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OUR REPORTER'S REPORT

Bond traders with most of the investment firms currently are looking at things in a little more cheerful light these days.

That is especially true of those who have been feeling the pinch of inactivity on the part of insurance companies and other institutional investors who normally close down for a period before and after the turn of the year.

This week found institutions, chiefly insurance companies, returned to more or less normal routine and perhaps showing a bit of extra activity after their long sojourn away from the market.

Naturally a good part of this business, even though it is handled by Stock Exchange firms, did not find reflection on the tape, since it was carried through under Rule 14 which permits a member to go to the over-the-counter-market 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 had 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 purchases.

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The Wrong Formula

By IRWIN R. HARRIS

[EDITOR'S NOTE: Mr. Harris is associated with Scherck, Richter Company of St. Louis, Mo. and is Chairman of the Public Relations and Educational Committee of the National Security Traders Association, Inc.]

Foreword

Any regulation which tends, even unintentionally, to restrict the free flow of capital or to restrain the purchase of, or cast a stigma on, any class of corporate security is injurious to the national economy and should be rescinded or corrected without delay.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 are highly liquid simply because they are traded in an auction market, i.e. on a National Securities Exchange. Consequently, as a broker or dealer is prohibited from extending credit on unlisted securities to his customer, he has to confine his borrowings on unlisted stocks or bonds to his own holdings margined with his own capital. It is inconsequential that he can borrow on unlisted securities belonging to customers which have been hypothecated with him as **additional** collateral on margin accounts.

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Special Editorial Material Featuring Savings and Loan Associations Starts on Page 274.

FROM WASHINGTON AHEAD OF THE NEWS

By CARLISLE BARGERON

Mr. Roosevelt is one of the few men in Washington who doesn't believe the New Deal is over. The Democrats assume the Republicans will capture control of Congress in 1944 and elect the President. But when they mention this to Mr. Roosevelt he laughs heartily and tells them the party will be returned next year and will remain in power for 10 years. Just why he doesn't make it 12 years is not known; 10 years is the time he sets.

He seems to be so confident that the Democrats are wondering what, if anything, he has up his sleeves. It is accepted as a fact that he intends to run again and undoubtedly he is looking to his world program to carry him through. Men like Henry Wallace are convinced this is going to have an irresistible appeal but there are mighty few members of Congress who share his optimism. They assume the reaction is going to be the same as it was after the last war, worse if anything. More or less to keep the record straight and to kill off the issue which the New Dealers hope to make against them, the Republicans intend to go in more and more for some sort of an establishment of nations, some sort of an assembly, call it whatever you wish; something to which lame ducks and men with socially ambitious wives can be appointed and live in Europe. They figure this is about the best way out of the argument. They would like, of course, to get from under the isolationist label inasmuch as it is strictly a propaganda one, having no real meaning in fact.

You would think the present squabbling among the United Nations, particularly over North Africa, would chill the ardor of the world dreamers, but apparently it hasn't. They are saying, indeed, that this proves the need for a council, a league or something of the sort immediately. Just why it is assumed things will be different among statesmen if they are members of a league or a council will always be difficult for me to understand.

There was a terrible yearning that went up after the last war for the statesmen to get together and know one another. Up until this time, it was believed, a lot of friction between nations developed because their statesmen were far apart; because they didn't knock around enough with each other, learn the other fellow's ways, his ambitions, his vanities, etc. Mr. Hoover sought to do something about this yearning by

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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. with Wallace H. Fulton, Executive Director, reporting that during the past two years the NASD has by education and disciplinary actions materially eliminated unfair practices in the business.

Mr. Fulton reported that 56 members of the Association were expelled in 1941-42 for violations of the Rules of Fair Practice, principally on charges of unfair prices and the sale of securities at prices not reasonably related to prevailing markets. In addition, 65 firms, he reported, were fined up to $2,000 and 15 were suspended for varying periods.

Wallace H. Fulton

He pointed out that complaints had to be filed against only 5% of Association members in the two years.

"The effective work of the Association in the last two years and its intention to pursue aggressive enforcement of its rules in the future demonstrate that the securities business intends to regulate its own ethical practices in the interests of the industry and for the protection of investors," Mr. Fulton said. "Those who engage in unfair practices are small in number considering the size of the Association but even so we will not relax in our vigilance."

As a part of plans for this year, he disclosed that the 2,300 members would again be examined by the Association with particular reference to their pricing policies. During 1941-42 the Association examined over 2,500 members, the most extensive program of its kind ever undertaken.

Membership statistics reviewed at the meeting disclosed the extent of mortality in the securities business resulting from the war. Mr. Fulton said that the Association had 2,281 members at the end of 1942, a drop of 20% during the year. Over 25% of the decline resulted, he said, from entry of members into military service while a large proportion of the balance of the decline was directly traceable to effects of the war upon members' personnel, causing mergers and other changes in make-up of the membership.

Mr. Fulton outlined the part the securities industry has played in war financing and the cooperation of all branches during the year in attacking problems of the industry due to the war. He said that there were opportunities for closer cooperation with the Securities and Exchange Commission toward a solution of these problems and recalled that Chairman Ganson Purcell of the SEC last summer initiated action of this kind on many specific subjects. The year 1943 should see more such combined attacks on mutual problems, Mr. Fulton said.

He called for constant attention to problems which the industry and the SEC will face in the post-war period. He recalled that the SEC had disapproved an NASD proposal to establish minimum capital requirements for members of the Association and instead that the SEC had promulgated a rule along these lines but which failed to set up minimum standards. It is still the belief of NASD, Mr. Fulton said, that such minimum standards are desirable in the public interest and for protection of investors.

Financial responsibility, he said, was essential to protection of investors in combination 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 business.

NSTA Council To Meet In Chicago Feb. 3rd

The winter meeting of the National Committeemen and members of the Executive Council of the National Security Traders Association, Inc., will be held in Chicago on Wednesday, Feb. 3. The meeting will be presided over by William Perry Brown, President.

Wm. Perry Brown

The association represents over 2,000 members throughout the United States with affiliated groups in 21 major cities; over 1,000 financial firms are represented in the association roster. The meeting is one of great importance to the industry and will be held without any social attractions.

James In Sacramento

(Special to The Financial Chronicle)

SACRAMENTO, CALIF.—William D. James has formed William D. James & Co. with offices in the Western States Life Insurance Building, to engage in a general securities business. Mr. James for many years has been associated with Dean Witter & Co.

R. Schlesinger Promoted

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

Traders Clubs Dinners Scheduled Feb. 2-4

The Bond Traders Club of Chicago will hold their annual Winter dinner on Feb. 2. The Bond Traders Club of Kansas City have announced theirs for Feb. 4.

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

Baker Named Pres. Of Govt. Dealer Group

James S. Baker of Harriman Ripley & Co., Incorporated, New York City, has been elected President of the Government Security Dealer Group to succeed Dominic W. Rich of D. W. Rich & Co., Inc.

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. 1st, Howard E. Buhse, George L. Morris and James J. Watson. Mr. Watson will be a member of the New York Stock Exchange, acquiring the membership of the late W. David Owen.

Mr. Morris has been with the firm for some years as manager of their Philadelphia office. Mr. Buhse has been with Hornblower & Weeks in Chicago for many years and has been in charge of the investment department in that office.

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 the past he was with Halsey, Stuart & Co.

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DEALER BRIEFS

Albany, N. Y.

This is the day of the negotiated market. We find that firms and salesmen who intelligently present their offerings to well selected prospects are succeeding. Work seems to be the magic.—*George R. Cooley, Pres. George R. Cooley & Co., Inc.*

Cleveland, Ohio

We are finding a good demand for municipals and other tax free bonds of medium length maturity, with anything like a fair yield. The demand is particularly for yields slightly higher than is obtainable in prime securities. Demand for stocks of better grade companies with good dividend records has been excellent. Our difficulty has been to get sufficient volume of securities to sell in every instance. Our customers apparently are in a mood to buy both bonds and stocks. We only lack proper offerings to have good business.—*C. B. McDonald, McDonald-Coolidge & Co.*

Newark, N. J.

In New Jersey we find a good demand for local municipal bonds, especially those of the lesser known names which offer good yields. Exemption from Federal Income taxation continues to make such bonds particularly attractive, especially to private investors.

We also find a steadily expanding interest in investment trust shares, as most investors believe that experienced and full-time management can best cope with the new problems which arise constantly now-a-days.

Institutional interest in securities continues dull. — *Van Dyk Mac-*

Jos. Martin Partner In Goodbody & Co.

Joseph A. Martin, Jr. has today been admitted to partnership in Goodbody & Co., 115 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges. Mr. Martin has been with the firm for some time in charge of the order department. He will act as alternate on the floor of the Exchange for H. Van Brunt McKeever.

W. J. Hoysradt Joins F. S. Moseley & Co.

Warren J. Hoysradt, formerly Vice-President and director of the First of Michigan Corporation, has become associated with F. S. Moseley & Co., 14 Wall Street, New York City.

Mr. Hoysradt started in the investment business with the Guaranty Trust Company and later joined White, Weld & Co. In 1916 he opened the New York office of Stacy & Braun and in 1923 became Vice-President of The Detroit Company. He was the first president of The Municipal Bond Club of New York.

Northrop Looks Good

The current situation in Northrop Aircraft, Inc. offers attractive possibilities according to a memorandum just issued by Cohu & Torrey, 1 Wall Street, New York City, members of the New York Stock Exchange. Copies of this interesting memorandum may be had from Cohu & Torrey upon request.

Bride, MacBride, Miller & Company.

Oklahoma City, Okla.

Dealers and banks in Oklahoma have given most of their time in December to Government financing. We are delighted with the national success of this underwriting.

Our municipals are scarce, demanding very low yields. Refunding and new issues are very rare. —*Philip J. Rhoads, The First National Bank and Trust Company.*

Philadelphia, Pa.

The activity in the City of Philadelphia has been mainly concentrated in the City of Philadelphia Bond Refunding Plan of 1942, which has stimulated a great deal of interest in the municipal field. The proposed split-up of the United Gas Improvement Corporation has caused considerable activity in the public utility field. The U. G. I. properties are the first of the large public utility holding companies to be dissolved, and it is felt that this is but the start of the activity that will be generated throughout the country on the dissolution of the large utility holding companies.—*Yarnall & Co.*

Sales of Wellington Fund shares, of which we are the national distributor, have reached an all-time high in recent months. This seems to indicate an increasing widespread public acceptance of the management accomplishment and diversification that can be obtained in the well managed Mutual Funds.—*W. L. Morgan, Pres. W. L. Morgan & Co.*

Syracuse, N. Y.

Over the past several months we have developed a good following in railroad bonds, both of interest paying and reorganization issues. It is our feeling that the recent large call for tenders on the part of the Baltimore & Ohio, together with that of the Seaboard some weeks ago, sounds the keynote for large scale bond purchases by the railroads during 1943. Such a program should be very stimulating to market prices. — *Richard Shipman, Blair F. Claybaugh & Co.*

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 potentialities of this issue.

On the basis of underlying earning power and asset value the bonds, currently available around 35, appear to have room for substantial appreciation.

The $16,250,600 outstanding bonds have paid no interest since Sept. 1, 1934, and as of Dec. 1, 1942, carry accrued interest of 52½%, making a total claim of the bondholders for interest and principal of over $24,500,000. 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 bonds and were transferred to a nominee of the Trustee for the bonds in March, 1939, when accumulated Income Bond interest reached 30%.

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 approximately 72% of the stocks of Portland General Electric and of Portland Traction Company while the Preferred stockholders of Portland Electric Power would receive the remaining 28% of the stocks plus other remaining assets of Portland Electric Power Company.

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

Make Your Securities Pay Your Income Tax

An interesting circular has just been issued by Filer, Schmidt & Co., 30 Pine Street, New York City, describing how "put and call" contracts may be used by holders of securities to obtain additional funds which may be used to meet the increased tax burden. Copies of this circular, together with a booklet entitled "Information Please!" containing details about "put and call" options in question and answer form, may be had from Filer, Schmidt & Co. upon request.

Doyle, O'Connor Names Casey, Casserly V.-P.s

CHICAGO, ILL.—Doyle, O'Connor & Co., Inc., 135 South La Salle Street, announce that Fred J. Casey and Thomas D. Casserly, Jr., have been elected Vice-Presidents. Both men have been associated with the firm since its organization. Mr. Casey has been identified with the bond trading fraternity for twenty years and was Vice-President of the Bond Traders Club of Chicago in 1934. Mr. Casserly was formerly with Mackubin, Legg & Co., of Baltimore.

Miehls And Ritter Blair, Bonner V.-P.s.

CHICAGO, ILL.—Blair, Bonner & Company, 135 South La Salle Street, have announced the election of Mr. Don G. Miehls and Mr. Daniel J. Ritter as Vice-Presidents. Mr. Miehls has been manager of the municipal department since 1938 and Mr. Ritter has been a member of the sales department since the company was formed in 1935.

Clere With War Dept.

George P. Clere, 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.

REAL ESTATE SECURITIES

Markets Show Continued Uptrend

In going back over articles appearing in this column since September, 1942, under various headlines, a few of which are reproduced here, facts about many specific issues were digested. We believe it is a matter of interest to compare the present market of some of these issues with the market value at the time the issues were mentioned as examples in the various articles.

