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# The Commercial and FINANCIAL CHRONICLE

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## OUR REPORTER'S REPORT

Another prospective refunding operation by a public utility came to light coincident with reports that the Oklahoma Gas & Electric Company may be expected soon to reveal plans for refunding its outstanding mortgage debt.

This will bring to a total of three, the other companies which have prospective refinancing operations in the works, the Puget Sound Power & Light Company and the Public Service Company of New Hampshire having already filed with the Securities and Exchange Commission.

**The Oklahoma utility now has outstanding $35,000,000 of thirty-year 3¾% first mortgage bonds due in 1966, its only mortgage debt. In addition it has $7,125,000 of 4% debentures due in 1946 out of an original issue of $9,500,000 sold simultaneously with the mortgage bonds in 1936.**

These securities were marketed to provide funds for the retirement of $44,545,277 of 5s, 5¼s and 6% obligations outstanding at the time. The 1941 report, latest available, showed fixed charges covered 2.23 times.

Mortgage bonds now outstanding are subject to call at 104¾ and it is expected that the company will exercise its privilege.

**Discussion in market circles hints at the possibility that the new refunders are likely to carry a 3¼% coupon, and naturally a maturity beyond that of the outstanding issue.**

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## Urges Securities Acts Changes To Encourage Venture Capital

"The first concern of government in the post-war world," according to Gov. Harold E. Stassen of Minnesota, "should be to create a favorable environment in which free enterprise, by its inventiveness, its management, its mass production, and its distribution, can make the greatest possible contribution to the standards of living of the people." Gov. Stassen thus expressed his views in New York City on Jan. 28 at a luncheon of the Northeastern Lumbermen's Association held in the Pennsylvania Hotel. Among other things which Gov. Stassen advocated were modification of the Security Exchange Law, co-operation with private capital in housing development, and encouragement of research and industrial initiative to meet post-war problems on the home front. The New York "Herald Tribune" of Jan. 29, from which we quote, stated that in the field of international affairs the youthful Minnesota executive (he will be 36 years old on April 13) repeated for the New York business gathering the program for a world government structure that he first proposed three weeks ago at the University of Minnesota.

In advocating in his luncheon address in New York that the extreme restrictions of the Security Exchange Law be greatly modified "so as to recognize the need of venture capital," Gov. Stassen said:

"If government takes all element of chance out of investment it will at the same time take out all possibility of real progress.

"The birth rate of new enterprises is just as important to the future as the birth rate of the population."

He contended that the government must recognize that mere bigness was not of itself a bad thing in America, so long as that bigness had worthy competition in some form or other.

Further remarks of Gov. Stassen at the luncheon were indicated as follows in the "Herald Tribune":

Expressing confidence in the nation's ability to convert its economy from war industry to peace industry in accord with basic American principles, Gov. Stassen based his assurance on the belief that the rank and file workers of the United States "have a greater respect for the American industrial system, for individual enterprise and management initiative now than they have had for many, many years."

"The rank-and-file people of America," he said, "have observed at close hand, in the production of the vital means of victory, the results of the management and the initiative and ingenuity of our American industrial system. On the other hand, they have had an unusual and new opportunity to observe at close hand and by personal experience the contrasting inefficiency and the delays of governmental operations, in rationing, in man power, and the many other activities of the government.

"They are seeing at close hand the difference between a system of private operation and of governmental operation, and I do not believe that the rank-and-file workers of this country would contemplate for a minute government supervision and complete operation as being in any way a match for, or a desirable substitute for, what they see accomplished by American business."

"Governor Stassen said that in

(Continued on page 491)

## SEC Proxy Rules Unnecessary And Against Public Interest

A protest against the new proxy rules of the Securities and Exchange Commission has been addressed to the members of the Senate and House at Washington by the Commerce and Industry Association. It is contended in the Association's statement that the rules place needless and unauthorized additional burdens on American business, it was noted in the New York "Times" of Feb. 2, which also observed that bills are pending in Congress which would eliminate powers assumed by the SEC not conferred upon it by statute. As to the Association's objections to the rules the same paper said:

Revision of its proxy rules by the SEC in December "should be protested and action taken to prevent the SEC from exceeding the authority conferred upon it by law and imposing unwarranted new burdens on industry," the statement said.

"The Commerce and Industry Association is not opposed to rules and regulations which would actually further the sound objective of protecting investors from fraud, for which the SEC was created. It heartily endorses sound principles in the Securities Laws as written by Congress. It is, however, vigorously opposed to arbitrary and unreasonable requirements such as are set up under the new proxy regulations.

"The Commerce and Industry Association believes the new proxy rules are against the public interest and are subject to the following basic objections:

"First, they tend to foment controversies between stockholders and management.

"Second, they tend to make proxy statements to stockholders voluminous and costly.

"Third, they tend to confuse stockholders rather than to enlighten them.

"Fourth, they may create new liabilities for which no need appears to exist.

"Fifth, they represent the exercise by the SEC of a power not conferred upon it by law of interfering with the internal management of corporations."

Neal Dow Becker, President of Intertype Corporation, is President of the association; Vice-Presidents are Stephen F. Voorhees, Builder; Thomas S. Holden, President of F. W. Dodge Corp., and Jeremiah D. Maguire, President of Federation Bank and Trust Company.

## INDEX

# Fulton Iron Works Co.

By BRUCE WILLIAMS

While presently enjoying substantial benefits from war-stimulated demand for heavy machinery, this small company is in the unusual position of possessing attractive post-war prospects.

The company's business was founded in 1852. Before the present war it was an important constructor of sugar mills. In addition, its plant, built on an 11-acre site at St. Louis, Mo., is equipped for the manufacture of heavy machinery, Diesel engines of from 375 to 1,250 H.P., and various types of machine tools.

During the 1930's the sugar business was in a bad way with some mills being abandoned and the equipment of operating mills being allowed to deteriorate. Aside from a few orders from the Mexican Government, this company received practically no business from the sugar industry during this period.

With a somewhat unwieldy capitalization consisting of $774,444 6% Income Notes due in 1944, 51,299 shares of 6% Preferred Stock (non-cum. $10 par), and 18,850 shares of Common Stock ($1 par), the company suffered from this situation and failed to pay an accumulation of two years' interest due on the Notes. War work was undertaken with the aid of loans from the R.F.C. and the volume of business has risen sharply in the past two years.

Condensed Income Account, Years Ended June 30

| | 1942 | 1941 |
|---|---|---|
| Net sales | $3,793,325 | $2,038,606 |
| Cost of sales | 2,763,402 | 1,600,880 |
| Oper. income (after depr.) | 802,955 | 222,272 |
| Income taxes | *353,198 | 53,000 |
| Avail. for int. (after misc. deduct.) | 431,975 | 198,630 |
| Int. (incl. other int.) | 52,428 | 60,734 |
| Net income | 379,547 | 137,896 |
| Earnings per share: | | |
| Preferred stock | $7.39 | $2.69 |
| Common stock | 18.50 | 5.63 |

*Including excess profits tax.

The above earnings on the common stock are largely meaningless until the company takes care of the Income Notes. The current year's interest on these notes amounting to $46,467 was paid recently, leaving two years' interest still in default. The company has presented the noteholders with a plan offering to pay all arrears on the interest plus 10% on principal and to set up a sinking fund equal to 25% of net income for retirement of the notes if the holders will agree to a reduction of interest to 5% and an extension of maturity to 1954.

Although finances have improved markedly with the increase in volume, net working capital rising from $169,914 as of the 1940 fiscal year end to $439,420 in 1941 and $800,884 on June 30, 1942, the company is still in a tight cash position. The necessity of carrying larger inventories and the drain of sharply increased taxes have substantially expanded cash requirements. However, this obstacle does not appear to be insurmountable and if an extension of the Income Notes can be successfully consummated, the company will be well along the road to complete financial recovery.

The interesting aspects of this situation are that for nearly 14 years the South American, Cuban and other West Indian customers of this company have been letting their sugar mills run down. Much of the Java and East Indian mill equipment is reported to have been destroyed. With the help that our Government is giving to our Latin American neighbors and with the need for post-war reconstruction of the sugar industry, it is not difficult to visualize a period of unusual prosperity for Fulton Iron Works.



## Price & Co. Becomes Price, McNeal & Co.

The name of the firm of Price & Co., 165 Broadway, New York City, dealers in investment securities, has been changed to Price, McNeal & Co., in order to conform to the firm's partnership status.

Clarence V. Price and Allen J. McNeal, who have been associated together since the early twenties as partners, were originally with George H. Burr & Co.—the former in the Chicago and Cleveland offices and the latter in the New York office.

Mr. Price was raised in Illinois and attended the University of Chicago, while Mr. McNeal came from Kansas and went to the University of Michigan.

Price, McNeal & Co. will continue to retail securities to individuals and institutions. While dealing in public utility, industrial and railroad stocks and bonds, both listed and unlisted, as well as municipals, the larger part of the business done by the firm consisted of "special situations" which have proved quite profitable to their clients over a period of years.

## Eugene Hayes Elected Pres. Of Senior Clerks Ass'n

The Senior Clerks Section of the Association of Stock Exchange Firms has elected Eugene A. Hayes, of DeCoppet & Doremus, president. Thomas F. Darcy, Merrill Lynch, Pierce, Fenner & Beane, was chosen vice-president; William J. Dempsey, J. H. Oliphant & Co., treasurer; Mark Sandler, Herzfield & Stern, secretary, and Bernhardt P. Schmeil, Carlisle & Jacquelin, assistant secretary.

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## David Minton Jr. Is Burnham Co. Partner

David M. Minton, Jr., member of the New York Stock Exchange, has been admitted to partnership in the Exchange firm of Burnham & Co., 30 Pine Street, New York City. Mr. Minton has recently been active as an individual broker and prior thereto was a partner for many years in D. M. Minton & Co.

Lawrie W. Burnham will be admitted to partnership in the firm shortly. Oscar A. Krieger withdrew on Jan. 25.

## Sells Walter Kidde Stock

Wyeth & Co., 647 South Spring Street, Los Angeles, Calif., members of the Los Angeles Stock Exchange, placed 11,000 shares of Walter Kidde & Co. common at 33½. The company is one of the leading manufacturers of carbon dioxide. The stock was oversubscribed two hours after offering.

