland Electric Power, it is evident that the net earn-

ings of Portland General Electric applicable to its Common stock are equal to approximately $110 per $1,000 Portland Electric Power Income bond.

For the 12 months ended Nov.

30, 1941, Portland General Elec-

tric's net income was $1,798,965 or

$7.57 per share, common stock.

There are 145,578 shares of this stock held by the Trustee in Portland

General Electric income bonds, and total earnings applicable to these bonds

have amounted to $1,100 per $1,000 Portland Electric Power Income bond.

If the value of Portland General

Electric stock were placed at a

result-getting price, this would

mean that the net earnings of $7.57 per share are sufficient to completely pay interest on the $110 bond of 6% per annum.

In the next 12 months, the

valuation of the entire issue held

by the Trustee for the Portland

Electric Power Income bonds would amount to $1,100 per $1,000 Portland Power Income bonds. The conclusion of negotiations that have been going on for an extended period with representa-

tives of the Bonneville Power Authority should result either in the sale of the electric proper-

ties of Portland General Electric to Bonneville or to the granting of a long-term power contract by Bonneville to supplant the present day-to-day basis.

Last summer Bonneville is re-

ported to have bid $35,500,000 for the Portland General Electric properties and additions, with in-

structions that Bonneville would be willing to increase its bid sub-

stantially if an agreement could be reached. The asking price, however, was

$60,000,000 and an agreement between the company and Bonneville was not reached at that time.

Based only on the Bonneville bid of $35,500,000 and an esti-

mated value of the other assets of Portland General Electric, an approxi-

mate value of $700 per $1,000 Portland Electric Power Income bond is indicated. If the electric properties of Portland General Electric are not sold but the company obtains a power contract from Bonneville on a long-term basis, Portland General Electric would be in a good position to refund its out-

standing debt at a considerably

saving in interest charges with a

consequent substantial increase in earnings applicable to its Com-

mon stock, owned by Portland Electric Power Company. An early reorganization of Portland Electric Power Company would then be feasible and place the

income bondholders in a position to obtain the full benefit of the earnings applicable to their pres-

ent bonds.

FOR VICTORY TODAY

AND SAVING BUSINESS TOMORROW

Get This Flag Flying Now!

This War Savings Flag which flies today

over companies, large and small, all across

the land means business. It means, first,

that 10% of the company's gross pay-roll

is being invested in War Bonds by the workers

voluntarily.

It also means that the employees of all these

companies are doing their part for Victory

. . . by helping to buy the guns, tanks, and

planes that America and her allies must have

to win.

It means that billions of dollars are being

diverted from "bidding" for the constantly

shrinking stock of goods available, thus put-

ning a brake on rising prices. It means that

billions of dollars will be held in readiness

for post-war readjustment.

Think what 10% of the national income, neces-

sary to save in War Bonds now, month after month,

can buy when the war ends!

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Department, 709 Twelfth Street NW, Washington, D. C.
Large Attendance Anticipated For Seventeenth Annual Dinner of N. Y. Dealers Association

The seventeenth annual dinner of the National Association of Security Dealers will be held at the Bal Commission on Tuesday. In a quarter of a century, the event has become a measure of the progress of the market and the effectiveness of the dealers. The fact that we’ve just had a record-sized borrowing and are going into another big issue this week, the demand are of prime significance. You can’t look at the market and then – an event that is going to be peculiar to this market because once you recognize the surrounding factors, you know truly how good a showing the market is making.

The actual number of proportions does seem in order but apparently, the technical position is so strong that if any decline is going to materialize, it will be held in check and the outlook for the market in the future is bright. If the market is strong, the outlook for the future is bright.

The market is strong.

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