Some of the headlines you may recall were:

"Real Estate Bonds—A Neglected Security"

"An Inflation Hedge—Hotel Securities Show Strength"

"Insurance Companies' Investment"

"Intelligent Analysis By Investors"

"Reduction In Assessed Values Helpful To Many Properties"

"Increased Hotel Business"

"1942 Tax Law Favorable In Its Effect On Bondholders"

"Improved Realty Conditions React To Benefit Of Bondholders"

The interesting facts in relation to Real Estate Securities brought out in these articles have been, we believe, timely and have to some degree created a new born interest in sound real estate situations.

In discussing specific issues, attention was drawn to the current attractive yields and to enhancement in value possibilities. During the period, ten specific issues were discussed, seven office buildings and three hotel properties. Bid prices on the office buildings ranged from 11 to 60, averaging a bid of 40. The present bid prices range from 15½ to 62, averaging 44. At the time the articles appeared, the bid prices on the hotel properties were 23, 40 and 48; today they are 26, 45 and 56, respectively.

Intelligent analysis of real estate securities will present many situations in which it will be found that yields are very attractive and based upon facts and conditions, are considerably underpriced at present levels.

Fred D. Blake Is Now With Cruttenden & Co.

CHICAGO, ILL.—Fred D. Blake, one of the best-known men in the Middle Western municipal bond field and the first president of the Municipal Bond Club of Chicago, has joined Cruttenden & Co., 209 South La Salle Street, members of the New York and Chicago Stock Exchanges, as head of the firm's municipal bond department, it is announced. Mr. Blake's bond career began with the Second Ward Bank in Milwaukee. He was associated with A. B. Leach & Co. here until 1932 and later with A. G. Becker & Co. Recently he has been with Farwell, Chapman & Co. in Chicago as Manager of their municipal department.

"Performance"—Market Study

Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City, have just issued their annual study of market action and income entitled "Performance." Included in the study are 147 stocks with their performance record for the nine year period Dec. 31, 1933 to Dec. 31, 1942, inclusive. The study is divided into three main parts: stocks are first compared as to groups; the second part shows individual performance of each stock according to the average total gain; the third portion consists of comments and a brief analysis of the results of the study.

Copies of this interesting brochure, with memorandums on American Casualty Company, Firemen's Insurance Company of Newark, and New Amsterdam Casualty Company, may be had from Huff, Geyer & Hecht, Inc. upon request.

Cinti. Stock & Bond Club Elects Officers

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

Arch Montague

President—Arch Montague, W. E. Hutton & Co.

First Vice-President—George Phillips, W. D. Gradison & Co.

Second Vice-President—Edw. F. O'Connor, Pohl & Co.

Secretary—J. C. Siegman, Edw. Brockhous & Co.

Treasurer—Clair S. Hall, Clair S. Hall & Co.

PERSONNEL ITEMS

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

NEW YORK, N. Y.—**Samuel Fink** has become associated with **Ira Haupt & Co.,** 111 Broadway. Mr. Fink was previously with Hirsch, Lilienthal & Co.

(Special to The Financial Chronicle)

BOSTON, MASS.—**George E. Haggerty** has joined the staff of **Paine, Webber, Jackson & Curtis,** 24 Federal Street.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Leon J. Biscornet,** formerly of R. H. Johnson & Co., and **Lewis A. Elliott,** previously with Stokes & Co., have joined the sales organization of **Sears Corporation,** 68 Devonshire Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Saul Albert Ackerman** has become associated with **G. Brashears & Co.,** 510 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Wiley V. Mills** is now with **Fewel, Marache & Co.,** 453 South Spring Street. Mr. Mills was formerly with Johnston Company, Inc., Empire Securities Corporation, and General Industries Corporation, Ltd.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Clarence S. Dyment,** previously with E. F. Hutton & Co., has become affiliated with **Dean Witter & Co.,** 634 South Spring Street.

(Special to The Financial Chronicle)

NEW ORLEANS, LA.—**Leslie L. Watson** has rejoined the staff of **Beer & Company,** 817 Gravier Street. Mr. Watson was recently associated with Larz E. Jones, specializing in municipal and industrial securities.

(Special to The Financial Chronicle)

NEW ORLEANS, LA.—**Moise L. Cahn,** formerly with Beer & Co. for many years, has become connected with **Steiner, Rouse & Co.,** Maritime Building.

(Special to The Financial Chronicle)

PORTLAND, ORE.—**James R. Haight** has been added to the staff of **Atkinson, Jones & Co.,** U. S. Bank Building.

(Special to The Financial Chronicle)

PORTLAND, ORE.—**Harry Leland Phillips** is with **Hess & Butchart,** American Bank Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**E. Gauthier, Jr.,** previously with Strassburger & Co., has become affiliated with **E. F. Hutton & Company,** 160 Montgomery Street.

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

Henry G. Riter 3rd, senior partner of Riter & Co., New York City, was elected chairman of the National Association of Securities Dealers, Inc. at the annual meeting of the board of governors held in Chicago. Mr. Riter succeeds H. H. Dewar, of Dewar, Robertson & Pancoast, San Antonio, Tex.

Lawrence B. Woodard, Woodard-Elwood & Co., Minneapolis, and E. Warren Willard, Boettcher & Co., Denver, were named vice-chairmen. F. Edward Bosson, Putnam & Co., Hartford, Conn. was chosen chairman of the Finance Committee; James Parker Nolan, Folger, Nolan & Co., Washington, D. C. was elected treasurer, and Wallace H. Fulton, Philadelphia, was appointed executive director.

Retiring officers of the Association, in addition to Mr. Dewar, were: Lee M. Limbert, Blythe & Co., Inc., New York, vice chairman; William A. Fuller, William A. Fuller & Co., Chicago, chairman of the finance committee; Robert W. Baird, the Wisconsin Company, Milwaukee, treasurer.

The executive committee for 1943, in addition to the officers of the association, will be composed of Mr. Limbert, Hermann F. Clarke, Estabrook & Co., Boston, and Ralph Chapman, Farwell, Chapman & Co., Chicago. The finance committee will comprise Mr. Riter, Mr. Bosson, Mr. Nolan and Beardslee B. Merrill of Richards & Blum, Inc., Spokane.

Elected members of the national business conduct committee were Albert Theis Jr., Albert Theis & Sons, Inc., St. Louis, Chairman; William P. Smallwood, Smallwood & Co., Fort Worth; Ralph E. Phillips, Dean Witter & Co., Los Angeles; Clarence E. Unterberg, C. E. Unterberg & Co., New York City; Samuel K. Cunningham, S. K. Cunningham & Co., Inc., Pittsburgh; Edward Brockhaus, Edward Brockhaus & Co., Cincinnati; W. S. Gilbreath Jr., First of Michigan Corporation, Detroit.

The elections closed the two-day meeting of the Association, which discussed the expanding work of the securities industry in the government's war-financing program. Also under discussion was the future program of the Association in enforcement of its fair practice rules and aggressive enforcement of the NASD rules was determined upon for the coming year with the approval of plans for an annual examination of business practices of the members of the Association.

James Buck To Manage Daniel F. Rice Dept.

CHICAGO, ILL. — James R. Buck, well-known on La Salle Street since 1913 when he began his investment career with the Harris Trust & Savings Bank, has became associated with Halsey, Rice & Company of Chicago, 141 West Jackson Boulevard, members of the New York Stock Exchange, as Manager of the investment department, Joseph Rice announced. After leaving the Bank, Mr. Buck became associated with Halsey, Stuart & Company and later organized the investment department of A. G. Becker & Co. here. In 1924 he organized, with the late Charles W. Folds, Folds, Buck & Co. In 1940 he became Manager of the Chicago office of Otis & Co. and during the past year has been connected with this firm's buying department in Cleveland. Mr. Buck has been prominent in industrial and utility financing and in recent years served as Chairman of the board of the Republic Gas Corporation, the Federal Screw Works, Detroit and the Atlas Brewing Company, Chicago.

Mr. Buck's association with Daniel F. Rice & Company was previously reported in the Financial Chronicle of January 14.

Tomorrow's Markets Walter Whyte Says—

Market befuddlement evidenced by varying forecasts. Offerings overhead important and wait for basic changes rather than headline stories, to move ahead.

By WALTER WHYTE

As this week's column goes to press the market has accomplished three things: It has finally managed to poke its nose through the much publicized 120 Dow figure; it has hesitated and refused to go any further, and last but probably the most important, individual stocks among the leaders began showing a disturbing spottiness.

* * *

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 market cycle, failed to materialize. Instead of volume we had considerable of what I call "If" trading. This type of trading is characterized by a lot of talk accompanied by pencil demonstrations all 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.

This 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 various groups which befogged 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, it finally managed to cross it. But coincidental with its crossing was the bullish talk about Steel's coming earnings, which everybody seemed to agree would be outstanding. Whether they will or not doesn't matter for 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 50 price than forecasts of 60 and 70 began going the rounds. Yet it was noticeable that in the face of these cheeful statements enough Steel offerings appeared to check any further advance.

* * *

Another stock in point was the bluest chip of them all, American Telephone. Here was a stock which was not only highly regarded but was recently pointed to as a bulwark, for it refused to go off on pessimistic dividend forecasts. But if anybody cared to pry he would have discovered that under cover of recent strength in other portions of the market, Telephone was slowly but persistently sold.

* * *

If these conditions were to crop out at the bottom of a long market cycle they would either be unimportant or even slightly bullish. But they are appearing in the face of a well recognized offering level. Unfortunately this level (120-130) while recognized by technicians as existing is considered secondary to a mythical line 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 something else. From where I'm sitting I say that if the market does not show any get up and go within the next week, neither the 110 or 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 bears.

* * *

Of course there is news to

(Continued on page 276)

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 1942 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 and that the railroads, now experiencing peak earnings, no longer need the additional revenues.

If the increases were segregated they would be earmarked for use solely for additions and betterments to properties or for debt reductions. Considering priorities and the scarcity of materials, it may almost be taken for granted that by far the bulk of such funds would go into debt retirement. This would augment the program of debt retirement that has become practically a fetish with the Commission. Moreover, such assurance that the moneys derived from the increases was to be entirely dedicated to improvement of the basic railroad position would presumably eliminate what outside support the OPA has for its demands for cancellation.

The implications of the segregation of the rate and fare increases would be tremendous. On the average, the freight rate increase amounted to approximately 4½% while passenger fares were increased a straight 10% with very few exceptions. It is estimated that on the volume of business done by the rails last year the increases would bring in some $450,000,000 additional gross on a 12-months' basis. How much they will mean in 1943 if the Commission refuses to grant any cancellations is an open guess as estimates of probable 1943 traffic and passenger travel vary widely. One thing does seem certain, however, and that is that the volume of business done by the carriers this year will be limited only by the capacity of the industry. On this basis it seems safe to assume that the increases now in effect will yield in excess of $500,000,000.

The importance of such a sum diverted largely to debt retirement is obvious when one considers that it would be equivalent to more than 5% of the total face value of all outstanding railroad debt. This includes serial equipment obligations which do not present any problem to the industry, the vast volume of defaulted debt which is selling for a small fraction of its face value, and the debt of the marginal roads selling generally at substantial discounts. The suggestion to segregate the increases is doubly important in its potential influence on prices for second-grade bonds. In the first place, the acquisition of bonds by the roads themselves, whether by open-market purchase or by invitations for tender, would be an important market factor; and in the second place, accelerated reduction of debt would bring a pronounced strengthening of credit positions.

The status of the reorganization roads under such a plan as that now being mentioned is not quite clear. It is hardly likely that any ruling of the Commission could discriminate for or against any particular group of companies so that the reorganization roads would presumably also have to segregate the portion of revenues in question. On the other hand, the reorganization roads are under the jurisdiction of the courts, and actual outlay of the money would be subject to court discretion. Nevertheless, it seems probable that the courts would

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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; Jan. 20 price—42½.

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 105.9 and on Dec. 30, 1942, 105.4, a decline of 0.47%. As measured by Best's index (50 stocks) the decline was from 179.8 to 177.8, or 1.1%.

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.

	——Asked Price——		Per Cent
	Dec. 31, 1941	Dec. 31, 1942	Change
Fireman's Fund	*68.375	75.25	+10.1
Fidelity-Phenix	40.75	44.25	+ 8.6
Franklin Fire	26.375	28.625	+ 8.5
Home Insurance	27.25	29.375	+ 7.8
Great American Insurance	25.875	27.75	+ 7.2
Springfield Fire & Marine	117.50	124.50	+ 6.0
United States Fire	46.50	49.25	+ 5.9
Hanover Fire	23.50	24.625	+ 4.8
National Union	155	162	+ 4.5
Hartford Fire	90.75	93	+ 2.5
Providence-Washington	32.75	33.125	+ 1.1
North River Insurance	23.375	23.50	+ 0.5
American Equitable	17.50	17.50	0.0
Continental Insurance	42	42	0.0
New Hampshire	43	42.50	—1.2
St. Paul Fire & Marine	273	268	—1.8
Average	----	----	—2.4
Phoenix Insurance	88.25	86	—2.5
American Alliance	22.25	21.125	—5.1
New Brunswick	32.50	30.375	—6.5
Glens Falls	41.50	38.75	—6.6
Security of New Haven	40.125	37.25	—7.2
Insurance of North America	77.375	71.75	—7.3
National Fire	61	56.25	—7.8
Agricultural	77.50	69.50	—10.3
Northern Insurance	97.50	87.50	—10.3
Aetna Insurance	57.75	51.50	—10.8
Fire Association	62.50	54.25	—13.2
Boston Insurance	630	537	—14.8
Bankers & Shippers	87	71.75	—17.5
Pacific Fire	121.50	99	—18.5

*Adjusted for capitalization change.