## Scott Babey Opens Office

(Special to The Financial Chronicle)

CINCINNATI, OHIO—Scott C. Babey has opened offices in the Dixie Terminal Building to engage in a securities business. Mr. Babey was formerly with Ballinger & Co., Charles A. Hinsch & Co., Bankers Bond Co. and Stein Bros. & Boyce.

## Murphy & Hayes Head Charities Committee

Edward F. Hayes, of Glore, Forgan & Company, and Peter J. Murphy, of F. S. Smithers & Co., have been appointed chairman and vice-chairman, respectively, of the Investment Bankers group of the Archbishop's Committee of the Laity in the twenty-fourth annual fund Appeal of the Catholic Charities of the Archdiocese of New York, it is announced by John A. Coleman, executive chairman of the Special Gifts Committee.

The Archbishop's Committee of which former Governor Alfred E. Smith is general chairman, solicits contributions from professional and business leaders through the Special Gifts Committee, which last year collected more than $336,000 in addition to $792,000 raised by teams of parish workers.

The 1943 Appeal will open April 4 in the 376 parishes of the Archdiocese.

New York Catholic Charities coordinates the work of 182 hospitals, child caring homes, day nurseries and family relief and other welfare agencies in the ten counties of the New York Archdiocese.

## John N. Darrow With Merrill Lynch Firm

(Special to The Financial Chronicle)

CLEVELAND, OHIO—John N. Darrow has become associated with Merrill Lynch, Pierce, Fenner & Beane, 216 Superior Avenue, N. E. Mr. Darrow was formerly in charge of the municipal department of the local office of Paine, Webber, Jackson & Curtis. Prior thereto he was with Otis & Co. in their municipal department and in the past was head of Darrow & Bielaski, New York investment firm.

## Returns to Business After Leave of Absence

CHICAGO, ILL.—J. Patrick Lannan, President of Kneeland & Co., Inc., Board of Trade Building, has returned to active business after a leave of absence of one year.

Mr. Lannan became Chief Liaison Officer of the Sixth Region of the War Production Board and has served in that capacity as a Dollar-a-Year Man since shortly after Pearl Harbor.

## N. Y. Analysts to Meet

At the regular Friday luncheon meeting of the New York Society of Security Analysts, Inc., to be held Feb. 5 at 56 Broad Street, New York City, David Roswell of Roswell & Co., financial consultants, will speak on "Receipts and Expenditures of Government in the United States."

## Now Johnson & Johnson

PITTSBURGH, PA.—Johnson & McLean, Inc., Union Trust Building, announce the change of their firm name to Johnson & Johnson.





## ABA Exec. Council To Meet April 11-14

The annual Spring meeting of the Executive Council of the American Bankers Association will be held in New York City, April 11-14, it is announced by W. Linn Hemingway, A.B.A. President. Mr. Hemingway is President of the Mercantile-Commerce Bank and Trust Company, St. Louis, Mo. The Executive Council is the governing body of the Association consisting of bankers chosen by the bankers associations of the 48 states and the District of Columbia. The Waldorf-Astoria will be headquarters for the meeting.

## American Business Credit Situation Interesting

Hill, Thompson & Co., Inc., 120 Broadway, New York City, have prepared an interesting memorandum on American Business Credit Corporation, copies of which may be had from the firm upon request.

## Stromberg-Carlson Offers Attractive Situation

The current situation in Stromberg-Carlson common offers attractive possibilities according to a memorandum issued by Herzog & Co., 170 Broadway, New York City, from whom copies may be obtained upon request.

# Congressman Accuses Freeman Of SEC

Representative Charles Wolverton (Republican of New Jersey) according to United Press dispatches from Washington dated Feb. 2, accused Milton V. Freeman, Assistant Solicitor of the Securities and Exchange Commission, of placing himself "entirely beyond the scope of laws created by Congress."

"Wolverton," the dispatch continued, "said Freeman had made a public statement asserting that 'we do make the law,' and that 'an SEC regulation supersedes all laws that are contrary to it.' The statement, Wolverton said, was reported by the New York "Times."

"'If this statement is correct as reported by the press,' he said, 'Mr. Freeman should be immediately and completely separated from the Government payroll. Mr. Freeman was referring to a new set of regulations issued by the SEC, which in my opinion go far beyond the jurisdiction of the Commission. I shall demand that Mr. Freeman and the Chairman of the SEC be called to the Capitol before a committee of Congress to explain their philosophy.'"

# Paul J. Bax Joins Kidder, Peabody Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Paul J. Bax has become associated with Kidder, Peabody & Co., 135 South La Salle Street. Mr. Bax was formerly a trader for Caswell & Co. and its predecessor Mitten, Caswell & Co. and was with The First Boston Corporation.

# There's Still "Black Gold" In "Them Thar" Hills

Responding to the increased need for coal to keep the wheels of industry moving, the production of soft coal in the United States is thought to have reached the highest total on record during 1942. Estimated on a basis of the 11 months' figures to Nov. 30 the total tonnage is expected to reach 580,000,000 net tons as compared with the previous peak of 579,385,820 net tons in 1918. With war production still on the increase and railroad traffic heavier than ever before and with the oil shortage causing a greater demand for coal in heating plants, the year 1943 may establish a production record exceeding 600,000,000 tons.

The following figures which show yearly production and percentage of increase from 1932 to 1942, inclusive, were obtained from the **Department of the Interior**, Bituminous Coal Division. The year 1932 was chosen as a beginning because it established the low following the more prosperous 1920s. Production for 1929 was 534,988,593 tons.

| | Tons | Incr. over '32 |
|---|---|---|
| 1932 | 309,709,872 | -- |
| 1934 | 359,368,022 | 16% |
| 1936 | 439,087,903 | 41 |
| 1937 | 445,531,449 | 45 |
| 1938 | 348,544,764 | 12 |
| 1939 | 394,855,325 | 28 |
| 1940 | 460,771,500 | 49 |
| 1941 | 514,149,245 | 66 |
| 1942 (est.) | 580,000,000 | 89 |

This improvement naturally has been reflected in the price level of coal bonds and stocks, two outstanding examples of which are **Franklin County Coal 7s** and **Old Ben Coal 6s**. Since 1938, when the second low in production for the decade was reached, **Franklin County Coal 7s** have advanced from about 40F to a present market value of approximately 160. That includes stock which had little value in 1938 but is now 3¾ bid for preferred and 80¢ bid for common. Practically all of this advance in price occurred during the latter half of 1942.

The **Old Ben Coal** 1st 6s, worth about 25F in the market during 1938, got under way earlier and by the end of 1940 had doubled in market price. By the end of 1941 they had reached 90 and are now quoted 105 bid, 107 asked. **O'Gara Coal** 1st 5s, about 10F in 1938, improved a little during 1939, 1940 and 1941 but did not really come to life until 1942. They are now up around 80.

Another company worthy of notice is the Chicago, Wilmington & Franklin Coal Co., the common stock of which has advanced from 5 in 1939 to the present market of 16-17. Company was also very fortunate in that a lucrative oil

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# DEALER BRIEFS

## Cleveland, O.

**In spite of all the changeable news we had in 1942 and the unsettled minds of the investing public, there seems to be plenty of buyers of securities with a good background and post-war possibilities.**

**Customers are looking for high-grade municipals, which are getting scarce; income revenue bonds of municipalities are becoming very popular and in good demand; insurance and bank stocks are being rapidly absorbed by our clients.—*Joseph R. Kraus, Chairman of the Board, The First Cleveland Corporation.***

## Columbus, O.

**Caution and preparation for tax payments are prevalent to a great extent among our investors.**

**There is an excellent demand for our local high grade preferreds and land trust certificates, but offerings are lacking.**

**Our equity shares are also in demand and the prices are generally higher than for the past few months.—*W. M. Zuber, W. M. Zuber & Co.***

## Jackson, Tenn.

**It develops that there are plenty of funds for investment in sound securities. It would appear to us that there will be a continued demand for municipals although the dwindling supply may cause less activity and higher prices.**

**The Legislature, which is now in session, has about half completed its work. It usually produces quite a supply of special issues of municipal bonds, but at this session hardly a single issue has been authorized, and we feel that with the scarcity of materials and priorities, practically no issues will be authorized by local communities for the duration of the war for new improvements, and with excellent tax collections little refunding will be necessary.—*C. H. Little and Company.***

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# REAL ESTATE SECURITIES

New York City's tentative tax rolls for 1943-1944 as announced by the City Tax Commission on Jan. 31 aggregated $16,058,686,836, a decrease of $53,287,619 from the final assessment total of $16,111,974,455 for the current fiscal year. The tentative rolls show a valuation of $14,014,228,680 on ordinary real estate, as distinguished from utility properties; $1,381,301,065 for real estate of corporations (utilities), and $663,157,091 special franchises (based on 1942-1943 figures).

William Wirt Mills, President of the Tax Commission, in reporting the tentative assessments to Mayor LaGuardia, stated that the overall decrease in valuation from the early total was net after taking into account the value of new construction, reduction in assessments, etc. Assessments dropped $97,130,000 in Manhattan and $480,970 in the Bronx. All other boroughs are increased: Brooklyn by $12,592,751, Queens by $13,649,115, Richmond by $3,010,965. Assessments of utility properties showed a gain of $15,070,520 for the year.

Reflecting a full year of war pressures on the realty field, the Tax Commission reported only 2,216 new buildings in New York City since the last assessing period, compared to 8,350 new buildings in the previous year. That 70% decline is further accentuated by the fact that much of the new construction was U. S. Government property at Floyd Bennett Field, Oriental Beach and Manhattan Beach—all exempt from taxation.

Manhattan, still the most valuable land area in the world, added only 46 new buildings last year compared to 121 the year before, and demolished buildings with assessed valuations of $957,000.

In the city as a whole, taxable property having a total valuation of $18,466,440 was lost to the assessment rolls by reason of exemption.

The Tax Commission reported reductions in the assessed valuations of existing properties amounting to $154,958,600, partly offset by approved increases amounting to $38,054,521, leaving a net field reduction for equalization of $116,904,079.

The report pointed out that the rehabilitation exemption law expired Jan. 25, 1941, recalling that the first law providing for this exemption was enacted in 1937 and the first exemptions granted for the year 1938. The city, it was stated, began to reap the benefit of those improvements last year when some of the exemptions were restored to the tax roll for the second half of 1942-1943. More of these exemptions, to the amount of $7,691,675, will be restored to the tax rolls for the second half of 1943-1944.