That fire insurance stocks should have shown a decline for the calendar year, on average, when the Dow Jones Industrial Average & Composite showed an appreciation of 7.6% and 7.3% respectively, hardly seems reasonable. Dividends in 1942 were well sustained, only four of the thirty companies above listed paid out less than in 1941, the aggregate reduction for the group approximating 2.8%. Industry in general has been estimated to have cut dividends some 10%.

Evidently the market was influenced by fears of the effect of submarine losses in the early months of the year, before this type of risk was taken over by the War Shipping Administration, and also by the effect of gasoline and tire rationing. If this is so, then some strange inconsistencies were shown, for the stock which went off most was that of a company which wrote no marine risks, while the company whose stock appreciated the most reported 28.0% of premium writings in ocean marine, the highest percentage in the group. Other evidences of this inconsistency are as follows: United States Fire: ocean marine 17.5%, stock up 5.9%; National Fire: ocean marine 1.9%, stock down 7.8%.

If we examine motor vehicle writings, we also find inconsistencies. For instance, Franklin with 38.7% in this classification shows a stock appreciation of 8.5%, while Boston with only 12.1% shows a stock loss of 14.8%, and Glens Falls with 18% shows a stock loss of 6.6%.

That there was perhaps an attempt on the part of the market to appraise the effect on fire insurance companies of the submarine danger and of gasoline and tire rationing seems possible, however. For when we take the total per cent of premium writings allocated to these two classes of risks by each company in 1941, and plot these values on a graph against the respective market action of each stock, a very rough correlation is disclosed.

The group of sixteen companies whose stocks performed better than the average of —2.4%, represented in the main those companies which had a higher percentage of their writings in fire, viz., an average of 53.0%, compared with an average of 50.5% for the fourteen companies whose stocks performed below average. This also indicates a rough attempt on the part of the market to distinguish between favorable and unfavorable factors, for fire losses in 1942 were 2.33% lower than in 1941, being reported at $314,849,000, compared with $322,357,000 reported for the previous year. One of the encouraging things about fire losses is their definite downward trend over the past two decades, a condition that has been reflected in a year by year reduction of the average premium rate from $1.05 in 1921 to $0.65 in 1941.

In appraising the prospects of fire insurance stocks in 1943, a number of factors must be considered. The companies will not be subjected to heavy marine losses through enemy action, since this risk has been properly assumed by the Government; such normal marine risks as they may write are generally profitable. Motor vehicle writings will shrink in volume, but should prove more profitable than usual, since car owners today are exceptionally careful. Fire losses cannot be predicted, but greater vigilence is exercised by property owners when replacement is difficult and costs are rising, although this may be partially offset due to high pressure production and green employees. It is not improbable, therefore, that the loss ratio in 1943 may compare favorably with that of last year. Insurance companies are not liable for proven sabotage. As regards investment income, this may possibly be higher due to the augmented volume of funds available for in-

vestment, occasioned by the increasing premium writings and the large proportion of 1942 net earnings which were undistributed. Taxes will, of course, be higher.

All in all, however, the outlook is for a profitable year. Will the market respond?

Railroad Securities

(Continued from page 269)

see eye to eye with the Commission on such programs where the retirement of outstanding debt did not threaten the status of a reorganization plan that was already before the court. Considering the low price level of the general run of reorganization bonds, application of large sums to their retirement would be particularly efficacious.

There has been a question raised as to the legality of any ruling of the ICC along the lines proposed, with some objection being raised as to the usurping by the Commission of management functions. This should not prove a serious stumbling block, however. In the first place, the railroads would almost certainly be willing to follow a Commission "suggestion" along these lines. In the second place, it is notable that once before when temporary rate increases were granted the revenues therefrom were segregated with the RCC.

Memphis Municipal Men Form New Assn.

MEMPHIS, TENN. — Municipal dealers of Memphis have organized a new club, The Municipal Bond Club of Memphis, to promote closer cooperation between local dealers in securities. Elected President of the new dealers association was M. Ames Saunders, head of M. A. Saunders & Co., Inc.

Other officers of the club are W. Groom Leftwich of Leftwich & Ross, Vice-President; Joe H. Davis of the Bond Department, First National Bank, Secretary, and G. Gordon Meeks of Gordon Meeks & Company, Treasurer.

Representatives of 15 of 18 Memphis bond concerns attended the organization meeting at the University Club. By-laws and regulations were adopted. Regular meetings will be held each month.

Among firms participating in the organization of the club were Herman Bensdorf & Company; Bullington-Schas & Company, Bond Department, First National Bank, Gray-Schillinglaw & Company; Leftwich & Ross, Gordon Meeks & Company; Thomas Q. Galbreath; M. A. Saunders & Company; Standard Securities Company; L. K. Thompson & Company, and Bond Department, Union Planters National Bank & Trust Company.

Midland Debs. Situation May Soon Be Clarified

The Debenture 6s of Midland Utilities Co., which have been in default since 1934, offer an interesting situation in view of the fact that a plan of reorganization will shortly be filed which may act to increase the potential liquidating value of this issue, according to a circular issued by Cruttenden & Co., 209 South La Salle Street, Chicago, Ill., members of the New York and Chicago Stock Exchanges. Copies of this circular, summarizing recent developments on Midland Utilities, may be had upon request from Cruttenden & Co. together with a memorandum on the First Mortgage Income 5s of Chicago and West Towns Railways, Inc., which the company feels offer attractive possibilities both as a "war" and "peace" stock.

Current Developments Affecting RR Bond Values

Distributors Group, Incorporated, 63 Wall Street, New York City, have prepared a review captioned "A Talk on Current Developments Affecting Railroad Bond Values," which they would be glad to send to interested dealers upon request. They have also prepared a long-term chart of price versus interest coverage of railroad bonds brought up to date.

Michigan IBA Head Appoints Committees

DETROIT, MICH.—Charles A. Parcells of Charles A. Parcells & Co., newly elected Chairman of the Michigan Group of the Investment Bankers Association of America, has just named the committee appointments for the coming year. Mr. Parcells himself has served on various committees of the Investment Banking Group, local and national. He is head of

Charles A. Parcells

Charles A. Parcells & Co. and President of the Grosse Pointe Township Rural Agricultural School District.

Elected to serve with Parcells are Alonzo C. Allen, Blyth & Co., Vice-Chairman, and Reginald MacArthur of Miller, Kenower & Co., Secretary and Treasurer. The Executive Committee consists of the officers and Jerome Keane of Keane & Co.; Harold R. Chapel of Crouse, Bennett, Smith & Co.; Ralph Khuen of First of Michigan Corp.; William Moore of McDonald, Moore & Hayes; John Arends of Paine, Webber, Jackson and Curtis; E. B. Watkins of Watkins & Fordon, and Philip K. Watson of Campbell, McCarty & Co., Governor of the Michigan Group.

The various committee appointments are: Municipal Securities—Harrison E. Thurston of Watling, Lerchen & Co.; Harold R. Chapel, Philip K. Watson, Jones B. Shannon of Miller, Kenower & Co., and Douglas H. Campbell of First of Michigan Corp. Legislative—Gordon Hill of Watling, Lerchen & Co.; Ralph Khuen and Ralph Fordon of Watkins and Fordon. Education — William Adams of Braun, Bosworth & Co., and John H. Arends. Meetings and Entertainment Committee—George C. Dillman of Harriman Ripley & Co. Business Conduct Committee—Douglas H. Campbell. Membership—Jones B. Shannon, and Publicity—Harold R. Chapel.

The Investment Banking Group are devoting considerable time to the sale of Government bonds.

Boston Traders Vote To Omit Annual Dinner

BOSTON, MASS.—By a poll of the Governors of the Boston Securities Traders Association it was unanimously voted to accept the suggestion of the Dinner Committee that the Winter Banquet be omitted this year.

"This would have been the nineteenth consecutive annual dinner and it was the consensus of opinion that it be abandoned until such time as many of the members who are in the Service might be back with the association."

Portland Electric Power Situation Attractive

The current situation in Portland Electric Power 6s of 1950 offers attractive possibilities according to a circular prepared by Scherck, Richter Company, Landreth Building, St. Louis, Mo. Copies of this interesting memorandum may be had from Scherck, Richter Company upon request.

Investment Trusts

POTPOURRI

A most attractive, pocket-size brochure issued by the investment banking firm of Estabrook & Co. has come to hand. "Investors' Almanac" is the title and the presentation of the material should challenge the ingenuity of the investment company field.

* * *

Pointing out that the unexpected lack of resistance on the part of our enemies in North Africa has placed the United Nations in a position to win the war much sooner than was believed possible, National Securities & Research Corp. has undertaken a thorough-going revision of the portfolio of First Mutual Trust Fund. Many war favored issues have been eliminated and a diversified group of securities which should benefit from peace, or both war and peace, have been added. In all, 36 issues have been added and 22 issues have been eliminated. Complete details are given in a memorandum available for distribution entitled, "Portfolio Changes." A similar memorandum setting forth the recent portfolio changes in the various National Securities Series is also available.

Of particular interest are the additions to the International Series which include issues of Denmark, Poland, Jugoslavia and Greece on the Continent of Europe. As background material for the introduction of such issues at this time, the sponsor is making available to dealers copies of an analysis by the investment banking firm of A. L. Stamm & Co. in which the position of foreign dollar bonds is discussed at length.

The latest issue of "Investment Timing" discusses the "Economic Implications of the President's Messages." Although coverage of the subject is necessarily brief, the following conclusion is well supported: "The prospects for business, with 'war' and 'straddle' industries making the best earnings showing, are unchanged. These prospects, with due regard for coming post-war adjustment, should be reflected in the securities markets, where, however, 'peace' industries will have the underlying support of assured victory, possibly within two years."

* * *

The most recent issue of Lord, Abbett's "Union Dealer" quotes the Cleveland Trust Company Bulletin on the railroad situation. For those who happened to miss seeing the comments referred to, we reprint the following stimulating excerpt:

"When Hitler massed his submarine attack against our Eastern coast last Spring he clearly expected to stop our coastwise shipping, to prevent the shipping of coal to the industries of the New England states, and to make impossible the shipping of gasoline by tankers to our seaboard states. He largely succeeded in all three of those objectives, but the resultant paralysis of business and industry in the East, which must have been expected, did not follow. The attack did not succeed because the railroads took over the seaboard trade, the coal traffic, and the gasoline shipments. We owe our victory in the battle of the Atlantic not to the Navy, but to the railroads."

This column is continually impressed with the high standards of quality and impartiality maintained in the economic discussions regularly published by leading investment company sponsors. The January issue of "Background," discussing "The ABC's Of Rationing On Our Economic Front," is a good example of this type of contribution.

Lord, Abbett has commenced the new year with a set of freshly-revised dealer helps including the Composite Summary folder on Union Trusteed Funds, a "leverage" folder and a Summary folder on Affiliated Fund.

* * *

The phenomenal growth of Keystone Custodian Funds during the past year may have caused some people to lose sight of their overall growth record. This record is the subject of the latest issue of "Keynotes." Since their first offering in May, 1932, these Funds have, in the aggregate, shown steady growth in every year but one, 1937, to reach their present total of over $43,000,000. Despite the excellent record in 1942, percentagewise, it was not the best year for the Funds. For that record one must go back to 1938, another depression year, during which the Funds more than doubled in combined net asset value as compared with an increase of about 50% in 1942. Investment company sponsors who meet unusual sales resistance in depression years should examine carefully the Keystone record.

* * *

Calvin Bullock's "Perspective" for January reviews the major events of 1942 and looks ahead to what the year 1943 may hold. "We have no disposition to play the role of military prophet, but we believe the weight of the force that we shall be able to bring to bear this year will make the successful conclusion of the war clearly visible by the year-end.

"We have as little taste for stock market as for military prophecy. But the rising military power of the United Nations, the favorable

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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 1942 with a rising trend after the Pearl Harbor decline," the survey notes, "the municipal market fell sharply from Jan. 26 until Feb. 18. In 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 declining 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 them 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 lower averages resulted.

"In 1942 the attack on tax exemption of State and Municipal securities was vigorously and persistently renewed. Recovering from the confusion after Pearl Harbor, the municipal market began to rise in January on the assumption that the tax status of outstandings was secure. But Secretary of the Treasury Henry Morgenthau, Jr., began a campaign on January 24 to render all municipals 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, for delivery on or after Jan. 20, at prices to yield ⅜ of 1% from date of delivery to March 15.

The entire issue of the bonds, which mature May 1, 1952, have been called for redemption on March 15, 1943 at par and accrued interest to that date. The bonds are to be redeemed at the New York Agency of the Bank of Montreal, fiscal agent of the Dominion Government.

Tennessee To Retire $23,500,000 Bonds in 1943-44

The State's total indebtedness on Jan. 3, last, including highway obligations taken over from the counties, amounted to $107,012,608, representing a decline of $19,261,326 from the aggregate of $126,273,934 on Jan. 16, 1939, it was stated by Governor Prentice Cooper in a message delivered at the opening session of the 1943 Legislature on Jan. 5. The debt on Jan. 16, 1941, was $110,041,956. In addition, the Governor continued, the State will be able to retire the $23,500,000 of bonds maturing during the next two years. "In my opinion," the Governor said, "the principles that should govern Tennessee's financial policy during 1943 and 1944 are as follows:

"1. To continue to hold the expenditures within availability, thus keeping the State budget in balance;

"2. To continue to protect the State's credit by paying off all indebtedness promptly as it matures;

"3. To issue no new bonds and refund no old ones;

"4. To levy no new taxes, except to raise the tax on liquor, which is one of the lowest in America."