# PERSONNEL ITEMS

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

(Special to The Financial Chronicle)

BOSTON, MASS.—**Harry F. Cole** has been added to the staff of **Baldwin & Company**, 30 Federal Street.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Sylvia Z. Green** is now with **A. A. Bennett & Company**, 105 South La Salle Street.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Andrew C. Stayart** has become associated with **Case, Bosch & Co.**, 208 South La Salle Street. Mr. Stayart was formerly with Thompson Ross Securities Co., Webber, Darch & Co. and Paul H. Davis & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**May L. Hartigan** is now with **Dempsey - Detmer & Co.**, 135 South La Salle Street. Miss Hartigan was previously with Leason & Co., Inc. and J. H. Beall & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Bert X. Wahl** has become affiliated with **Sills, Troxell & Minton, Inc.**, 209 South La Salle Street. Mr. Wahl was formerly with A. C. Allyn & Co. and Bond & Goodwin, Inc.

(Special to The Financial Chronicle)

CINCINNATI, OHIO —**E. E. Kirkpatrick** has been added to the staff of **A. E. Aub & Co.**, Union Trust Building.

(Special to The Financial Chronicle)

SEATTLE, WASH.—**William F. Stone** has rejoined **Lobe & Jordan, Inc.**, Insurance Building. Mr. Stone was recently with Wakefield & Co., Inc.

(Special to The Financial Chronicle)

YOUNGSTOWN, OHIO—**Myron H. Lyons** has become connected with **Flannery-Jackson & Co., Inc.**, Union National Bank Building.

# Tomorrow's Markets Walter Whyte Says—

**Explosive force of inflation working against general confusion makes for uncertain market. Prices now at dangerous levels. Minor setback can carry deeper than expected. All stops to be moved up.**

*By WALTER WHYTE*

Two forces are hard at work in this market. The first is a quiescent TNT ready to explode into a rip snorter of an up market. The second, just as effective, can turn the entire picture into one of gloom and dark forebodings.

* * *

The first comes entirely from inflation and its by-products. That inflation is here is obvious to anybody who eats and drinks. The only place where the inflationary effects have not caught on is in the security markets. There are some rather good reasons for it. They are, however, too involved to be gone into here. Anyway the reasons hardly matter. It is the effects that count.

* * *

The second force at work in this market comes from psychological factors. Practically all of it is fed by news reports. Its importance, however, cannot be overlooked. Fear, hope and other human emotions play a much more important part in the price structure than is generally realized.

* * *

A clear cut political policy both here and abroad would of course help no end. We all know no such policy exists. Instead we have contradictions piled on contradictions all of which confuse and add to the uncertainties which generates fears.

* * *

We have a war on our hands the end of which no one really knows anything about. Political leaders have blared forth a nebulous something we are fighting for, called the Four Freedoms. Yet the first chance these Four Freedoms can be applied they are conveniently forgotten. Our State Department when asked by newspaper correspondents to explain certain actions, particularly the queer goings on in North Africa, becomes irritable and announces we ought to pay more attention to the war and less to policies. The market which in the final analysis is concerned with the future rather than the past or present reflects this confusion in high places.

* * *

I am certain, for example, that if the antics of our State Department were understood the market would be acting much better than it does. For on the home front business and industry is doing well. In fact it's doing a lot better than the shrieks coming from tax pains would lead you to believe.

* * *

Meanwhile the market, despite the fears and hopes that dominate it, behaves like a nicely brought up kid. It doesn't get too rambunctious and neither is it sulky. But like all nicely behaved youngsters it threatens to break its habits and explode with a big bang.

* * *

Right now market technicians are expecting something called a "technical reaction." I deliberately put quotes around technical reaction because all reactions, technical or otherwise, mean just one thing—lower prices. When such a reaction is on I prefer to sit by with a bundle of cash than with a top heavy stock position trying to console myself in the belief that the whole thing will soon be over and pay me handsomely for my patience. I never saw any advantage in holding a stock at say 30, carry it to say 40, and then watch as it goes through the antics of a "technical reaction" that carries it back to about 32 or 35. Nine chances out of ten the man who was outspokenly confident of being able to carry stock through such setbacks will get the heaves at the lower figure and dump. No, when a reaction is on I prefer to let somebody else do the explaining and comforting.

* * *

It is not always possible to get out just before prices begin sagging. So that old method of "stopping" them at predetermined levels comes to the fore. I'll admit it isn't the ideal method but until

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# RAILROAD SECURITIES

The long awaited announcement of an agreement between the Steadman Committee, representing the Missouri Pacific 1st & Refunding Mortgage, and the Young interests, representing junior security holders, was released late last week. It was followed by renewed strength for most of the system securities, even though the statement did not reveal the details of the proposed revisions in the original plan. The latter is now before the courts.

The joint statement of agreement merely brought out the fact that it was now proposed to take advantage of the unprecedented cash balances that have been built up under the stimulus of war earnings to improve the treatment of every class of security holder. Presumably this would be accomplished at least in part by the payment of principal of some of the underlying claims as was petitioned last year by the Young interests. This would in turn release a larger allotment of new First Mortgage bonds for allocation to other security holders, specifically the 1st & Refunding Mortgage, while retaining the fixed capitalization within the broad limits set by the Interstate Commerce Commission. It is also possible that claims of holders of other than the divisional liens might be reduced through cash allotments.

In view of the agitation that has been stirred up by the record earnings of all of the reorganization roads, it would seem advisable, in the interests of harmony, to give some recognition to old stock holders in any revision, even if only in the form of purchase warrants. Elimination of stocks on which earnings are in some instances running to $30 and even $50 a share during the war boom has long been visualized as one of the major stumbling blocks to consummation of pending reorganization plans. Regardless of how temporary present conditions may be, there is no question but that the record supports the contention that the Commission erred in categorically denying the possible potentiality of any value in these stocks. This should logically be recognized through giving stockholders rights to buy the new stocks.

The joint statement particularly stressed the fact that the agreement of the two parties did not necessarily presage early adoption of a revised plan. The new proposal would first have to be discussed with other interested parties representing other affected liens. If the plan were accepted by these other groups, it would still have to have the approval of the Interstate Commerce Commission and the courts of jurisdiction. Also, the success of any plan, either the old or the revised one, will depend in large measure on the decision of the Supreme Court (which may have been handed down by the time this is published) in either the St. Paul or the Western Pacific cases.

Regardless of the outcome of the present negotiations, and even if the original plan should be the one finally adopted, it is indicated that the International-Great Northern 1st Mortgage bonds have lagged considerably behind the rest of the Missouri Pacific System obligations. Based on the plan now before the Court, the International-Great Northern 1st Mortgage bonds have an indicated value of 44 to 44½, taking the bid prices for the when-issued securities. Any improved treatment under a revised plan would naturally add to these values.

In the meantime, it seems almost certain that holders of the bonds will receive at least some additional interest payments in the current year. Last year the bonds were paid the equivalent of one and one-half semi-annual coupons. The vastly improved current financial position of the company itself, coupled with the prospects of continued high earnings, would certainly justify at least a similar distribution in 1943. Old fixed charges were earned more than three times last year and there is no reason to anticipate a material paring of that margin in the current period.









## Ticker Now Signals Opening Of Market

A new practice of indicating on the ticker tape the time of the actual opening of the New York Stock Exchange was instituted on Feb. 1. This new procedure is signalled by the tickers in the following manner:

"At 15 seconds before the opening (9:59:45 a.m. New York Time) a series of 16 dots will be printed, each a second apart, so that the last or 16th dot will be printed at 10:00 a.m. New York Time. This series of dots will be followed by the words "Market Open." The printing of sales will then proceed as heretofore."

In a letter to Stock Exchange members, it was explained:

"For many years it has been customary, about two minutes before the opening of the market, to print on the ticker tape "New York Stock Exchange" followed by the date. Nothing else is then printed until the first report of a transaction made on the Floor arrives in the ticker plant and the necessary operations to print it on the tape are completed. The interval of time between the printing of the date and the first transaction varies with many factors. The actual opening of the market occurs in this interval, although there is no way now to determine from the ticker exactly when this occurs. However, it is the practice to print on the tape the words "Market Closed" when the closing occurs. Representations have been made to the Exchange that a similar indication of the time of actual opening would be desirable."

## Bidwell & Co. Formed

Bidwell & Co., with offices at 70 Pine Street, New York City, is being formed as of today by J. Truman Bidwell, member of the New York Stock Exchange, and Milton A. Pfizenmaier. Mr. Bidwell has been active as an individual floor broker. Mr. Pfizenmaier will act as alternate for him on the floor of the Exchange.

## 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—45⅛; low—14¾; Feb. 3 price—44⅝.

# Bank and Insurance Stocks

## This Week — Insurance Stocks

By E. A. VAN DEUSEN

The impact of war on the industry and economy of a nation is both stimulating and inflationary. All industries are not equally affected, however, for while some become "war babies" others become war casualties. The inflationary effect of war is noticed chiefly in rising commodity prices, wages and other cost items. The combined effect of stimulation and inflation is manifested in enlarged plant, greater production of goods, expanding inventories and higher valuations for all three. This condition, in turn, requires an increased aggregate volume of insurance protection; thus, willy-nilly, the fire insurance companies become beneficiaries of a war economy.

A study of the experience of a group of fourteen leading fire insurance companies during World War I reveals some interesting and perhaps significant results. The companies included in this brief study are: Aetna, Agricultural, Boston, Camden, Franklin, Hanover, Hartford, Home, National, New Hampshire, Phoenix, Providence-Washington, Security of New Haven, and Springfield. The results are tabulated below.

| Year | Unearned Prem. Reserves | Liquidating Value | Net Operating Profits | Dividends |
|---|---|---|---|---|
| | ($000) | ($000) | ($000) | ($000) |
| 1914 | 76,889 | 98,891 | 6,126 | 5,080 |
| 1915 | 80,542 | 107,329 | 10,583 | 5,045 |
| 1916 | 84.872 | 115,343 | 10,489 | 5,295 |
| 1917 | 99,976 | 118,011 | 17,706 | 5,620 |
| 1918 | 115,095 | 125,805 | 20,735 | 5,620 |
| 1919 | 129.194 | 143,043 | 31,946 | 6,625 |

The growth of premium volume is reflected in this table by the annual expansion of the unearned premium reserve account which, between Dec. 31, 1914 and Dec. 31, 1919, increased 68%. Liquidating value, which is made up of capital, surplus and 40% of unearned premium reserves, expanded 45%. Net operating profits, comprising net underwriting gains and net investment income, increased 423%. Most of this gain, however, was in the underwriting branch of the business; net investment income alone increased approximately 56%. Dividend disbursements increased 30%. The remarkable coverage of dividends is very noticeable. Over the six-year period dividends aggregated $33,285,000 and net operating profits $97,585,000. Thus, $64,300,000 or 66% of earnings were retained in the business.