Governor Cooper declared "that these principles can only be made effective by the continued exercise of the most rigid economy, since the State is now confronted with a $10,000,000 annual loss in revenue, due to gasoline rationing and other war measures." Rigid economy in State operations over the past four years, he said, "resulted in a surplus in the sinking fund of $18,000,000 and a prospective accumulated surplus in the general fund at the end of this fiscal year of $4,500,000."

Tennessee's Revenue Status Summarized

The State's general revenue position is broadly summarized by the following statement made by the Division of Accounts and Collections of the State Department of Finance and Taxation, under date of Dec. 23:

"So far this month gasoline collections are $2,270,053.56, which represents an increase over the full month of last year of $385,491.15, or 20.45%.

"The total collections so far on all revenue for December are $3,510,342.56 which represents an increase of $343,441.46 or 10.84% over the full month of last year.

"The total gasoline collections for this six months now ending Dec. 31, 1942, are $11,974,561.34, a decrease over the six-months' period of last year of 7%.

"Total collections on all revenue for six months are $24,437,863.12, an increase of $626,886.64, or a percentage increase of 2.63% for the six months.

"You will understand we have about seven more days of collections to be added to the figures above mentioned for this period. I would guess the total collections on all revenue for that time would amount to around $200,000 including a slight collection on gasoline tax."

The Tennessee Funding Board reports a balance of $17,874,653 in the State sinking fund on Nov. 30, according to the statement of Tennessee Taxpayers Association.

Seattle, Wash., Cancels Bond Offering

W. C. Thomas, City Comptroller, informed us that "because of possible changes in design of work," the call for bids on Jan. 26 for the purchase of $7,900,000 not to exceed 6% interest municipal light and power revenue bonds has been canceled. A new call is expected soon, he added.

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

The district is expected to call for redemption on March 1, $4,920,000 of the total of $6,099,000 of its refunding bonds optional on that date, but which are not actually due until 1955. As a preliminary to the actual call notice, the district is asking for tenders of the bonds to be received on Jan. 26. This is a mere formality, of course, as only tenders of par or less are acceptable, and the district bonds are quoted well in excess of par. Accordingly, as in previous instances, no tenders are expected and the next logical move is believed to be the issuance of the bond call notice. The balance of the $1,179,000 bonds optional 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, 1935, and series C and D, dated March 1, 1936. Redemption of the bonds will cut the district's bonded debt from the present level of $81,709,700 to $77,419,700.

Port Authority Reports 1942 Operations

In making public last week a review of the operations of the Port of New York Authority during 1942, Chairman Frank C. Ferguson stressed the large volume of essential war traffic moving in the New York-New Jersey area. This essential traffic, he said, is reflected in the total of 25,009,845 vehicles which used the bridge and tunnel crossings operated by the authority in the past year, as compared with the 1941 peak aggregate of 30,600,567.

Mr. Ferguson reported that toll revenues alone in the period amounted to $14,445,828, a decline of 15.3% from 1941, according to preliminary figures. Gross revenues from all sources, including the Port Authority Commerce Building, were about $16,144,048. Net income after operating expenses and interest amounted to $7,142,510, a decline of $1,600,000 below the comparable figure for the earlier year.

The Port Authority, the Chairman said, started 1943 with a balance of $11,620,000 in the general reserve fund and pointed out that economies in operations resulted in a saving of $600,000 in 1942. This was accomplished despite rising materials costs and unusual expenses, such as the employment of auxiliary guards.

Cautioning against "drawing hasty conclusions from the total 1942 figures," Mr. Ferguson emphasized that although gasoline rationing was not introduced until May 15 last, the traffic decline in the 7½ months rationing period was 27.6%, while the falling off for the whole year was only 18.3% less than 1941. Mr. Ferguson played a leading role in shaping and executing the Port Authority's pioneering program in the revenue bond field and is a prominent figure in New Jersey banking circles.

Any "prognosis for 1943 is difficult," he observed, as 1942 experience demonstrated that conditions are subject to rapid change. "Thus, for reasons of military security, no one could foresee that oil and gasoline would have to be siphoned from East Coast stocks in order to supply our armed forces in Africa. All we can do at this time is to estimate where we would stand under various assumed traffic conditions."

Taking as a base the revenue figures for 1941, the last year of normal operations, if 1943 traffic drops 40% the Authority should end the current year with a balance of approximately $500,000 over all operating expenses and debt service. This surplus would be possible only because the Authority had already prepaid some of its 1943 sinking fund requirements. If, on the other hand, conditions cause a 50% decline in traffic, it would be necessary to withdraw $1,225,000 from the General Reserve Fund in 1943 to meet current obligations.

(Mr. Ferguson's report was reviewed in its entirety in the "Chronicle" of Jan. 18, page 211.)

Major Sales Scheduled

Below we give a record of the major offerings included in the calendar of forthcoming sales. Our tabulation is restricted to issues of general market interest and does not include note issues as these, generally speaking, are of no interest to the trade.

January 25

$675,000 East Chicago, Ind., Sanitary District.
No similar loan of comparable size made in the recent past.

January 26

$400,000 Troy, N. Y.
Last previous issue went to E. H. Rollins & Sons, and Associates. Second bid made by Stranahan, Harris & Co., group.

February 1

$4,100,000 Maricopa Co., Ariz.
Bids for these bonds will be received by the State Treasurer in behalf of the county

February 9

$1,600,000 Baltimore Co., Md., Metropolitan District Bonds.
Last offering of similar bonds was purchased by Alex. Brown & Sons, Baltimore, and Associates, the second high bidder being the Mercantile Trust Co., Baltimore, syndicate.

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 248th 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, all of the same 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, largely through Lend-Lease, throughout the world.

In addition to Mr. Hoover, C. C. Teague, President of the National Council of Farmer Cooperatives, and Albert S. Goss, 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 Dunk-Harbison Co. and R. N. Gregory & Co.

Partners of the new firm will be R. N. Gregory and McClarty Harbison both members of the Los Angeles Stock Exchange. Warren B. Bailey, formerly Vice-President of R. N. Gregory & Co., will be in charge of the investment department. The Stock Department will be managed by J. G. Henderson. William V. Hull, an officer of R. N. Gregory & Co., will be cashier of the new firm.

Harbison & Gregory will maintain a branch office at 385 East Green Street, Pasadena, Calif., under the direction of Ross K. Boore.

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 was an officer of its predecessor W. Edward Brown & Co., Inc.

Insured Investment With Liberal Return

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

Wells-Dickey Company To Close Investment Business

MINNEAPOLIS, MINN.—It has been announced by Stuart W. Wells, president of Wells-Dickey Company, Metropolitan Building, that the board of directors had 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

(Special to The Financial Chronicle)

SHEBOYGAN, WIS. — 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 Heronymus, Ballschmider & Co. and prior thereto with the Citizens State Bank of Sheboygan.

From Washington

(Continued from first page)

inviting first, Ramsey MacDonald and then Laval over to see him. There was a lot of beautiful pageantry coupled with the visits. He took Ramsay MacDonald down to his lodge on the Rapidan and they sat and talked before a log fire, smoking pipes. No good ever came of the visits. Laval, in fact, purposely offended Mr. Hoover as soon as he set foot in Washington by saying the man he really wanted to meet was Borah. It wasn't many months later, either, until he deliberately spiked the effect of Mr. Hoover's moratorium to Germany. Laval held it up long enough to kill any good the plan had, which was mainly to send the stock market up for a few days.

I wouldn't be surprised if a better plan than that of getting the statesmen together would be one to keep them apart. They get on one another's nerves. Knocking around together, their wives naturally try to outdo one another; they have their spats, the statesmen have to be continually getting up problems to have something to talk about. Their competitive instinct naturally comes to the fore. One fellow will read a build up about the other fellow in the papers, he becomes resentful. And so it goes. Certainly it would seem that two men could not be any closer than Mr. Roosevelt and Churchill. But there is a lot of battling of wits between them behind the scenes. It forebodes the holy mess that will develop after the war and has many serious angles at present. There is more to the North African situation than a factional fight for control, but it would probably do no good to discuss it at this time.

Leon Henderson's leaving the OPA will largely subordinate that agency in the Washington personality parade. It will continue to serve to carry out rationing and price fixing policies but these policies will be formulated in other quarters. Jimmy Byrnes will be the dominant force.

Prentiss Brown who takes over Henderson's job is an able man. There is a question as to what kind of administrator he will make but he won't always be in controversy. He is not the aggressive, head-line seeking type. He likes to go along quietly to accomplish his job. He is not the leader which his friends advertised him in his campaign for reelection. He has a quiet way of getting things done, and he does a workmanlike job. It wasn't a case of the President's taking care of a lame duck in his appointment. Brown has long had a successful law practice and would have really preferred to return to it than to take the price administrator's job. It was his feeling that the President simply wanted to take care of him that caused him to hold off acceptance of the job for some time.

Home Mortgage Lending In 1943

By JOHN F. SCOTT, *First Vice President*

United States Savings & Loan League

Savings and loan institutions, including cooperative banks and building and loan associations, are likely to continue as the leading home mortgage lenders of the United States in 1943. My own feeling is that they will increase at least by a point or two their proportion of the total home mortgage lending done in the nation. We all know the amount of lending will be less than in the boom defense period years but there are substantial reasons for thinking that the savings and loan institution will be depended upon in increasing degree for the mortgage lending which is left to do.

John F. Scott

For the past four years statistics on the source of home mortgage loans have been compiled carefully by the Federal Home Loan Bank administration in Washington. Every mortgage of $20,000 or less recorded is arbitrarily taken as a mortgage on a home. On this basis, the savings and loan institutions have been the chief source of funds for home loans during all those four years. Their percentage of the total amount has ranged from 30 to 32. It was highest, that is, 32%, in 1940. During the first nine months of 1942, latest for which we have the figures, our percentage was 30. This year the availability of additional funds in the savings and loan associations and the necessity for the associations to seek mortgage loan outlets more aggressively than at any time in the past four years combine to give them a good chance to get up to 32% or perhaps up to a full one-third of the total home mortgage lending volume.

The runners up as a source of home mortgage lending throughout these four years of reliable statistics have been the commercial banks, doing 23 to 25% of the total volume of home lending. The life insurance companies do not loom so large in the total, furnishing from 5 to 10%, but they are a conspicuous factor in many concentrated areas. The situation does not point to either of these types of institutions taking so large a part in the 1943 activity. As I see it so many billions of dollars will have to be obtained from the commercial banks and the insurance companies for war financing, that the compulsion will not be there for them to seek mortgage loan outlets so actively as in the past few years. Meanwhile, with stepped up mortgage-seeking activity on the part of savings and loan institutions, the lion's share of this year's lending can be seen going a little more notably in their direction.

The next question naturally is what kind of loan business it will be. We cannot expect much more construction lending with WPB already scrutinizing construction plans in many instances and deciding that they are unnecessary. Such scrutiny may hit the war housing program at any time and decrease the present expectations for a limited production of houses. In the last months of 1942 the savings and loan institutions were devoting about 12% lending volume to the building of new houses in war industry areas, but we cannot expect this to continue very far into 1943.

Apparently, however, people are continuing to buy homes in every price range. About 55 to 60% of all the loans made by our savings and loan associations this past year were to assist in the purchase of existing houses. Part of this is due to an increased demand for existing houses arising out of the restrictions on the building of new ones. Many people became convinced that they wanted to own their own homes during 1941, but after the ban on construction of other than war houses they decided to invest in available properties already built. Another explanation for much of the home purchasing today is the rising price level in general. When money buys less the average citizen, who has more common sense on these things than the economists ever give him credit for, just naturally goes out and buys a piece of property rather than keeping his money as a cash asset with the likelihood of its purchasing power decreasing still further. I think this attitude on the part of the average citizen will continue to be reflected in a desire to purchase homes because we are attempting only to control inflation and not to stop it entirely. There should continue to be a good market for homes throughout the year as long as no further restrictions are placed on the sale of property by any of the agencies in Washington.

Some refinancing of loans held by other mortgagees will take place this year as it always does. The savings and loan associations in 1942 made about 15% of their dollar volume of loans to refinance obligations which the borrowers would rather have with local institutions specializing in home financing than where they had originally been held. Modernization and repair loans may well continue to account for 3 to 5% of dollar volume, and miscellaneous purposes for borrowing on a piece of property will come in for somewhere from 8 to 10% of the loans this year as usual.

All of this optimism about the prospects for mortgage lending should be weighed in the light of one factor, viz., the fact that the peacetime hangover is still being experienced in this country. We do not yet know anything about restrictions and regulations but another three or four months will undoubtedly bring more to us. It means that our savings and loan institutions may do less mortgage lending than we now contemplate in 1943. But if the restrictions come they will be placed on the other mortgage lending agencies as well, so that we still can look forward to being the chief home lending institutions in the country, no matter how limited the field for all the lenders may prove to be.

Court Flays Stock Salesman

Paul R. Neuman, a stock salesman of Philadelphia, Pa., was sentenced to a year imprisonment and five hundred dollar fine by Erie County Judge Hamilton Ward, Jr., in Buffalo, N. Y., on his plea of guilty to perjury in testifying concerning securities transactions at the New York State Attorney General's office in 1937.

"Your record shows you have been arrested in various places twenty times," Judge Ward told Neuman. "This record is a travesty on our whole judicial system in the United States." Reading a disposition of the cases showing withdrawal of warrants and failures to prosecute, he asserted "You are not going to get away with that in this court. You have made a systematic business of defrauding people—many of them poor people in the rural districts—for years."