As regards the market action of fire insurance stocks over this period, the evidence is not quite so clear. They were not well known to general market investors prior to about 1918-1920. Generally speaking, they were owned by institutions, estates, wealthy investors and insurance executives, who held them as permanent investments and seldom offered them for sale in the open market. Consequently, quotations were scattered and irregular. However, careful search of newspaper and "Chronicle" files enables one to construct a rough index for the above fourteen stocks as follows: 1914 low, 100.5; 1919 high, 158.8; appreciation, 58%.

When we turn to World War II we find plenty of evidence of its stimulating and inflationary effects. When the .war started on Sept. 1, 1939, Irving Fisher's combined index of 120 commodities was 78.4; on Jan. 29, 1943 it was 110.3; this represents a rise of 40.7%. The cost of living index of the National Industrial Conference Board was 85.4 for September 1939 and 101.0 for December 1942; an increase of 18.3%. Factory wages, as per United States Department of Labor figures for 90 industries, were $24.70 in September 1939 and $38.86 in October 1942 (latest), a rise of 36.5%. Manufacturers' inventories, as reported by the Department of Commerce, were $9,632,350,000 at the end of 1939, $11,000,000,000 in 1940, $15,750,000,000 in 1941 and $17,500,000,000 on Dec. 31, 1942. The overall increase of around $7,868,000,000 is equivalent to 81.7%. Last year the annual increase was 12%, approximately half of which, according to estimates by the Department of Commerce, could be accounted for by rising prices.

This upward trend of significant factors, paralleling approximately the record of the last war, should again prove favorable to the growth and profits of the insurance companies, and be reflected in an expansion of unearned premium reserves, net operating profits, etc., as was the case between 1914 and 1919. An examination of the records of a group of thirty representative fire insurance companies, which the writer has been compiling for several years, indicates that such a growth trend appears to have been under way since 1939, as shown in the following table.

| Year | Unearned Prem. Reserves | Liquidating Value | Net Operating Profits | Dividends |
|---|---|---|---|---|
| | ($000) | ($000) | ($000) | ($000) |
| 1939 | 325,729 | 893,025 | 56,005 | 35,881 |
| 1940 | 350,273 | 895,868 | 58,671 | 36.171 |
| 1941 | 387,005 | 862,299 | 58,532 | 37,491 |

If this record does not seem to be as conclusive in some respects as the earlier one, it may be because it covers only three years instead of six, and the war period is not yet terminated; hence it is incomplete. Furthermore, with regard to the liquidating value of 1941 being lower than that of 1940, despite higher unearned premium reserves, this was due entirely to the low level of the stock market. Liquidating values for 1942 year-end will doubtless be reported substantially higher, though figures are not as yet available. Underwriting results, however, were lower, due to heavy marine losses early in the year, and consequently total net operating profits will be less than in 1941, and distort the trend. This experience, however, almost certainly will not be duplicated this year, and it is not at all unlikely that 1943 results may in most respects be such that the uward trend will be resumed. Thus the history of fire insurance companies, operating under war conditions, may repeat itself.

# N. Y. Finance Institute Invites Visitors

The New York Institute of Finance, formerly the New York Stock Exchange Institute, has issued an invitation to all men and women employed in the financial district to visit next week's beginning sessions of a number of its evening courses. Among the new additions to its curriculum is a four-week course designed to show the taxpayer how to fill out this year's income tax return.

Half of the student body of the Institute of Finance is made up of senior security analysts and salesmen. Opportunity is afforded this group to study under specialists such highly complex subjects as the analysis of reorganization and marginal rail securities and the analysis of public utility operating and holding company securities.

Basic courses in commercial accounting and brokerage procedure are offered to young women recently employed in the downtown district.

The courses offered by the preinduction training division of the Institute which have proven to be most popular are Mathematics for the Soldier, Army Paper Work, Celestial Navigation and Military Tactics and Analysis of Current Events.

The New York Institute of Finance, located at 20 Broad Street, offers only evening courses. All of its instructors are actively engaged in business during the regular working day.

# Crutchfield Is Now Pizzini Co. Partner

B. W. Pizzini & Co., 55 Broadway, New York City, specialists in guaranteed railroad stocks, announce that Gale B. Crutchfield has been admitted as a partner in the firm. Mr. Crutchfield has been with the firm for some years in charge of the statistical department.

# SEC Issues Report On Metal Machinery Mfg.

The Securities and Exchange Commission made public on Jan. 24 the ninth of a new series of industry reports of the Survey of American Listed Corporations. These reports cover the calendar years of 1940 and 1941 for companies with fiscal years ending in the same calendar year, and extend earlier reports which generally covered the period 1934-1940.

Report No. 9 includes 18 companies primarily engaged in the manufacture of metal working machinery, all of which had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1941.

The SEC summarized from the combined totals some of the more important items in the report. The net sales for the 18 corporations amounted to $248,000,000 in 1941, compared with $144,000,000 in 1940, while the net profit from operations was $79,000,000 in 1941, and $39,000,000 in 1940. The net profit after all charges totaled $28,000,000 in 1941, as compared with $22,000,000 in 1940, equivalent to 11.3% and 15% of sales, respectively. Total dividends paid out by these corporations amounted to $15,000,000 in 1941 and $12,000,000 in the previous year. The combined assets of the group totaled $173,000,000 at the end of 1941, compared with $119,000,000 at the end of 1940, while surplus in the latter year stood at $70,000,000 against $56,000,000 in 1940. The total capital stock of these corporations remained unchanged in both years, at $26,000,000.

# Murphy Elected V.-P.

BOSTON, MASS.—Timothy D. Murphy has been elected vice-president in charge of the municipal and trading department of Chace, Whiteside & Co., Inc., 24 Federal Street. Mr. Murphy has been associated with the firm for some time as manager of the municipal trading department.



## DIVIDEND NOTICES

**OTIS ELEVATOR COMPANY**

PREFERRED DIVIDEND No. 177
COMMON DIVIDEND No. 141

A quarterly dividend of $1.50 per share on the Preferred Stock and a dividend of 20¢ per share on the no par value Common Stock have been declared, payable March 20, 1943, to stockholders of record at the close of business on February 23, 1943.

Checks will be mailed.

C. A. SANFORD, *Treasurer*
*New York, January 27, 1943.*

**Borden's**

COMMON DIVIDEND No. 132

An interim dividend of thirty cents (30¢) per share has been declared on the outstanding common stock of this Company, payable March 1, 1943, to stockholders of record at the close of business February 15, 1943. Checks will be mailed.

*The Borden Company*
E. L. NOETZEL, *Treasurer*

**THE BUCKEYE PIPE LINE COMPANY**

26 Broadway

New York, February 2, 1943.

A dividend of Twenty (20) Cents per share has been declared on the capital stock without par value of this Company, payable March 15, 1943, to stockholders of record at the close of business February 26, 1943.

J. R. FAST, Secretary.

**COLUMBIAN CARBON COMPANY**

*Eighty-Fifth Consecutive Quarterly Dividend*

The Directors of Columbian Carbon Company have declared a regular quarterly dividend of $1.00 per share, payable March 10, 1943, to stockholders of record February 15, 1943, at 3 P. M.

GEORGE L. BUBB
*Treasurer*

**GREEN BAY & WESTERN RAILROAD CO.**

The Board of Directors has fixed and declared Five percent to be the amount payable on Class A Debentures (Payment No. 47,) a dividend of Five percent to be payable on the capital stock, and one percent to be the amount payable on Class B Debentures (Payment No. 30) out of the net earnings for the year 1942; payable at No. 20 Exchange Place, New York, N. Y., on and after February 18, 1943. The dividend on the stock will be paid to stockholders of record at the close of business February 6, 1943.

C. W. COX, Secretary.
New York, January 28, 1943.

**NATIONAL DAIRY PRODUCTS CORPORATION**

A dividend of 20¢ per share on the Common stock has been declared, payable April 1, 1943, to holders of record February 27, 1943.

GEORGE H. RUTHERFORD
*January 28, 1943* *Treasurer*

**United Shoe Machinery Corporation**

The Directors of this Corporation have declared a special dividend of 62½c per share on the Common capital stock, payable February 25, 1943, to stockholders of record at the close of business February 2, 1943.

WALLACE M. KEMP, *Treasurer*

# Chicago Northwestern Bonds Look Good

Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange, have just issued a circular on Chicago Northwestern bonds, which the firm considers offer particularly attractive possibilities at current levels. Copies of this interesting circular may be had from Pflugfelder, Bampton & Rust upon request.

# The Securities Salesman's Corner

## FIVE INTERVIEWS A WEEK!

"Give me just five interviews a week and I'll do business." This is what a competent salesman said to us last week—the way he said it you knew **he knew** what he was talking about. We replied, "why only five?" "Well," he answered, "it's this way—if I can have more than five so much the better — you know I mean **interviews, not calls.**"

This successful salesman (who is doing business in good volume) today went on to explain his theories of work. "When I speak of interviews," said he, "I mean that I will talk with people who own securities and are investment minded—in their kitchen, their parlor, or their office—and I don't mean for five or ten minues but at least for a half hour to as long as three or more hours." He went on, "then I know I am getting somewhere—I am making the sort of a beginning that I need to develop a customer—not just make a sale. I don't try any high pressure, I rarely make a sale until at least the **third** interview—I don't sell a security. I learned that lesson years ago."