To Address Analysts On Beveridge Report

The January general luncheon meeting of the New York Society of Security Analysts, to be held today, will be addressed by Dr. Leo Wolman on The Beveridge Report. Dr. Wolman has studied The Beveridge Report and his findings are about to be published; he will analyze this program, which may well influence the course of history after the war. Dr. Wolman is Professor of Economics at Columbia University, a member of the staff of the National Bureau of Economic Research and is an authority on labor problems.

The luncheon meeting of the Society will be held today at 12:30 P. M. at the Block Hall Lunch Club, 23 South William Street, New York City. Reservations are handled through Miss Byam at the office of Dean Langmuir chairman of the program committee (Bowling Green 9-6375).

On Friday, Jan. 22, Dr. Harry Arthur Hopf, of the Hopf Institute of Management and senior partner in H. A. Hopf & Co., management engineers, will address the luncheon meeting of the Society on "Measuring Insurance Company Management in the Interest of Policyholders and Investors." The Jan. 22 meeting will be held at 56 Broad Street, at 12:30 P. M.

Savings and Loan's 1942 In Retrospect

By RALPH H. CAKE, President
United States Savings and Loan League

The year 1942 with its surprises and its threats, its known and unknowns for the business man, developed into the second most active year the savings and loan institutions have had since the 1920's. They made approximately $1,100,000,000 worth of new mortgage loans, about 60% of the volume being for the purchase of existing homes. They received from the public more money than in any post-depression year except 1941, taking in about $1,300,000,000 from investors, both institutional and individual, and from small savers. Net gains in money invested with them averaged 45% of the new money which came in during the last six months of the year. They probably closed the year with a net gain of 5 to 10% in total assets.


Ralph H. Cake

It can be estimated conservatively enough that the financial destinies of more new people became tied up with savings and loan institutions in the year just past than in any of the past thirteen years with the single exception of the record-breaking 1941. America's first year of actual participation in World War II had a less marked effect on the volume of business, both in the receiving and disbursing phases, than could have been foreseen at the start of the year. It meant for the associations, however, some notable new activities concerned with financing the war.

During 1942 they sold approximately $307,000,000 worth of war bonds to their members and to the public in general, contributing the services of one or more staff members practically full time in a great many instances to handle the bonds. Meanwhile the associations invested $180,000,000 in government bonds, including war bonds, about three times the amount of their government bond purchases in any previous year in their history. Some associations closed the year with 20 to 25% of assets in governments while the more common proportion invested by that time was somewhere between 5 and 10%.

Substantial repayments were made on their loans owed to Federal Home Loan Bank system, their central reserve institution. Loans outstanding in the bank system decreased from $219,400,000 on Jan. 1, 1942 to $144,750,000 on Sept. 1, 1942 and the repayments were still being made during the last four months. The associations also repurchased Federal government investments in their shares at a much faster rate than required in 1942. This is the program inaugurated in the middle 1930's for putting local thrift and home financing institutions immediately into position to finance home building and create jobs. Altogether $102,750,000 of the original $273,000,000 invested in the course of this program had been retired by the end of the year.

Such deflationary activities of the associations have been made possible by two main developments. One was the increased inflow of money accompanied by a lessening of overall mortgage loan demand because of the curtailment in home construction. The other was manifested in the speeded up repayments on the principal of loans. Home owners, with substantial mortgages against their properties still outstanding, used their stepped-up earning power in the war economy to reduce this indebtedness and get closer to debt-free ownership in 1942. This program was widely adopted among our borrowers and it is estimated that repayments were about 18.7% more than their amount in 1941. Repayments on principal will probably total some $932,930,000 when the statistics are completed for this past year.

The year saw 1500 of the staff members, directors and officers of the associations go into the armed forces of the United States and the taking over of their jobs largely by others already on the staff, the shifting of personnel within the offices being greater in this past year than at any time in the past ten. This drain on the trained personnel of the associations has been partially counteracted by greater attention to the courses offered by the American Savings and Loan Institute, which is the educational organization in the business. Many of the persons who now operate and work for the savings and loan type of institution are better informed and more competent to carry on several different jobs in the office than they were a year ago. Manpower has not become a problem with the associations by the beginning of 1943 because a program of institute training both the men and women has been followed by the managers with increasing emphasis in the last five years.

At its beginning the new year finds the associations in sound position, with their cash as high as at any time and their possession of government bonds an additional liquidity factor, with their reserves larger and still being expanded, and with new money flowing in from the confident seven million whose names are on their share account books.

The Treasury can count on them for greatly expanded support of the bond purchase program in 1943 and for a sustained effort to help teach people to postpone the spending of current income. The $1,300,000,000 which people and institutions invested in these associations in 1942, as well as the $300,000,000 of war bonds they sold, had the effect of postponed spending, of helping nullify the inflationary tendencies inevitable in the war economy. This is not to be underestimated in evaluating the services of a thrift institution to the nation at war.

No. Home Mortgage Recordings Lower

Home mortgage financing in the United States dropped sharply in volume during November to the lowest level since the short month of February, 1940, the Federal Home Loan Bank Administration reported on Jan. 9.

The FHLBA announcement further explained:

"The 22% decline from the previous month—after three months of fairly well sustained activity—was due to seasonal influences as well as the increasing curtailment of new construction because of material shortages. A new factor was that November was the first full month in which Office of Price Administration restrictions on the sale of tenant-occupied properties were in effect.

"November non-farm mortgages of $20,000 or less, recorded by all mortgagees, were estimated at $278,000,000, which was 26% off from the total of November, 1941. The decline was general throughout the country.

"Recordings for the first eleven months of 1942 totalled $3,675,000,000, a decline of 15% from the comparable 1941 period and 1% from 1940. By class of lender, activity of savings and loan associations, banks and trust companies and mutual savings banks dropped more than 20%, while the decline registered by the three remaining types of lenders was less than 8%. Savings and loan associations retained their leadership, however."

The number and amount of new mortgages made in November, by type of lender, follow:

	Number	Amount	%
Savings and loan associations	28,914	$80,970,000	29
Insurance cos.	5,547	25,950,000	9
Bks. & tr. cos.	17,361	58,519,000	21
Mutual savs. bks.	3,163	11,596,000	4
Individuals	26,849	55,830,000	20
Other mtges.	12,807	45,456,000	17
Totals	94,641	$278,321,000	100%

St. Paul Fed. Savs.-Loan Of St. Paul Has Assets Totalling $2,023,516

Savings and loan associations are authorized by the Secretary of the Treasury of the United States to act as agents in the distribution of War Bonds and Stamps, and according to the annual report of Axel A. Olson, secretary-manager of the St. Paul Federal, that institution sold bonds in the amount of $231,975 in 1942.

"War effort absorbed a good part of our organization's time in the past year," Mr. Olson said. "It was considered an objective of even greater rank than accumulating savings in this home financing institution, and the same policy will continue in 1943.

"We believe that one of the greatest contributions citizens can make in this war is that of so managing their affairs that savings accrue, rather than expenses. In the larger sense, the postponement of spending is a move toward victory."

Assets of the St. Paul Federal as of Dec. 31, 1942, were $2,023,516.97, as compared with $1,813,594.83 as of Dec. 31, 1941. Reserves which were 3.46% at the close of 1941, are now 3.95%. Today's assets indicate the growth of the organization since 1935 when the assets were $73,197.76.

Officers and directors of the association are Louis Peterson, President; Frank Pampusch, Vice-President; Axel Olson, Secretary-Treasurer; Gustav Axelrod, Attorney; Roy C. Smelker, Charles J. Flynn, Robert Hein and George H. Lyser.

UP-TOWN AFTER 3

STAGE

"Dark Eyes," a comedy by Elena Miramova and Eugenie Leontovich, presented and directed by Jed Harris at the Belasco Theatre, N. Y. With Elena Miramova, Eugenie Leontovich, Jay Fassett, Ludmilla Toretzka, Geza Korvin, Ann Burr, Oscar Polk and others. Sets by Stewart Chaney (Reviewed Friday, Jan. 15, 1943).

With Russia and Russians making the headlines it is not surprising that plays dealing with Russians should have the vogue they now enjoy. "Dark Eyes," the third Russian play to appear on Broadway this season, is a frothy yarn about three Russian ladies who seek refuge for the week-end as guests of a fellow countryman who in turn is a guest at the home of a wealthy Long Island family. That the three ladies are also playwrights in search of an angel and see in the head of the Long Island family, a harried Washington official, the answer to their financial dreams, makes for amusing complications. As a comedy, "Dark Eyes" has it's funny moments. The spectacle of three ladies running away from the consequences of passing rubber checks, their wild conversations, their arguments and the sometimes wacky situations, make your sides ache with laughter. But the trouble is the moments of hilarity are too thin to be spread over an entire evening. The voluble ladies are perfect examples of the popular idea of the Russian. They have mercurial temperaments. They are either riding the crest of the wave when paying the income tax seems such a small thing that they plan to give the Government a bottle of vodka to show their gratefulness; or they are in the slough of despondency when suicide is the only way out.

AROUND NEW YORK-TOWN

What with the war and gas rationing, you'd think local night clubs would be in that quaint condition Broadway succinctly describes as "Strictly from hunger." Nothing could be further from the truth. Saloons, whether of the bar and grill type or the swishy cafe set relaxation joints are doing a land office business. Everybody has reasons for this unexpected popularity. But reasons don't matter, for the fact is that they are busy. If you like to rub shoulders with movie people, then the places you are bound to find dozens is in the East Side spots. What with the war and bond selling drives, Hollywood people who used to run abroad now turn up in New York daily. And evenings you'll see them swapping lies at the tonier New York night spots. To attract more spenders the East Side places put on elaborate shows. Some of them have gorgeous girls and outstanding stars; some just a single personality. **The Monte Carlo (E. 54th)**, for example, introduces Peggy Wood of Blithe Spirit fame to it's patrons this week. Miss Wood was a top-notch musical comedy star before she turned to dramatics. Another attraction is a young lady named Diana, whose talents in the business of telling your past, present and future, gives her quite a following. And speaking of prognosticators, look up the lady called Arlah, who does her crystal gazing at the skyscraper **Penthouse Club (30 Central Park South)**. People tell me she is uncanny. The Penthouse adds a musical background to its Central Park backdrop by having a violinist, Senya Oneska, who plays lilting, romantic, or plaintive tunes to put handholders in the proper mood. Hotels are also getting increased business. **The Pierre (Fifth Av. at 61st)**, for instance, with its really beautiful Cotillion Room, has the rope up for the first time. This week sees the talented young dancers, the Barrys, who double from "Show Time," opening there. They join the amazing Myrus, who has been mentioned here before. Myrus, to the uninitiated (his name is actually Harry Carp), is a mind reader with an ability that is unbelievable. I write from experience—embarrassing experience. Among the other East Side places there is the **Versailles (E. 50th)** with its elaborate show starring the rotund lady of letters-and-parties, Elsa Maxwell. Then, of course, there is the **Stork Club**, but you know about that one. All in all, New York is now a Saturday night town, not only Saturdays, but every night in the week.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 269)

consider, but the news you read spread across the front pages isn't the news which has an important market effect. The Russian breaking of the siege of Leningrad, its drive to the West, its breaking of the myth of invulnerability of the Wehrmacht enjoyed so long makes for fine reading. But people interested in markets are not concerned with flaming headlines. It is the small three or four line articles buried sometimes in long dispatches which mean something to them. For example the submarine sinkings carry much more weight than the winning of a sensational battle. The attitude of the Treasury Department is more important than any McNutt page one story of potential manpower. And business after the war is more important than sensational earnings now.

* * *

The market in its own fashion recognizes these things and evaluates them accordingly. If for example, basic developments which mean little to the average person were suddenly to make their effect felt the market would show it. All this naturally ties in with our domestic and foreign policy which is usually buried in news stories. But if the average person doesn't know anything about them, somebody who can interpret them properly can and does interpret them for us by his action in the market. So far such action has not appeared, or if it has, was not of sufficient duration to make much difference.

* * *

The end result for the trader is a continued policy of watchful waiting with all stops in securities held still applying.

* * *

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.]

The Wrong Formula

(Continued from first page)

The desire to enforce a higher degree of liquidity upon brokers, dealers and banks for the greater protection of their customers, their depositors and themselves is admirable and should be pursued. But Regulation T has failed to accomplish this ideal because it is based upon the wrong formula that listing alone is an assurance of ready marketability. This same false theory is also found in the Supplement to Regulation U of the Federal Reserve Board, which permits a broker or dealer a maximum loan value at his bank of 75% on listed stocks against only 60% on unlisted stocks. (Supplement effective Nov. 1, 1937.)

Effect

Regulation T has caused bankers universally to frown upon borrowings upon unlisted collateral and to avoid accepting such security whenever possible. While no figures are available, it is believed that banks are being forced, nevertheless, to accept a steadily increasing percentage of unlisted collateral because this business has been driven out of margin accounts to direct bank loans. Banks are not nearly as well equipped to check changes in collateral value as are brokers, and most bank loans are 90 to 180 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 safety element or the opposite 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 convinces an investor that XYZ, an unlisted stock, is a desirable value and meets the investor's individual requirements. This investor decides to purchase 5,000 of XYZ stock, but tells the dealer that he can't make the commitment 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, the dealer must tell him that a regulation of the Federal Reserve Board prohibits an initial extension of credit against unlisted collateral. The investor immediately begins to think there must be something wrong with all unlisted securities if the Federal Reserve Board has prohibited brokers and dealers from advancing funds against such securities. Frequently, too, the investor will balk at the dealer's suggestion of handling the transaction through a bank loan, due to his newly aroused suspicion of any unlisted issue. As a result, the dealer fails to obtain an order which would help to develop a better market and must, henceforth, contend with an unjustified resistance toward his merchandise.