Then he told us how he was in a little up-State New York town back in 1934 and he made a call on a local druggist who was known to be an investor. He said he went into this man's store and started to try and sell him a certain issue that his firm was recommending. After he was partly through telling this investor why he should buy such-and-such a bond the canny druggist turned to him and said, "young fellow, wait a minute I want to show you something." With that he went to his safe in the rear of his store and turning to the salesman said, "you see that safe, it's full of a lot of stocks and bonds." "Every one of you fellows who sold me those securities did the same thing you are doing—they told me why I should buy what I now have—if you can tell me something about what I have in there, now that I have them, maybe someday we can do some business together—but I am not nearly as much interested in buying what you offer me right now as I am in finding out what I've got—and why some of them are not paying interest NOW."

With that our salesman took the "cue." He's followed it ever since. He promised the customer to find out about the "lemons" (not the things that were sound). He prepared real reports, nicely put together. He mailed them to his druggist friend and a few weeks later he was in the neighborhood again he followed through with recommendations to eventually put those weaker situations back in the "A" list from their present position in the "B" list (that's the term he uses). He has now developed a technique for "getting the lists of securities that every real salesman desires from his clients." Next week in this column we are going to try and tell you some of the conversational tools this salesman uses to do this job. They are based upon common sense and they are valuable because they "work." Watch for them.

# Proxy System Held Safeguard Of Management; SEC Plan Decried As Paradoxical, Unworkable

George E. Sokolsky, in his column "These Days," in the New York "Sun" of Jan. 27, on the question of proxies, states:

The essential reason for a corporation is continuity—continuity of management; continuity of existence. There are other advantages in the corporate form, but none is as socially important as the fact that a vast enterprise does not come to a standstill when the owner dies or the partners quarrel or when one of them wearies of business headaches and retires to shoot foxes or play badminton with his lady love.

A friend of mine who was president of one of the more important units of production in the United States reached an age — quite young, too—when he felt that he had done as much as he cared to in the field of manufacturing and distributing products useful to mankind. In all the years that he worked in mill and factory and office he had a secret hankering to be a photographer. When the day fixed in his mind came around he ruthlessly resigned his presidency, gave up a salary in the hundred-thousand-a-year class and devoted himself to selling photographs. But the corporation continued. No one was thrown out of work; the nation did not lose an essential unit of production.

### Annual Mass Management

Now Ganson S. Purcell, who is Chairman of SEC, lacks a philosophic mind. He hits upon some abuse of a system, some infraction of the rules and he makes a great noise about that. But he fails to realize that every institution ever devised—including his own SEC—suffers from defects and from the aberrations of chiseling minds. The sound man corrects what is wrong and gets after the wrongdoers; the unsound man knocks down the entire structure—as a child does a wall of wood blocks—because he has discovered a flaw.

One of the flaws that trouble Mr. Purcell and the SEC is proxy voting. He says, "The proxy device has been sadly prostituted," which is an easy word to use. Actually the proxy system safeguards the continuity of management, for imagine what our great units of industry would be like if every year a new gang came in to run them! Imagine General Motors or United States Steel holding a mass annual election of management! The inconsistency of Mr. Purcell's thinking appears in the New Deal argument justifying a third and even a fourth term for President Roosevelt on the ground that there needs to be continuity of policy and management in the handling of the great problems which face the American people.

All of this relates to a bill proposed in Congress on Nov. 19 by Congressman Wolverton of New Jersey giving SEC greater power over proxies. And although the SEC had suggested that it would do nothing about this until the new Congress met, it actually legislated revised proxy rules which, in effect, would produce so paradoxical and unworkable a system that no corporation of any size could operate under it. In a word, instead of abolishing proxies, which would mean that a corporation that had a hundred thousand or more common stockholders could never meet because of the physical impossibility of holding such a meeting, the SEC goes into involved legalistic terminology which accomplishes the same result.

### Soft for the Propagandist

One of the amazing devices that the SEC proposes is that any "qualified" owner of any security of a company shall have the right to have included in the call for a meeting a 100 word statement on any proposal which he wishes to submit to the stockholders. The SEC does not define the word "qualified," which is very confusing, the general designation for such a person being "record owner" or "owner of record." I can well imagine that such a call for a meeting might run a couple of thousand pages and might contain every hair-brained, idiotic, libelous suggestion from perpetual motion to a third vice-president being reported to have danced at a night club with one of the young ladies in the Errol Flynn case. A clever propagandist for a communist front organization could get enough stuff into such a statement to wreck the business of a company and none of it need be true, accurate, correct or provable. In a word, it would create a holiday for the liar, the crook, the blackmailer and for that galaxy of lawyers who live by what are known as minority stockholders' suits.

## B'way Motors Bldg. Corp. Currently Attractive

The First Leasehold Fixed and Cumulative Income 4-6s due Feb. 1, 1948, of the Broadway Motors Building Corporation (General Motors Building) offer attractive possibilities according to a memorandum just issued by Seligman, Lubetkin & Co., Inc., 30 Broad Street, New York City. Copies of the memorandum describing the situation in detail may be had upon request from Seligman, Lubetkin & Co.

## Supreme Court Holds SEC Ruling Invalid

The Supreme Court has set aside a Securities and Exchange Commission order holding that different treatment should be accorded preferred stock held by officers and directors of a company in reorganization and similar stock held by other groups.

The 4-3 decision delivered by Justice Frankfurter, involved a plan for the merger of Federal Water Service Corporation, a New York holding company, and two affiliates, Utility Operators Company and Federal Water and Gas Corporation. Justice Frankfurter in announcing the ruling admitted the SEC's right to establish broad rules applying to reorganization cases, but said that the court's opinion was restricted to the specific case of Federal Water Service. The court order directed the litigation to be returned to the SEC for any further proceedings which it might deem proper.

The SEC had contended that certain shares of preferred stock of the Federal Water Service Corporation had been purchased while various reorganization plans were under consideration and it would be "unfair and inequitable" and "detrimental to the interests of investors" to treat these shares on an equality with others in the merger. Approval was given the proposed reorganization plan on condition that the preferred stock purchased be surrendered to the reorganized company at cost plus 4% interest.





# Investment Trusts

## WHAT THEY'RE SAYING

National Securities & Research Corporation's "Investment Timing" speaks of an intangible factor of great importance beginning to affect security prices. "This is a different spirit in the attitude of Government (in the widest sense) toward American business." Enactment of a pay-as-you-go tax plan should be a favorable market influence, according to this sponsor.

"New tax prospects constructive," headlines MIT's "Brevits." A 45% combined normal and surtax rate is the only significant change in corporation taxes looked for in the 1943 law. "There has been no indication to date that our best economists and tax experts, including several members of the Senate Finance Committee, have changed their belief that corporate taxes are already close to or at the practical maximum that can be levied under our economy without seriously impairing the quality of the war effort."

With bold strokes Mr. Philip W. K. Sweet, President of Fundamental Investors, paints an optimistic picture for 1943. As quoted in Hugh W. Long & Company's "New York Letter," Mr. Sweet analyzes step by step the major factors involved. "The great caution of investors and bearishness of many market students serves to complete a picture of the classical beginning of an important bull market." He concludes with, "The current situation warrants the maintenance of a fully invested position in favorably situated stocks and industries with the caution that an intermediate reaction of some importance may occur some time in the spring of 1943."

Using the dates of our entry into the first and second World Wars as starting points, Keystone Corporation's "Keynotes" points to a parallel in market action of securities for the two periods. "There can be no doubt of a United Nations Victory in this war—and the close parallel in market action suggests that the April, 1942, lows may correspond to the December, 1917, lows of the last war—the turn in the tide."

Hare's, Ltd., has mailed to security dealers a circular containing an open letter to the newly elected Congress challenging the Executive Decree limiting salaries to $25,000. The letter is by Norman Vincent Peale and pulls no punches in making its points. Both Washington and Karl Marx are quoted—Marx in saying that he would found his movement on a more dynamic force, namely; "class antagonism instead of human brotherhood which was tried for 18 centuries and failed." Hare's urges that we do our bit by writing Senator George of the Senate Finance Committee. Our hats are off to this sponsor for his courage in taking a stand alongside Chairman Peale's Committee For Constitutional Government.

"Romance returns to the stock market," writes Selected Investments Company's "Selections." Super fuels, new drugs, electronics—"American industry and its research laboratories are opening up a new future which will probably contain as many wonders as those which it produced in the past."

The Broad Street Sales Corporation's "Broad Street Letter" emphasizes that, despite the unknowns, the investor may be sure of one thing. "The future will be fraught with many occasions calling for sound appraisal and judgment. Under these circumstances, the time-honored principle of broad diversification is one means of fortification against the unknown."

### Investment Company Literature

"Stewardship," a booklet describing the personalities and the organizations which constitute the sponsorship of the Lord, Abbett group of investing companies. In the words of the sponsor, "This booklet is simple recognition of the fact that the human element cannot be left out in consideration of any organization or institution. Important as may be such matters as charter provisions, corporate organization, trusteeship and the like, the question 'Who are the people?' is ever present, and properly so. This booklet is an attempt to answer that question."

"Portfolio Information" — separate folders covering Union Bond Funds A, B and C and Union Preferred Stock Fund. Also a folder, "Brief Summary," on Union Preferred Stock Fund.

* * *

Distributors Group, judging from the literature received by this column recently, has decided to distribute a lot of Group Securities Railroad Shares — it's been a long, long time since we've

(Continued on page 491)

# Municipal News & Notes

Coincident with the publication in today's columns of an advertisement by the city indicating the principal results of seven years of operations by the municipality on a pay-as-you-go basis, attention of investors is directed to the fact that a report analyzing the city's financial operations in detail has been issued by the firm of Wainwright, Ramsey & Lancaster of New York, financial consultants, whose services to the city date back originally to 1935.

The report sets forth the details of the annual budget operations each year from 1936 to 1942, inclusive, of the general budget funds and of the water department, and calls attention to the operating surpluses of each fund resulting from conservative budget policies.

**The report shows a consistent downward trend of the net public debt and calls attention to the reduction of $17,195,848, or 24.2%, accomplished since Jan. 1, 1936, when the city went on a cash basis.**

In an analysis of the cash operations of all accounts, the report shows that "unencumbered cash surplus on hand Jan. 1, 1936, together with net additions during the seven-year period, made available $21,288,100 for budgetary purposes. Of this amount $12,908,260 was appropriated to reduce annual tax levies. As a result there is now available for future budget purposes a free cash surplus of $8,379,840, equivalent to 26.2% of the city's total 1942 general budget expenditures."

**The report points out: "It is important for investors to know the facts and not to be misled by statements either of political origin or made by persons whose ignorance of Jersey City's finances is nothing short of amazing. On the basis of sound analysis and on comparison with the record of financial management of other leading municipal credits, Jersey City's record of financial management is outstanding.**

The annual audits of the city's records are made available by the city to anyone on request and are also filed annually at the office of the New Jersey State Department of Local Government in Trenton, N. J.

### Chemical Bank Issues 10-Year Price Record

Emil C. Williams, Assistant Vice-President of the Chemical Bank & Trust Co., New York, has just made available the ninth edition of the bank's Annual Price and Yield Comparison on approximately 200 State and municipal bonds. The analysis, Mr. Williams says, presents an informative record of market changes in individual credits during the past decade. Of particular interest to individuals ind institutional buyers of municipal bonds is the renewed trend revealed in the study to lower income levels, despite intermittently disturbing market influences such as Pearl Harbor, day-to-day war news and other developments.

**While prices generally have advanced through the levels of a year ago, it is noted, only about 10% of the bonds listed extended the recovery through the highs established in 1940. This latter group, it was said, includes Little Rock, Ark., New York City, Detroit, Chattanooga, Knoxville, Lexington, Ky., Minneapolis, State of Missouri, Kansas City, Mo., Great Falls, Mont., Raleigh, Akron, Toledo, State of Oklahoma, Charleston, S. C., State of South Dakota, State of Virginia, Norfolk, State of Washington and Seattle.**

In supplemental studies the price and yield averages of all bonds listed maturing in 10 to 25 years, as well as a selected group of 20 cities to represent various credit classifications and a broad geographical cross-section of the entire list, provide not only the annual changes but also an extremely interesting parallel of the year-by-year price and yield movements. While these studies show the average advance in prices between 1933 and 1942 to be 36⅝ and 33 points, respectively, quite a number of individual credits have during this period improved more than 50 points—Cleveland heading the list with 70½, Detroit next with 65⅝, Little Rock 61⅞, Tampa 61⅛, Elizabeth 58¼, Birmingham 54¼ and Raleigh 52 points. Others show gains of more than 40 points.

### Ohio Municipals Exempt From Intangibles Tax Law

J. Austin White, of J. A. White & Co., Cincinnati, announces his intention to send to the firm's clientele every two or three weeks a "Municipal Letter," dealing with some subject pertinent to municipal bonds. Mr. White's opening letter, dated Jan. 27, deals with the various local bond issues which are exempt from the Ohio Intangibles Tax Laws and is reprinted in full text herewith:

Prior to 1931, all property in Ohio was taxed at a uniform rate, as required by the State Constitution. In November of 1929 the people of Ohio amended the constitution, effective Jan. 1, 1931, to permit the State Legislature to classify property for taxation purposes, although retaining the provision that "Land and improvements thereon shall be taxed by uniform rule according to value." Pursuant to the new authority, the Legislature classified personal property under different rules of taxation. Intangible personal property has been divided into two general classes, viz. that which is producing an income, and that which is unproductive. Income producing intangibles are taxed at a certain percentage of the income, while unproductive intangibles are taxed at two mills on the dollar, or three mills, depending upon its particular classification.

**This letter is chiefly concerned, of course, with interest paying municipal bonds, which, being productive intangibles, are at present taxed at "five per centum of the income yield." Income yield has been construed to mean the actual money received as interest on a bond, regardless of the yield at which the bond may have been purchased. Thus the tax on a $1,000 4% bond is 5% of $40.00, or $2.00, per year, regardless of whether the bond is purchased at 100 to yield 4.00% or at 110 to yield 1.00%.**

The purpose of this letter is to emphasize that there are certain bonds exempt from this Intangibles Tax. This exemption is provided in Article XII, Section 2 of the State Constitution, which stipulates that "All bonds outstanding on the first day of January, 1913, of the state of Ohio, or of any city, village, hamlet, county or township in this state, or which have been issued in behalf of the public schools of Ohio and the means of instruction in connection therewith, which bonds were outstanding on the first day of January, 1913 and all bonds issued for the World War Compensation Fund, shall be exempt from taxation." Not only are such Ohio municipal bonds issued prior to 1913 free from the intangibles tax, but moreover, the holder of such tax free bonds is not required to list with the State or county taxing authorities either the bonds themselves, or the income therefrom.

**The intangibles tax on a 4% bond, of course, amounts to the equivalent of .20% in net yield on such bond. In other words, a 1.00% yield on such a tax free 4% bond is the equivalent, for investors who pay this tax, of a yield of 1.20% on the same bond issued since Jan. 1, 1913. Finally, it is worthy of consideration to realize that the amount or rate of the tax is set by legislative action and may be changed merely by act of the Legislature, but the exemption from such taxes cannot be changed by the Legislature, such exemption being expressly stated in the Constitution itself.**

### Bill Would Remove Municipals From SEC Control

Under the provisions of a bill (H. R. 1502) introduced in the House by Congressman Lyle H. Boren of Oklahoma, the Securities and Exchange Act of 1934 would be amended in such manner as to definitely eliminate any doubt as to exemption of transactions in municipal securities from the regulatory powers of the Securities and Exchange Commission. The need for such legislation has its origin in the action of the Commission in including municipal securities within the scope of the highly controversial proposed bid and asked disclosure rule.

**This proposed rule, as a matter of fact, created such widespread opposition from all parts of the securities industry, that the Commission has never attempted to make it effective and, from all indications, there is little reason to expect that it will ever be made operative, certainly not as originally formulated.**

**In announcing the introduction of the above-mentioned measure, Congressman Boren pointed out that despite the declared intent of Congress that municipal bonds were to be exempt from SEC jurisdiction, the Commission has attempted to exercise such control and to justify the attempt by reference to two sections of the original Securities and Exchange Act, which Congress had failed expressly to state should be inapplicable to "exempted securities."**

This omission, Mr. Boren says, "was clearly repealed, by implication, by the later amendments of the statute in 1936 and again in 1938, otherwise Congress went through a mere idle ceremony in each of these years when it deliberately denied this power to the Commission after extensive hearings upon the subject. The fact that the Chairman of the SEC," Mr. Boren continued, "takes the position that the action of Congress in 1936 and again in 1938 was ineffectual to accomplish its purpose, makes it imperative that the Congressional intent be made more explicit upon this point so that there may be no possibility of misunderstanding."

Mr. Boren's measure is also intended to divest the SEC of its present authority to define fraudulent devices and contrivances as set forth in paragraph 15 (c) of the Securities Exchange Act of 1934. The appropriate sentence according the Commission such authority would be eliminated from the Act. Such action is necessary, he said, for the reason that the power in question is legislative in character and therefore should be exercised only by Congress. This would leave up to Congress, rather than to an administrative bureau, the highly important task of defining any acts not now constituting a criminal offense, which it is believed desirable to include in that category.

### Birmingham, Ala., License Tax Revenue Producer

The above-mentioned city has made business license taxes a good revenue producer since 1873 by matching them to changing business methods and giving them "a faithful and fearless administration," a report to the Municipal Finance Officers Association said, Feb. 2. While most cities secure about 6% of their revenue from business licenses, Birmingham has gained 16 to 30% of total revenues from this source for the last 70 years, according to the report. The business license levy, which in 1942 brought in $2,100,000, originally was chosen as a source of revenue because the city, lacking control over property tax assessments, could not increase income from this source when it was necessary.

**Revenue from the business license tax has been stable, fluctuating less with changing economic conditions than the property tax. The business levy supplied between 16 and 17% of total revenues until 1930, when special excise or consumers' taxes were levied as additional business licenses on gasoline, cigarettes and alcoholic beverages. From 1930 to 1942 the revenue has represented from 18 to 30.5% of the total.**

### Illinois Investment Bill Signed By Governor

Governor Dwight H. Green signed on Jan. 28 a bill permitting investment of the State's surplus funds in any Federal securities maturing not later than June 30, 1945. The surplus amounted to $60,340,000 on Jan. 20. State Treasurer William G. Stratton said that the State has $31,440,000 invested in 91-day Treasury bills and $28,900,000 in Treasury certificates maturing up to one year. He added that the new law will permit the investment of several million dollars in longer-term obligations.

Illinois probably is the first State to enact a measure of the character in question, although a number of other States have announced intention to employ currently large surpluses in the same manner. Actually the measure signed by Governor Green was the first bill passed at the present session of the State legislature. In signing the bill, the Governor commented as follows:

**"Investment in Federal war securities has another advantage to the State in that it will safeguard the surplus now in the treasury and make it available for use after the war is over, when an adequate program of reconstruction will be necessary."**

### St. Louis Borrows To Meet Debt Service

Sharp decline in toll collections from the Douglas MacArthur Bridge resulted in the recent "unprecedented action" of the Board of Estimate and Apportionment of approving the borrowing of $100,000 from the general revenue fund to cover Feb. 1 bond principal and interest charges on 1933 and 1934 relief bond issues. Total payments aggregate $822,000. The same condition caused the board to approve an increase in tolls for trucks and trailers using the bridge from 15 cents to 25 cents.

Deputy Comptroller Charles L. Cunningham, secretary of the board, explained that traffic on the vehicular deck of the bridge had fallen off 14.38% from the 1941 level during the last year. December tolls, after gasoline rationing, were 44.65% below the December, 1941 level, he said.

**As a result, Cunningham said, this fund—normally sufficient to meet the bond obligation—will be about $100,000 short on February 1. The proposal for toll increase was prompted by the board's conviction the December slump would be continued throughout 1943, making it necessary to obtain more revenue.**

Tolls from the vehicular deck during 1942 were $882,329, as compared with the 1941 total of $1,030,487. The December revenue year was only $47,312, as compared with $85,462 in the same month in 1941.

### Tennessee State Report Issued By Census Bureau

Finances of the State of Tennessee for the fiscal year ended June 30, 1942, are analyzed in a report just issued by the Department of Commerce, Bureau of the Census and similar reports covering the remaining 47 States will be issued shortly. In announcing the issuance of the Tennessee data, Lewis B. Sims, Acting Chief Statistician, Division of State and Local Government, states that it is evidence of a continuance of last year's improvement in currency of publication and scope of content of the Census Bureau's annual series on finances of States. The 1941 report on Tennessee was not released until September, 1942. Corresponding speed-ups in publication of the Census Bureau's series on finances of cities having populations in excess of 100,000 are planned.