A broker or dealer, furthermore, cannot finance an investor's purchase on partial credit of preferred stocks such as Clark Equipment, Pet Milk, Masonite and Edison Brothers Stores in spite of the fact that the junior common stocks of these corporations are listed on the New York Stock Exchange.

Nor can he extend credit on any bank stock or the stock of any insurance company, excepting the few in the entire country which are listed. It is ironical that bankers should frown upon unlisted stocks as collateral when, in most cases, the stock of their own institution is traded exclusively in the unlisted market. It is common knowledge 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 exchanges. When investor interest again centers in equities, the realization that they cannot borrow from their broker or dealer may cause the stockholders 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-c-2) prohibits a broker or dealer from extending credit on any 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-participating firm from accepting an unlisted new issue as additional collateral to a margin account already in existence.

Illusion

Regulation T is predicated upon the formula that listing is an assurance of marketability. This is easy to disprove. The record speaks for itself. In 1941, 1239 stocks were traded during that year on the New York Stock Exchange. The total volume in 51 of these stocks ranged 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 19½ points and sale of 820 shares of American Coal resulted in a range of 9½ low to 17 high.

with a net gain of 5 points for the year. Is there liquidity or protection to banks or individuals in those listed stocks? Of the 51 stocks, only 10 shares changed hands in 3 issues, 20 shares in 2, and 30 shares in 3 more. Out of the 1,239 stocks, 141 or 11.37% traded to the extent of less than 500 shares a month, or an average of approximately 100 shares a week.

The record of sales of less than 500 shares a month on the New York Curb during 1941 is even more startling—390 issues or 44.21% of the 882 issues traded. Sales of 30 shares caused a 3 point range in Prentice Hall. Sale of 130 shares resulted in a decline of 12 points in Metal Textile preferred. The trading of 397 shares caused a 12 point range in Metropolitan Edison preferred. Perhaps these may be extreme examples but they prove conclusively that a substantial percentage of New York Stock Exchange and New York Curb Exchange stocks should not be preferred collateral, especially by comparison with many over-the-counter stocks that enjoy constant broad markets. The volume percentage, obviously, would be much more glaring on the smaller stock exchanges, like Boston, Philadelphia, Cleveland, Detroit, St. Louis and San Francisco. An SEC release shows that the total volume of trading in June, 1942, in all stocks listed thereon, was only 452 shares on the Washington Stock Exchange and 737 shares on the Chicago Board of Trade. Nevertheless, listing on those exchanges and all other registered stock exchanges provides exemption from certain restrictions in Regulations T and U.

The story is the same on listed bonds, except that generally the daily quotations show far wider spreads between bid and asked prices of the inactive issues. For example: of 1,258 listed issues shown in the Fitch Annual Bond Record for 1941, 918 were corporate, 39 were United States Government direct obligation and guaranteed issues, 3 were New York City bonds, and 298 were foreign bonds. Out of the 918 corporate bonds, 15 issues did not trade at all during the year. In fact, Illinois Central R. R. Sterling 3s, 1951 had not traded since 1936 when they sold at 93, and at Dec. 31, 1941, were quoted 30-70. Cleveland and Pittsburgh Railroad had 7 issues of over $19,000,000 par value listed. Its General B 3½s, 1942, had not traded since 1935, with no bid or asked showing at the end of 1941. Its 4½s of 1981, did not sell; only 1 of its 3½s of 1948 traded and a grand total of only 69 bonds changed hands on the New York Stock Exchange in all 7 issues during 1941. Of the 292 Foreign bonds which traded during the year, 192 or 31.50% sold to the extent of less than 60 bonds or below a rate of 5 bonds a month. Out of 903 corporate issues which sold during the year, the number selling to the extent of less than 5 bonds a month was 140 or 15.50%. The only sale of Providence Terminal 4s of 1956 during 1941 was $1,000 at 87 on Oct. 6. The bid and asked at the year-end was 63-85. On sales of 7 bonds, Florida Central and Peninsular RR 5s, 1943 ranged from 43 to 50, with last sale on Dec. 4, at 49½ and were quoted 20-60 on Dec. 31. After a sale at 121½ on Aug. 29, the market on Gas & Electric Company of Bergen County 5s, 1949, dropped to 96⅛-97 by Dec. 31. Only 6 bonds traded on the Exchange during 1941. There were numerous other examples, but the foregoing statistics should prove conclusively that listing is no assurance of either marketability or liquidity.

Listing Origin Overlooked

The formula of these Regulations places an impediment to the development of sufficient marketability for unlisted stocks to become eligible for listing. It overlooks the indisputable fact that truly liquid listed issues, by the current requirements for listing, must develop marketability first in the Over-the-Counter market. It is essential that there must be developed a minimum number of stockholders, widely enough distributed to offer reasonable assurance that an adequate auction market will exist. This is accomplished through the sponsorship of Over-the-Counter dealers and is not obtained merely from the resultant advertising of listing, itself. Trading activity frequently declines in many an issue following listing due to the loss of the dealer sponsorship which had created the Over-the-Counter interest in the stock. The spread between sales and between the bid and asked prices widens, thus reducing liquidity. Obviously, this is not the case where sufficient distribution has been created in the Unlisted market and maintained for several years in that market. Yet during the period of steadily increasing trading activity and broadening distribution, Regulations T and U retard the process by casting a stigma on the issue and retard the Over-the-Counter dealer's efforts to effectuate and maintain a broad market.

Suggested Formula

Indiscriminate lending on unlisted collateral is no more desirable than on listed inactives of small marketability. Then, what should the formula be? It should be based upon proven and established marketability. Qualification of unlisted issues for collateral purposes could be determined by committees representing the National Security Traders Association, the National Association of Securities Dealers, Inc. and the Federal Reserve Board. These committees could agree upon a preliminary list and make additions or eliminations at regular intervals. A fair and equitable formula based upon marketability of the individual issue should be worked out to correct the present injustice to the Over-the-Counter market. This suggestion should command the immediate attention and wholehearted support of all officials of the Federal Reserve System, the Securities and Exchange Commission and the entire Investment Industry, as well as all Corporations whose shares are now traded in the Over-the-Counter market.

References:

Regulation T of the Federal Reserve Board: Section 2-d, Section 3-c, Section 7-b;

Regulation U of the Federal Reserve Board: Supplement effective Nov. 1, 1937;

Securities and Exchange Act of 1934 (Section 7-c-2).

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 securities business as long as there are "free markets." The trying years of the thirties are proof that some organizations were able to come through with more stamina and strength than they enjoyed even before the deep depression came along. We remember that these firms changed their "merchandising policies" to meet the times. One firm, we recall, changed its policy from dealing in general market securities to the then depreciated Real Estate bond field, with resulting success and exceptional profits to its clients within about a three-year period. Another turned its attention to Reorganization and Receivership situations. Activity was created because **it was stimulated along the lines that were sound in relationship to prevailing conditions.**

The way we see 1943 in this respect is somewhat like this. The first problem, reduced transportation facilities for salesmen; thereby cutting down on the number of possible interviews. Secondly, the impact of a higher cost of living, increased purchases of "defense bonds" and sharply accelerated taxes upon the average investor—especially those who have formerly received income in the $10,000 to $20,000 per year group. There is no point in denying the fact that this former group of investors will have less available for "cash" investment into securities. Other factors of lesser import which may add their quota of sales resistance are: the general uneasiness over the present world situation, the course of the war itself, and the doubts concerning the post-war economic outlook.

Again, as we view the situation, from the aspect of the merchandiser of securities, we see no point in allowing these realities to overcome our enthusiasm for the business itself, or for the possibilities of a good year in 1943. The thing to do is to turn around and **follow the lines of least resistance.**

Take the problem of reduced transportation. The answer is definitely fewer calls—**but better interviews with larger investors. Increase the unit of sale.** In every community there are a goodly number of larger investors upon whom you never have made a call. Seek them out. Do some intensive study of available markets. Good prospecting in this respect is the first important consideration. Five new accounts in 1943 that can produce a substantial volume of business for you may be more valuable than fifty small investors. It doesn't take any more work and effort to sell a block of $100,000 worth of securities than it does to sell a couple of thousand to the smaller account. As a matter of fact it probably takes less for the larger investor is usually easier to talk with once you know him. He understands investment procedure and he is usually more open-minded to constructive suggestions.

One of the best methods we have ever used in actual practice for opening the larger account is through the medium of **the special situation.** Select a security that you feel convinced has "outstanding features." Then get into the inner workings of that company. Find out all you can about its outstanding securities, its background, its policies, its products—**sell yourself first.** There are companies that have a "story" that you can tell—and that you can make as interesting as any novel ever written. Your "big man" will see it providing you have done a thorough job of research and your situation is really promising.

This may sound like a lot of work—it is just that. But it is work that is constructive—along sound lines that will bring your volume up if you follow through. It is even more of a difficult road to take the "hit or miss" pathway that has no plan to recommend it except the plodding grind that relies solely upon the law-of-averages to bring in the business.

The law-of-averages will still prevail, however, if in 1943 you set up four calls a week on the "larger investors" and plan a campaign for the full year that is designed to increase your "unit volume" of each transaction, well over and above your 1942 average. **The man who believes in himself to the extent that he knows where he is going; has a plan to get there; and who will not allow any discouragement to deter him from reaching his goal—will make 1943 a better year than 1942.**

Wainwright To Admit

H. C. Wainwright & Co., members of the New York Stock Exchange and other leading Exchanges, will admit Lee Schaenen to partnership in their firm as of Feb. 1. Mr. Schaenen will make his headquarters at the firm's New York office, 30 Pine Street.

R. L. Day To Admit Rogers

BOSTON, MASS.—Ellery W. Rogers will be admitted to partnership in R. L. Day & Co., 111 Devonshire Street, members of the New York and Boston Stock Exchanges. In the past Mr. Rogers was with Spencer Trask & Co.

Our Reporter's Report

(Continued from first page)

Two-Way Operation

The revival of insurance company interest in the market has proved a double-barreled boon to some houses since the railroads, although not as active at the moment as recently, are still seeking favorable buying opportunities in their own issues.

Accordingly the firm which is fortunate enough to have standing orders from managements for the purchase of their bonds when the opportunity affords, finds itself pretty much in clover so to speak.

This is once, as some dealers put it, when there is really a minimum of difficulty in seeking to negotiate the needs and desires of two different types of customers.

Banks Sell Municipals

Except for the rather sizeable emissions of new Housing Authority obligations the municipal bond field continues quite bare of new opportunities and consequently some holders are finding the market situation such that the temptation to sell is strong.

This is notably true in the case of banks which have been showing decided inclination that way, presumably in an effort to offset in part at least their vast investments in Treasury war loans.

The latest of commercial institutions to take the step, the Central Hanover Bank & Trust Co. received bids yesterday for a total of $5,560,000 of such bonds in pieces covering 35 different issuers.

Topping this list of offerings were blocks of New York State and New York City issues, and a formidable list of lesser names.

State Banks Get Call

New York State Banks were advised by Allan Sproul, president of the Federal Reserve Bank of New York, this week to put themselves on a "total war basis."

Mr. Sproul, who also is head of the War Loan Advisory Committee for this area, told state bankers at their mid-winter conference on Monday, that although they had accomplished much, there is still a great deal more to do "if future drives are to achieve an equal or greater measure of success in selling government securities to other than banks of deposit."

He could not predict what amount of government securities will reach market in the course of the year, and informed bankers that the Federal Reserve System is prepared to assure banks against any embarrassment through large purchases of governments.

Public Service Co. of N. H.

Unless there is an unexpected hitch, the Public Service Company of New Hampshire should soon be calling for bids on its $22,000,000 of first mortgage thirty-year bonds, carrying a 3¼% coupon.

The bonds were registered last month and hearings were held recently on the proposal, so that the way would appear clear for the call for tenders.

This undertaking also involves $2,500,000 of unsecured serial notes, but that part of the deal is destined for private placement.

New Orleans Bank Stocks Situation Interesting

An interesting analysis of New Orleans Bank Stocks has been prepared for distribution by Woolfolk, Huggins & Shober, 839 Gravier Street, New Orleans, La. Copies of this analysis may be had from the firm upon request.

Calendar of New Security Flotations

OFFERINGS

NU-ENAMEL CORPORATION

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

Address—8 South Michigan Ave., Chicago

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

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

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

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

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

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

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

Offered by Floyd D. Cerf Co.

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.

WEDNESDAY, JAN. 27

METALES DE LA VICTORIA S. A.

Metales de la Victoria S. A. has filed a registration statement with SEC for 1,350,000 shares of common stock and $675,000 production notes, the latter being lawful money of the United States.

Address—Pan-American Ave. and Fourth St., Agua Prieta, Sonora, Mexico.

Business—Company was organized under the laws of the Republic of Mexico on Oct. 23, 1942, for the purpose of engaging in the business of acquiring, exploring, developing and operating mining properties in Mexico, and the milling and marketing of ores and concentrates therefrom.

Offering—Offering price is $10 per unit, lawful money of the United States. A unit consists of a production note in the face amount of $10 lawful money of the United States and 20 shares of common stock. The common stock has a par value of one centavo (Mexican money) per share.