In addition to increasing the scope of the data presented, the Bureau also announces the modernization of concepts used. This includes, among other changes, the change in policy whereby statistics of sinking and trust funds are no longer consolidated with those of the general funds, but are set forth separately. Similarly, expenditures made by governments for debt service are now recognized. The reporting of county finances was inaugurated by the Census Bureau last year.

### Tax Economy Feature Governors' Messages

Full cooperation in the war effort, post-war planning, economy in all but war-needed expenditures and old age assistance, and a minimum of new taxes were urged most generally by governors in inaugural addresses and messages to legislatures of 42 States convening this month, the Council of State Governments reported Jan. 25.

Prefacing suggestions for post-war planning, the governors stressed necessity of state cooperation in the war effort in matters ranging from speed reduction to health and welfare. Chief executives of at least 10 States—Arizona, Connecticut, Michigan, Nebraska, New Hampshire, Minnesota, Missouri, Pennsylvania, Rhode Island and Vermont—asked their legislatures to grant them broad emergency powers.

Defense councils of a number of States should be reorganized and granted more funds, their governors said. Connecticut's Governor Baldwin suggested setting up an "all over" war council to handle manpower and material as well as other problems.

**Post-war planning proposals outlined by Governors of Arkansas, Colorado, Michigan, Ohio and Wisconsin suggested earmarking of highway and general fund surpluses for building and other construction after the war. Governor Dewey of New York made the reservation that "public works can be only a fraction of the total effort in post-war reconstruction"; the State, he said, must look forward to post-war planning of social welfare, and take over other tasks now performed as a wartime necessity by the Federal government.**

New commissions were proposed by a score of governors to study post-war economic opportunities; others asked continuance of existing commissions.

Although many States report surpluses, not all governors are anxious to see tax reductions at this time. West Virginia's Governor Neely declared "drastic tax cuts are unsafe," while Governor Stassen of Minnesota opposed tax reduction because "it would add to inflationary power." On the other hand: Governor O'Conor of Maryland proposed reduction of the 2% State income tax, retroactive on 1942 earnings; Governor Sharpe of South Dakota asked repeal of the State income tax; Governor Snell of Oregon asked his legislature to consider cutting the property tax; Governor Bricker of Ohio asked removal of the sales tax on hotel and restaurant food and on medical prescriptions.

**"No new taxes" was the stand taken by most of the governors. However, new cigarette and income levies were proposed by the governor of Delaware, and a new truck weight tax was suggested in Indiana.**

Increases in old age pensions and other forms of public assistance such as aid to dependent children and the blind were proposed to legislators of Arizona, Colorado, Kansas, Michigan, Minnesota, New Jersey, and Utah; in Utah, Governor Maw asked that old age assistance recipients be permitted certain earnings to encourage them to work.

**Reduction in highway department services was the specific economy mentioned most frequently by the governors in addition to the general recommendation that all building construction by State and local governments be suspended during the war.**

At least nine governors favored changes advantageous to the worker in unemployment compensation laws, suggesting increases in weekly benefits and lengthening of the benefit period. Governor Bacon of Delaware proposed raising benefits from $15 to $18 a week, while Indiana and Maryland governors would raise benefits in their states to $20. Governor Stassen urged the Minnesota legislature to extend unemployment compensation rights to service men so they can collect immediately from a "backlog" set up by the State if they cannot obtain jobs after their return from war. Governor McGrath asked liberalization of the Rhode Island unemployment compensation law for the same purpose.

**Special measures to safeguard rights of men and women in the armed forces were recommended by many governors. Governor Adkins of Arkansas urged suffrage for 18 and 19 year olds. Governors of Montana, South Carolina and Vermont sought new absentee voting provisions. Use of $5,000,000 of the State surplus for post-war aid to veterans was urged by Governor Stassen, while Ohio's governor suggested setting up a rehabilitation program in education for returning servicemen and women.**

## State Horse Racing Revenues To Drop

While race tracks returned a record-breaking $26,500,000 in revenues last year to the score of States where pari-mutuel betting is legal, returns from this source in many cases are due for large declines in 1943 because of gasoline rationing and bans on pleasure driving.

The $26,500,000 revenue total represents the States' share of the $560,000,000 wagered at tracks, and revenues from track and occupational license fees and admission taxes. Since track revenues of many of the States represent substantial additions to their budgets—New York obtained $10,021,485 from racing in 1942 and Florida received $4,392,861—fiscal as well as racing officials are concerned about the future of the sport during the war.

**The ban on racing in California last year illustrates effect of the war on State revenues obtained from the sport, according to the Council of State Governments. California obtained nearly $4,000,000 in taxes from pari-mutuel betting and license fees in 1941 compared to less than $500,000 in 1942.**

**Florida revenues from racing, totaling $4,392,000 last year, may be all but wiped out in 1943 because of the Eastern gasoline shortage and the ban on all pleasure driving in that area. Latest reports are that Florida tracks have suspended their Winter meetings.**

And unless race tracks in all the States along the Atlantic seaboard, and in other States as well, are located well within metropolitan limits or easily accessible by local transit facilities, racing may well be curtailed drastically or eliminated in many of these States, with resulting elimination of this source of revenue, according to the council.

Aside from those already noted the following States received more than $1,000,000 in revenues from race track activities in 1942: Illinois, $2,443,208; Maryland, $1,833,270; Massachusetts, $1,599,091; New Jersey, $1,065,435, and Rhode Island, $1,742,711.

## States Urged To Combat Further Federal Control

Governor Herbert R. O'Conor of Maryland, President of the Council of State Governments, in addressing the opening session of the sixth general assembly of the council in Baltimore on Jan. 24, called upon the States for vigorous opposition to the increasing centralization of powers in Washington. He added that the "States can blame none but themselves if their future power (over their own affairs) is sapped by inaction and indifference."

Urging that a strict watch be maintained for the protection of State rights, Mr. O'Conor declared that the States had demonstrated the ability to "cope with changing conditions to meet any emergency" and abjured them to "carry on without letup or limit the part which is rightfully theirs in the present crisis."

"The war was being fought and would be won," he continued, "by the men and sinews of the 48 States, not 'by some detached central agency.'"

## Major Sales Scheduled

The calendar of forthcoming municipal sales includes the following items of $500,000 or more:

**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.

**February 10**

**$7,000,000 Seattle, Wash.**

These bonds are part of the $7,900,000 issue originally scheduled to be sold on Jan. 26.

**February 11**

**$600,000 Erie County, N. Y.**

Halsey, Stuart & Co., New York, purchased the last previous issue, and an account headed by Lehman Bros., New York, tendered the next best bid.

**February 16**

**$600,000 St. Louis, Mo.**

Successful bidder for the last previous issue was the Bankers Trust Co., New York, and the Mercantile-Commerce Bank & Trust Co., St. Louis, jointly. Second high offer was made by J. P. Morgan & Co., New York.

## Fuel Oil Denied Theatres For 10 Days In 3 States

Kenneth B. Backman, regional director of the Office of Price Administration, last week announced that effective at midnight on Jan. 30, and for a period of 10 days until midnight on Feb. 9 (unless order is revoked earlier), theatres and other places of amusement heated by fuel oil in Massachusetts, Connecticut and Rhode Island will be denied fuel oil supplies under an emergency order restricting fuel oil deliveries, according to a United Press dispatch from Boston, Mass., which further states:

The order is designed to control the equitable flow of fuel oil to essential users. It provides that no person who already has a seven-day supply may purchase or accept delivery of any fuel oil other than kerosene. No dealer may sell or deliver to such a consumer during the ten-day period.

Deliveries of fuel oil during the emergency period are restricted to an estimated ten-day supply. Deliveries are prohibited to consumers for use in buildings operated exclusively for purposes of amusement, entertainment, athletics and sports.

Mr. Backman said the order, his second in as many days, was motivated by the alarming rate at which supplies of No. 2 household and bunker C industrial oils were being exhausted. The first order set up a kerosene priorities system to expedite deliveries to householders.

### Kerosene Priorities Set Up

A system of priorities on kerosene deliveries was ordered in New England on Jan. 29 under the first emergency order issued by the Office of Price Administration, according to United Press dispatches which further added:

Only Maine and a few Northern Vermont Counties were exempt from the order which came after Kenneth B. Backman, regional OPA director, reported that only a half day's supply was on hand.

The major provisions of the order were to limit deliveries to a maximum of 25 gallons and deny kerosene to persons with central heating in their homes or stores.

Mr. Backman said that the order would be in effect for ten days, but might be extended. He also indicated that furnace oil and bunker oil might be put under a priority system unless conditions improve.

The priorities were these:

Any consumer who needs kerosene for an emergency involving a serious threat to life or health.

Consumers who occupy residential buildings where there is no central heating system.

Consumers who use kerosene exclusively in their heating systems.

Consumers who need kerosene for domestic cooking.

Industrial consumers in order of their importance to the war and civilian needs.

The order said that no persons could obtain kerosene until all persons with a higher priority had filled their needs.

## War Work Or War Front New Draft Order

A new policy on deferments from military service was laid down by the War Manpower Commission on Feb. 2, when local draft boards were notified that they should consider certain activities and occupations as "non-deferrables" and that all men from 18 to 38 engaged in them, regardless of their dependency status, will have to find essential war jobs or face induction.

Paul V. McNutt, Chairman of the WMC, said, at a hearing of the House Military Affairs Committee on Feb. 2, that "by the end of this year ten out of every 14 of the able-bodied men between 18 and 38 will be in the armed services."

The WMC's Selective Service Bureau instructed draft boards to start April 1 reconsidering the status of the new "non-deferrables." However, any of these workers who have registered with the United States Employment Service in an effort to get jobs more important to the war will have until May 1 to find new places.

The order affects male workers in 29 occupations, listed as "non-deferrable regardless of the activity in which they are found" and those employed in 19 manufacturing, 8 wholesale and retail trades and 9 service activities. The list is only beginning and will be expanded as war production needs increase.

# Treasury Pay-As-You-Go Tax Plan Favors 24% Withholding Rate—Opposes Ruml Plan

The Treasury Department on Feb. 2 recommended that Congress, in designing a pay-as-you-go income tax system, enact a withholding tax of 19% (after deductions) for the first bracket, to begin not later than July 1, but took a firm stand against completely forgiving a year's tax liability, as proposed in the Ruml plan, in order to make income payments current.