Underwriters—The offering will be made direct to the public by the company, and to brokers and dealers for their own accounts, or through the latter as selling agents of the company. Assuming that the entire issue is sold the proceeds to the company will be $506,250, or $7.50 per unit, the difference representing selling costs and underwriting discounts and commissions. Statement says Ogden C. Chase, Francis Platt and Edward G. Frawley are believed to be the principal underwriters under the Securities Act of 1933, as defined in the regulations of the Commission. The three are officers, directors and promoters of the company.

Proceeds—Net proceeds will be utilized for acquisition of properties and installation of mill and other expenses incident to operation of the mine property.

Registration Statement No. 2-5082. Form S-3. (1-8-43)

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.

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)

Amendment filed Jan. 12, 1943, to defer effective date.

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 Dec. 18, 1942, to defer effective date

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 purpose 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. 15, 1942, as SEC states it has reasonable cause to believe that statement includes "untrue statements of material facts"

DEERFIELD PACKING CORP.

Deerfield Packing Corp. has filed a registration statement with the SEC for $1,250,000 5% sinking fund debentures due Dec. 1, 1954, and 47,215 shares of common stock, without par value. Of the stock registered, 35,715 shares will be reserved for issuance upon exercise of conversion rights with respect to the debentures, and the remaining 11,500 shares will be offered for sale. Company states that it is possible that due to future adjustments in the conversion price, not now anticipated, more than 35,715 shares will be required for issuance upon exercise of conversion rights, and it is intended that present statement shall cover, such additional shares, of any, as may be required for issuance upon exercise of the conversion rights.

Address—Bridgeton, N. J.

Business—Company is engaged primarily in the manufacture of quick-frozen vegetables. The major portion of its frozen products is quick-frozen by the Birdseye process, but the company has developed and uses other processes for quick-freezing for customers who require large packages of frozen vegetables or loose frozen commodities.

Offering—Offering price to the public of the debentures and shares of common stock will be furnished by amendment.

Underwriting—E. H. Rollins & Sons, Inc., is principal underwriter for the debentures with others to be named by amendment. E. H. Rollins & Sons, Inc., is named underwriter for the common stock.

Proceeds—About $487,000 of the net proceeds from the sale of the debentures and common stock are to be used to discharge the balance of $480,000 due on a bank loan in the amount of $600,000, together with accrued interest and premium thereon. Balance are to be added to the company's general funds.

Registration Statement No. 2-5078. Form A-2. (12-29-42)

Amendment filed Jan. 12, 1943, to defer effective date.

FLORIDA POWER & LIGHT CO.

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

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

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

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

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

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

Amendment filed Jan. 4, 1943, to defer effective date

NORTHWEST PUBLICATIONS, INC.

Northwest Publications, Inc., has filed a registration statement with SEC for $382,500 5½% subordinated debentures, due Dec. 1, 1957.

Address—55-63 East Fourth St., St. Paul, Minn.

Business—Engaged in the publication of newspapers in the cities of St. Paul and Duluth, Minn.

Offering—Under the plan of recapitalization the corporation offers a 5½% debenture in the face amount of $100 for each share of its 3,825 outstanding shares of first preferred stock together with all rights to dividends accruing thereon after Dec. 1, 1942. Under the plan of recapitalization, the holders of first preferred may deposit their exchange agreements prior to March 15, 1943, or such later date as may be determined by the corporation, but not beyond May 15, 1943. The plan shall become effective automatically, when holders of 80% of face amount of first preferred deposit their exchange agreements, or by declaration by the corporation, at its option, upon receipt of exchange agreements covering less than such 80%.

Underwriting—The corporation has not entered into any agreement providing a firm commitment for the purchase of subordinated debentures. It has entered into an agreement with Kalman & Co., Inc., Wells-Dickey Co. and Harold E. Wood & Co. to act as dealer-managers. They are to use their best efforts for a period of 60 days following the effective date of the registration statement to effectuate exchange of the securities registered for the corporation's outstanding first preferred stock.

Proceeds—Plan of recapitalization.

Registration Statement No. 2-5080. Form A-2. (12-29-42)

PUBLIC SERVICE CO. OF NEW HAMPSHIRE

Public Service Co. of New Hampshire has filed a registration statement with the SEC for $22,000,000 first and general mortgage bonds, series A 3¼% to be dated Jan. 1, 1943, maturing Jan. 1, 1973.

Address—1087 Elm St., Manchester, N. H.

Business—Company is engaged principally in the generation of electric energy and its transmission, distribution and sale to about 78,300 domestic, commercial, industrial, agricultural and municipal customers in New Hampshire and Vermont. It also manufactures and distributes gas.

Underwriting—To be supplied by post-effective amendment.

Offering—Company proposes to sell the bonds at competitive bidding pursuant to the rules of the Commission. Contemporaneously with the issuance of the bonds, company will issue and sell 3,284 shares of its common stock, no par value, to New England Public Service Co., parent of the company, at a price of $60 per share flat or $197,040, and will issue and sell $2,500,000 face amount of its unsecured notes at private sale to financial institutions.

Proceeds—The aggregate net proceeds of said bonds, notes and common stock will be used to pay principal, premium and 30 days' interest in the redemption of all of the company's first mortgage bonds aggregating $18,929,000 face amount, to pay off bank loans totaling $1,000,000, to purchase from Twin State Gas & Electric Co. the utility properties and other assets of its New Hampshire division $4,281,897, to purchase certain assets from New England Public Service Co. $197,080 and other corporate purposes. All companies are subsidiaries of NEPSCO and transactions are the second step in the proposed simplification of NEPSCO. First step was the recently consummated merger of Cumberland County Power & Light Co. with Central Maine Power Co. Third step contempiates the acquisition by Central Vermont Public Service Co., also a subsidiary of NEPSCO, of the remainder of the assets of Twin State located in Vermont by merger.

Registration Statement No. 2-5076. Form A-2. (12-24-42)

Amendment filed Jan. 8, 1943, to defer effective date.

PUGET SOUND POWER & LIGHT CO.

Puget Sound Power & Light Co. has filed a registration statement with the SEC for $52,000,000 first mortgage bonds series due Dec. 1, 1972, and $8,000,000 debentures due Dec. 1, 1951. The interest rates will be supplied by amendment.

Address—860 Stuart Building, Seattle, Wash.

Business—Applicant's properties consist, generally speaking, of electric, gas, steam heat and telephone utility properties located in the central and western portions of the State of Washington. It is engaged principally in the business of generating, transmitting, distributing and selling electric energy in all or parts of 19 counties in the western and central portions of the State of Washington, comprising approximately 4,500 square miles.

Underwriting—Names of underwriters will be supplied by post-effective amendment. The company proposes to sell both the bonds and debentures at competitive bidding. The invitation for bids will provide that each bid covering the bonds shall specify the coupon rate (which shall be a multiple of ¼%) and the price to be paid to the company for the bonds; and each bid covering the debentures shall specify the coupon rate (which shall be a multiple of ⅛%) and the price to be paid to the company.

Offering—The offering price to the public will be supplied by post-effective amendment.

Proceeds—Net proceeds from the sale of the new bonds and the new debentures, together with general funds of the company, are to be used for: Redemption of the old bonds, series A, in the face amount of $36,039,500 at 101½%, or $36,580,093; redemption of the old bonds, series C, in face amount of $8,850,000 at 102%, or $9,027,000, and redemption of old bonds, series D, in face amount of $13,995,000 at 102%, or $14,274,900, or grand total of $59,881,993. There is pending before the SEC an application under Section 11 (e) of the Public Utility Holding Company Act of 1935, by Engineers Public Service Co.—parent company—to which Puget joined as a party, for the approval of a plan for recapitalization of Puget. This plan, if approved, would reduce the percentage of voting power of Puget owned by Engineers from 77.4% to 1.8%. Engineers has been ordered by the Commission to dispose of its entire interest in the company. Engineers has advised Puget that it intends to comply with this order as soon as it can do so.

Registration Statement No. 2-5077. Form A-2. (12-28-42).

Parks & Leake Join Dickson Inv. Dept.; Duncan To Home Office

R. S. Dickson & Company, Inc., 30 Broad Street, New York City, announce that G. Everett Parks is now associated with them as manager of their investment department and that Charles R. Leake, 2nd, is also associated with them in this department. Mr. Parks was formerly manager of the retail sales department of Josephthal & Co. and prior thereto was in charge of the over-the-counter department of McKelvy & Company in New York. Mr. Leake was with Craigmyle, Rogers & Co. and D. M. S. Hegarty & Co.

Sidney V. Duncan, Assistant Treasurer of R. S. Dickson & Company, is being transferred from the New York City office to the firm's home office, Wilder Building, Charlotte, N. C. Mr. Duncan has been in the New York office since 1932.

Seaboard Outlook Good

The current situation in Seaboard Air Line Railway Company offers interesting potentialities with a favorable outlook, according to a circular just issued by L. H. Rothchild & Co., 11 Wall Street, New York City. Copies of the circular containing details on Seaboard Air-Line and the recapitalization plan offered by the Receivers may be had from the firm upon request.

Study Reveals Future of Towne Securities Bright

The post-war outlook for Towne Securities is the subject of a study by J. L. Schiffman & Co., 60 Broad Street, New York City. Dividends of $73.50 per share have been paid on the preferred stock over a period of the last eight years, the study points out; this leaves a balance of $35 a share in arrears still due.

Earnings of the company, according to the study, are derived mainly from its ownership of a 70% interest in Compania Metalurgica Mexicana, one of the leading mining enterprises in Mexico. These properties are under the administration of the American Smelting & Refining Co. which owns the 30% remaining interest. The subsidiary benefited substantially in the second half of 1942 from increased lead and zinc prices beginning with June; and higher silver prices beginning with September. In addition, company has a new mill for treatment of oxide ores which has permitted an appreciable increase in production.

The study concludes that higher metal prices, plus generally improved conditions in Mexico indicate that results in 1943 should be very satisfactory.

Copies of the study may be had from J. L. Schiffman & Co. upon request.

Investment Trusts

(Continued from page 271)

basic trend of political thought throughout this country, the huge expansion in the supply of money and credit, the prospect of a period of great industrial activity following the war, the reasonable level of equity prices in relation to average corporate earnings and the favorable relationship of common stock yields and bond yields, justify confidence in the longer term prospect for common stocks."

"What Of 1943?" asks Hugh W. Long & Co.'s "New York Letter." After reviewing the generally brighter prospects for the United Nations, the letter has this to say:

"So far as our own business is concerned, we have experienced a gratifying increase of volume in the closing months of the year just ended, which we ascribe largely to the fact that investors are coming to realize the vital necessity of adequate breadth of diversification and continuous supervision under war conditions.

"An added factor is doubtless pressure for the investment of idle funds which are visibly shrinking in real value under the onslaught of a rising cost of living.

"We believe that these forces will continue to operate and that the distributors and sponsors of well managed investment companies may look forward with considerable confidence to the new year."

Dividends

Affiliated Fund, Inc.—Quarterly dividend of 3c per share paid Jan. 15 to holders of record Dec. 31, 1942. Company reported net investment earnings for the quarter at 4½c per share.

National Securities Series

Jan. 15, 1943

	Distribution
Bond Series	$ .12
Low-Priced Bond Series	.12
Preferred Stock Series	.14
Income Series	.09
Low-Priced Common Stock Series	.05
International Series	.01*
First Mutual Trust Fund	.14

*This fund was originally offered late in October.

Dividend Shares, Inc.—A quarterly dividend at the rate of 2c per share, payable Feb. 1 to stockholders of record Jan. 15, 1943.

Bullock Fund, Ltd.—A quarterly dividend at the rate of 15c per share payable Feb. 1 to stockholders of record on Jan. 15, 1943.

Portland Electric Power 6s of 1950

(Continued from page 267)

their valuation of the Portland General Electric stock at $25,800,000 and of the Portland Traction stock at $6,700,000 thus making total valuation of these stocks well in excess of the claim of the Portland Electric Power Income bondholders and providing an equity for the Preferred stockholders. The valuation basis used by the Independent Trustees appears to be far too high and fanciful by comparison with other similar equities.

It is believed by many that fairness will dictate the allocation of all or practically all of the available assets to the income bondholders, with little or nothing allocable to the Preferred stockholders.

The Portland General Electric Company supplies electric power and light service to the City of Portland and some 50 other communities in the territory. It is the major utility in Oregon and its rates are reported among the lowest of any electric power system in the country. It is the largest individual purchaser of power from the Bonneville Power Authority.

The Portland General Electric Company on Dec. 31, 1941, had outstanding $44,008,000 of 4½% and 5% bonds and $5,318,287 of collateral notes due to banks. Property, plant and equipment account after deduction of $5,164,578 of intangibles and $5,399,376 depreciation reserve, amounted to $58,353,005.

Total capital and surplus of Portland General Electric per the Dec. 31, 1941 balance sheet stood at $22,774,255, or $96.17 per Common share. If all the Common shares of Portland General Electric are held to be applicable to the Portland Electric Power Income bonds, the balance sheet book value would equal $1,400 in Portland General Electric Common stock for each $1,000 principal amount of Portland Electric Power Income bonds.

On the basis of the Dec. 31, 1941 balance sheet of Portland Traction Company the net book value of that Company's Common stock, also entirely owned by Portland Electric Power, would equal an additional $320 per $1,000 Portland Electric Power Income bond.

During the past twelve months, Portland General Electric Company has reduced its funded debt over $700,000 and increased net working capital over $900,000. In the same period, Portland Traction Company has reduced its indebtedness over $650,000 and improved its working capital position in excess of $500,000. In other words, Portland Electric Power Company's equity in these two subsidiaries has increased roughly $2,750,000 by comparison with the values given in the foregoing paragraphs.

On the basis of current earnings, which provide a sounder method of evaluating the assets underlying the Portland Electric Power, it is pointed out that the net earnings 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, 1942, Portland General Electric's net income was $1,789,965 or $7.55 per Common share. There are 14.57 shares of this stock held by the Trustee for each $1,000 Portland Electric Power Income bond, and total earnings applicable to 14.57 shares amount to $110.

If the value of Portland General Electric stock were placed at a ratio of ten times current earnings which is somewhat below the present average market ratio of similar electric utility equities, the value of the entire issue held by the Trustee for the Portland Electric Power income bonds would amount to $1,100 per $1,000 bond. If the valuation were made on a basis of only five times earnings the value of the Portland General Electric Common would still equal $550 per $1,000 Portland Electric Power compared with the current market of about $350.

These value indications are of course based only on the Portland General Electric stock and give no effect to the entire Common stock issue of Portland Traction Company, also held by the Trustee for the Portland Electric Power Income bonds. A conservative basis for valuing the Portland Traction Co. stock might be on the basis of about three times current earnings and on this basis the estimated 1942 net income of $600,000 for Portland Traction Company would indicate a value of about $1,800,000 for its Common stock, or the equivalent of about $110 per $1,000 Portland Electric Power Income bond.

On the basis of current earnings valuations, therefore, the Portland Electric Power Income bonds would appear to have a sound valuation worth of from $660 to $1,210, or from 2 to 3½ times the current market for the Portland Electric Power Income bonds.

Stated in a different manner, the $16,250,600 outstanding Portland Electric Power bonds at 35 have a total market valuation of approximately $5,680,000 compared with current net income of $1,789,965 for the Portland General Electric Company stock and approximately $600,000 net income on the Portland Traction Company stock, or total current net earnings of approximately $2,390,000. A continuation of these earnings for 2⅓ years would equal the present market price of Portland Electric Power bonds.

The conclusion of negotiations that have been going on for an extended period with representatives of the Bonneville Power Authority should result either in the sale of the electric properties 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 reported to have bid $55,500,000 for the Portland General Electric properties and additions, with indications that Bonneville would be willing to increase its bid substantially if an agreement could be reached. The asking price, however, was $66,600,000 and an agreement between the company and Bonneville was not reached at that time.

Based only on the Bonneville bid of $55,500,000 and on estimated value of the other assets of Portland General Electric, an approximate value of $750 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 outstanding debt at a considerable saving in interest charges with a consequent substantial increase in earnings applicable to its Common 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 present bonds.

Our Reporter On "Governments"

By S. F. PORTER

The Government mart continues to display an inherent strength that is as impressive as anything we've seen in a decade. . . . Considering the news on budgets, the outlook for the debt, the fact that we've just had a record-sized borrowing and are going into another in the spring, the steadiness of the list and the constant demand are of prime significance. . . . You can't look at the market's rise without noting first the background. . . . And once you realize the surrounding factors, you know truly how good a showing the market is making. . . .

A setback of minor proportions does seem in order but apparently, the technical position is so strong that little, if any decline is going to materialize. . . . Instead of falling back the list has been holding under sufficient buying power to indicate a renewed rally may develop before the end of the month. . . . Dealers in New York are optimistic about the ability of the market to advance into new high ground before the next multi-billion dollar financing comes up. . . . Of course some news either on the domestic or foreign front may change this setup over night but that's a factor so obvious it needs no elaboration. . . . The important point is that the Government mart today is in an excellent shape, good enough to withstand any number of shocks. . . . And you can interpret that remark in terms of your own portfolio. . . .

THE CANADIAN ISSUE

The $90,000,000 Canadian issue floated last Thursday by a nation-wide syndicate headed by Morgan Stanley & Co. was a rapid-fire out-the-window deal. . . . Quick premiums appeared, the offering was overscribed within a few hours and the whole operation gave the market a new lift. . . .

That, in itself, was good. . . . But what's of more immediate interest is the possibility of switches from the U. S. Government 1¾s of 1948 to the Canadian Government 2½s of 1948. . . . Not that the change is recommended. . . . You must decide that one yourself, determine the advisability of going into some Canadian loan, see if your portfolio can stand it. . . . Assuming your portfolio can—and a casual glance at the Dominion's financial and industrial status today will reveal how magnificently Canada is managing its war effort—you might like to add some of the 2½s. . . . Bonds due in five years, selling at around 100½, carry 2½% interest. . . . U. S. 1¾s due six months later in 1948, selling around the same price. . . .

There's an intriguing comparison in interest rates here. . . .

ANOTHER SWITCH

Consider the 2½s of 1972/67, selling at 100.29 to yield 2.44% to call date. . . .

Then consider the 2½s of 1968/63, selling at 100.18 to yield 2.46% to call date. . . . And the 2½s of 1967/62, selling at 100.15 to yield 2.46% to call date. . . .

All three bonds are taxable. . . . The 67s are registered, the 68s can be bought in either form. . . .

What's the difference? Why then are the 2½s of 1972 selling at the highest price—particularly when this is the longest issue out? The answer, of course, is simple. . . . The 1972s are the only long-terms that the commercial banks can buy. . . .

And that leads to the point of this switch. . . . Why should a non-bank investor hold the 1972s at that top price when he can switch into a slightly shorter bond and cut his price? . . . If there is a reason, it must be peculiarly personal. . . . As a general policy, a switch from the 1972s into the 1968s or 1967s seems advisable. . . .

This may be of direct interest to insurance companies and industrial corporations. . . . Especially if a profit can be frozen in the 1972s, a probability as most institutions bought these at the issue price. . . .

AND ANOTHER SWITCH

The 1¾s of 1948 are selling at 100.10 to yield 1.67%. . . .

The various 2% issues of 1951/49 are selling at 100.19, 100.21 and 100.24 to yield from 1.86 to 1.89% depending on the month of maturity. . . .

The suggestion here is that you may find it profitable to freeze your profit in your 1¾s and shift into the slightly longer 2s. . . . You've still a bond with a definite floor at par. . . . You're not extending the call date so much (the 1¾s are due in June, 1948; the 2s are due in June, September and December of 1951, callable in the same months in 1949) and if a refunding of the 2s is decided upon before maturity, the extension is small indeed. . . . The price of the 2s is only slightly above the price of the 1¾s. . . . And your current interest return is boosted ¼%. . . .

This may stimulate your interest on two grounds: (1) the coupon is increased without undue extension of maturity risk and (2) the profit you have on the 1¾s is frozen. . . .

INSIDE THE MARKET

Municipal market all but ignored President Roosevelt's reference to tax loop-holes and his obvious implication that tax-exempt municipals belong in this classification. . . . No selling of importance showed up. . . . Reference was expected, was entirely in accordance with known Administration attitude. . . .

As for market's reaction, feeling is that even if Congress does take action on this subject at this session, interest on outstanding State and local issues will remain exempt and only interest on future issues would be subject to income taxes. . . .

Same holds true for taxing outstanding Governments. . . . There's a subject that once held the nation's attention, now is as dead as can be. . . .

Important story from Washington that Congress soon may eliminate FDIC assessment on funds held by banks in war loan accounts. . . . Also action would eliminate these funds from total counted in reserve requirement estimates. . . .

Estimate is that exemption of this money from FDIC assessment and reserve requirements would save the banks as much as $360,000,000, which presumably would be invested in Government obligations. . . .

None seems opposed to idea, Treasury may sponsor move, which banks have been requesting for months. . . .

Dealers turned a pretty penny on their temporary holdings of the December basket. . . . Loans to brokers and dealers a fortnight ago went off $132,000,000 in seven-day period, reflecting repayments of loans by dealers who had subscribed to the December issues on margin. . . . That week, the 1¾s were at a ⅜ premium, the 2½s were at ⅝ premium and even the certificates of indebtedness were above the issue price. . . . The dealers made money on the "carry", turned over the securities at a straight-out profit. . . .

On the subject of "borrowing to buy" Governments, there seems to be some misunderstanding as to terms of bank loans allowed by the Treasury. . . . Advice from Treasury in December was that investors could borrow from their banks to buy Governments as long as the loans were repaid within a six-month period. . . .

Statement of bank supervisory agencies on this was, "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". . . . It's worth remembering for the next offering. . . .

N. Y. Bond Club To Hear Jas. W. Wadsworth, Jr.

The Honorable James W. Wadsworth, Jr., former Senator from New York and at present a member of the House of Representatives, will be guest of honor and speaker at the luncheon of the Bond Club of New York to be held at the Bankers Club on February 5, Albert H. Gordon, President of the Bond Club, announced today. The subject of his talk will be "The War Trend".

Large Attendance Anticipated For Seventeenth Annual Dinner of N. Y. Dealers Association

The seventeenth anniversary dinner of the New York Security Dealers Association will be held on Thursday, Feb. 4, 1943, at 7 o'clock at the Grand Ballroom of The Waldorf-Astoria, according to announcement made by Tracy R. Engle, Engle, Abbott & Co., Chairman of the dinner committee.

Col. Willard Chevalier, publisher of Business Week, who has just completed a tour of the United States, will address members on "War Is Our Business."

Following Col. Chevalier's discourse, Henry G. Riter, 3rd, Chairman of the Board of Governors of the National Association of Security Dealers, will speak on "Benefits to the Public and the Securities Industry through Self Regulation." W. W. Chaplin, radio commentator who has recently returned from Russia, will talk on "Behind the Russian Line." Mr. Chaplin will discuss conditions in Russia and India.

John J. O'Kane, Jr., John J. O'Kane, Jr., & Co., and John F. Sammon, J. F. Sammon & Co., are Vice-Chairmen of the dinner committee which also includes Harold Allen, Allen & Co.; Frank S. Bennett, Brown, Bennett & Johnson; Gustave L. Birnbaum, Birnbaum & Co.; George L. Collins, Huff, Geyer & Hecht; James Currie, Hart, Rose & Troster; Henry De Meester, Henry De Meester & Co.; Vincent Fitzgerald, Fitzgerald & Co., Inc.; Leo J. Goldwater, L. J. Goldwater & Co.; Irving A. Greene, Greene & Co.; Albert C. Hugo, A. M. Kidder & Co.; Wellington Hunter, Hunter & Co.; Hanns E. Kuehner, Joyce, Kuehner & Co.; T. Reed Rankin, R. H. Johnson & Co.; John F. Reilly, J. F. Reilly & Co.; Stanley L. Roggenburg, Roggenburg & Co.; B. A. Seligman, Ward & Co.; Otto H. Steindecker, New York Hanseatic Corp.; Percival J. Steindler, P. J. Steindler & Co.; Abraham Strauss, Strauss Bros.; Stanley M. Waldron, Wertheim & Co.; J. Arthur Warner, J. Arthur Warner & Co., and M. S. Wien, M. S. Wien & Co.

Mr. O'Kane, who is in charge of tickets, reports a good demand for reservations.

Wilson-Jones Officers Guests of N. Y. Exchange

The common stock of Wilson-Jones Co. was admitted to trading on Jan. 18 on the New York Stock Exchange and Fred D. Pitt, President, and Harold F. Graves, Vice-President, were guests of the Exchange and witnessed the first transaction on the floor in their stock. Wilson-Jones Company, in addition to manufacturing loose-leaf books and ledgers and filing supplies, is also producing machine gun cartridge links, fuse caps, electrical terminals for airplane wiring and sundry parts for gun carriages.

The visiting officers of the company were entertained at luncheon by Robert L. Stott, Chairman of the Board, Eugene Lokey, Vice-President, Phillip L. West, Acting Director of the Stock List Department, and Thomas Benton, floor specialist in the company's shares.

The Business Man's Bookshelf

Carnegie Endowment for International Peace Year Book, 1942—Published by the Endowment, 700 Jackson Place, N. W., Washington, D. C.—Cloth.

Changes in Consumer Buying Practices Resulting from Tire and Gas Rationing—P. D. Converse, Department of Business Organization and Operation, University of Illinois College of Commerce and Business Administration, Urbana, Ill.—Special Bulletin No. 2.

How Management Can Integrate Negroes in War Industries—Prepared by John A. Davis—New York State War Council Committee on Discrimination in Employment—Paper.

Opinions on Charges to Consumers for Small Instalment Loans—Household Finance Corporation, 919 North Michigan Avenue, Chicago, Ill.—Paper.

Lewis B. Scranton Is At Wheeler-Woolfolk

(Special to The Financial Chronicle)

NEW ORLEANS, LA.—Lewis B. Scranton has become associated with Wheeler & Woolfolk, Inc., Whitney Building, members of the New Orleans Stock Exchange. Mr. Scranton was formerly president of Scranton & Co., Inc. and was an officer of Bronson & Scranton, Inc. and Sutherlin & Scranton, Inc. In the past he was connected with Moore & Hyams, Dillon, Read & Co. and the National City Company of New York.

Robinson And Hunter Baum Bernheimer VPs

KANSAS CITY, MO.—Eldridge Robinson and Hayward H. (Pete) Hunter have been elected Vice-Presidents of Baum, Bernheimer Co., 1016 Baltimore Avenue. Mr. Robinson is manager of the firm's trading department; Mr. Hunter is in charge of the corporate department. Both have been associated with Baum, Bernheimer Co. for a number of years.