Randolph E. Paul, General Counsel of the Treasury, told the Committee that if the "basic liability" were collected at the source (the 6% normal tax plus the minimum 13% surtax) about 30,000,000 of the 44,000,000 taxpayers estimated for 1943, or nearly 70%, would be current. The proposed 19% withholding levy would be in addition to the present 5% Victory tax, thus making the total withholding tax 24%. Mr. Paul suggested that the new 19% "withholding" levy be applied to all weekly income in excess of $11 for a single person, $26 for a married person, and $8 for each dependent.

Associated Press Washington advices reported as follows regarding the Treasury proposals:

Under the Treasury plan the withholding levy would start July 1 at the latest. On March 15, 1944, the taxpayer would file a return on his 1943 income as usual. If the amounts he had paid exceeded the tax liability for the year, he would get a refund. If he still owed the government money, he would pay the balance due. The vast majority of taxpayers would find themselves about even with the Treasury, Mr. Paul said.

Although he opposed skipping all 1942 taxes on the ground that it would wipe out $10,000,000,000 of Treasury "assets," Mr. Paul indicated the Treasury would be willing to "forgive" some of the taxes—just how much was not stated.

Opposing the proposal of Beardsley Ruml, New York department store executive, to put taxpayers on a current payment basis by forgiving all 1942 taxes, Mr. Paul said:

"In the light of the revenue needs of the government and the equitable distribution of the tax burden, complete forgiveness seems very undesirable. Complete doubling up (payment of two years taxes in one) would undoubtedly be too harsh for some taxpayers. Accordingly, deferment of payment of taxes for the transition year to the extent necessary to relieve such hardships appears to be desirable. This is not to say that some discount, or even a certain amount of forgiveness, may not be found to be desirable for the same reason."

The Treasury tax official read a 17-page statement to the committee. Discussing the effect of forgiveness on Federal revenues, he said:

"The tax liability of the taxpayer is an asset of the government, although it is not counted as such in the general accounts of the government. Forgiving a year's tax would wipe out assets of this kind amounting to close to $10,000,000,000 — the estimated amount of individual tax liabilities on 1942 income.

"The government by forgiving a year's tax liabilities would be discarding assets as a business would that canceled its accounts receivable from customers. Such a business might be able to maintain its receipts by going on a cash sales basis. Yet no one would say that the business had not lost assets to the extent of the accounts canceled."

As to whether an attempt should be made to bring completely current the tax on incomes which extend into the higher surtax brackets, Mr. Paul said: "It seems desirable that they should be made as nearly current as possible, subject to inevitable adjustments which cannot be made until the following year. But if the compliance difficulties of making taxes on such incomes fully current are deemed too great, substantial currency for the great majority of taxpayers can be achieved by making the basic liability current with payment of the balance in the same manner as the whole tax is collected at present, namely, in the following year."

With respect to income derived from sources other than wages and salaries, and thus not easily adapted to collection at the source, Mr. Paul said "it seems desirable that the tax should be based on the current year's income" but added that "further exploration may be needed to determine whether this could be done more simply by an annual estimate in March with periodic adjustments, or by a quarterly statement of income."

He said that "it seems imperative" that the collection at the source system should be based on marital and dependency exemptions allowed under the law.

"Otherwise," he said, "the amounts collected would be so far from the amounts due as to fail to meet the objectives of collection at source in any satisfactory manner. Such a collection at the source system can readily be handled by employers."

# Our Reporter's Report

(Continued from first page)

### New Jersey Zinc

One of the biggest secondary stock distributions in many months loomed as a not distant possibility coincident with reports that the estate of the late Edgar S. Palmer, is considering the sale of a block of the stock held.

**Early reports suggested the block might run to 400,000 shares, but it is since indicated that Mr. Palmer disposed of a part of his holdings prior to his death.**

Now it is indicated that the deal may involve some 275,000 shares, and a number of banking groups are reported forming to seek the business which it is understood may be awarded on the basis of competitive bids.

### Municipal Liquidation

There are indications, according to market observers, that the recent persistent institutional liquidation in municipal obligations is running its course.

**Such selling has been traced chiefly to life insurance companies which in recent weeks have been culling their portfolios and slipping out of part of such holdings.**

Several of the large block sales have been publicized, but there has also been a goodly sized accumulation of lesser sales which have attracted little attention outside the market itself.

### New Proxy Rules

The Securities and Exchange Commission quite evidently has let itself in for a sizeable peck of trouble through its arbitrary action in drawing up the new proxy rules recently announced.

**Opposition and resentment is not limited to transfer agents and others whose work will be vastly expanded by the new rulings, but rather has spread to a wide variety of interested parties.**

Moreover, one of its assistant solicitors, by reason of a recent statement attributed to him in the press, has been accused by Representative Wolverton (R.-N. J.), of placing himself "entirely beyond the scope of laws created by Congress."

**So incensed is the Congressman that he is determined to demand that the SEC official in question, along with the Commission chairman, be called to "expound their philosophy" before a Congressional Committee.**

### Housing Loans Still Lead

Housing Authority Loans which have been the mainstay of the municipal market since the turn of the year, bid fair to hold that position for some time ahead.

Next Tuesday the Baltimore Housing Authority plans to sell an issue of $14,212,000 temporary notes to mature in May, 1944. Seattle, on the following day, will market $7,000,000 light and power revenue bonds.

A number of smaller municipals are also in the mill.

# Newspaper Prices Up Throughout Nation

On top of increased prices of newspapers in various parts of the country, heretofore noted, other papers have indicated that similar action has been taken. As to the increase in prices of Boston papers outside the Boston area, the Providence "Journal" of Jan. 17, said:

"Effective today the Boston Sunday Herald and the Boston Sunday Globe have raised their prices from 10 cents to 12 cents in Rhode Island and everywhere outside the zone extending 30 miles from Boston.

"These increases follow increases recently from 12 to 15 cents in the price of the New York Sunday Times and the New York Sunday Herald-Tribune outside the metropolitan area. Those papers previously had increased their prices from 10 to 12 cents.

"On Jan. 17, 1943, the Boston Sunday Advertiser will increase its price from 10 to 12 cents outside the 30-mile-from-Boston limit."

From Binghamton, N. Y., on Jan. 29, the Associated Press reported:

"The Binghamton Press, evening newspaper, announces an increase from 20 to 24 cents weekly in the price of carrier-delivered copies, effective on Monday. The increased cost of materials made the increase necessary, the paper said."

Likewise from Rutland, Vt., Jan. 29 the same advices stated:

"The Rutland Herald and the Burlington Free Press have announced that the price of their daily editions will increase from four cents to five cents, effective on Feb. 1. Both are morning newspapers. They said that rising costs of production and distribution caused the price increase."

On the same date, Jan. 29, the press advices made known the following from Detroit:

"The Detroit News, an evening newspaper, announced today that the price of its daily edition would be increased on Feb. 1 from three to four cents and that the Sunday paper would be sold for 12 cents a copy instead of the present ten. Similar action was announced yesterday by Detroit's two other papers—the Times (evening) and Free Press (morning).

"The News' announcement pointed to wartime conditions which have greatly increased the cost of production and distribution."

Action taken in West Palm Beach, Fla., was indicated as follows Jan. 17 by the Associated Press.

Publishers of the West Palm Beach daily newspapers — the Morning Post, the Evening Times and the Sunday Post-Times—announced today an increase in subscription prices, effective immediately.

The new rate is 30 cents weekly, daily and Sunday; 25 cents weekly, daily only, each up five cents. The price of single copies remains at five cents daily and Sunday.

In a front-page announcement the publishers said:

"We are faced with a question. In view of vastly increased publishing expenses and declining revenue, would it be better to increase cost of subscription rates or reduce amount of information supplied our readers?"

The answer was that readers want more news, the announcement said.

In St. Petersburg, Fla., Jan. 16, publishers of the Evening Independent, pointing to increased costs of production, announced an increase in subscription rates. The weekly rate (six issues) will be 20 cents, an increase of five cents.

A reference to increased newspaper prices appeared in our Jan. 28 issue, page 423.

# DEALER BRIEFS

(Continued from page 484)

## Memphis, Tenn.

**We find that there is a good demand for Tennessee, Mississippi and Arkansas municipals—particularly highway issues. Local buyers have confidence in their respective States and believe they will meet maturing bonds without interruption.—*Joe H. Davis, Bond Dept., The First National Bank of Memphis.***

**There is considerable investment money in this territory. It is in the hands of the Banks, Estates, and Individuals. The buying interest is in the municipal bonds native to this territory, with especial emphasis on bonds issued by the States of Mississippi and Arkansas. The keen interest in these two items is because of the local knowledge of the situations. Also, there is an interest in the bonds issued by the Counties and Cities of these States. As to stocks, we find the Individual interest in Air Line Stocks because of present proved operating ability and the fine prospects the future holds for such enterprises. Chicago and Southern and American Air Lines hold the most local interest, again, because the operations of these two lines are visible and known hereabouts. We can not complain of what has come to us, and predict for the business as a whole much more than the dark, drab future so many are wont to see.—*Groom Leftwich, Leftwich & Ross.***

**Individual investors are cleaning our market of local securities. There is good investment demand with few offerings. Our medium grade municipals are moving, for the most part, at new highs. Quality offerings are more limited than ever.—*Gordon Meeks, Gordon Meeks & Company.***

**Deposits are at an all-time high in the local banks which shows there is an abundance of idle money; we find a good demand for all municipal bonds and all of the better known local stocks. Some of our customers are buying listed securities; there is little speculation. —*L. K. Thompson, L. K. Thompson & Company.***

## Nashville, Tenn.

**Since the first of the year advancing prices, as reflected by our Southern Municipal Bond Price Index, have driven yields down .05% on the city group and .06% on the state group. Considering the dearth of new issues, activity has held up amazingly well and is largely accounted for by the institutional liquidation coupled with a strong demand from commercial banks. Our view for the near future is that, unless disturbed by adverse news, the market for tax-free loans will continue firm.—*Equitable Securities Corporation.***

**Life Insurance Companies continue to sell municipals and buy governments and the bonds are going into the hands of individuals, trust accounts and commercial banks. In the latter case, this is especially true of revenue issues which offer an attractive yield at the tax differential. Individual investors are showing a preference for equities, particularly those having a long record of dividend payments, such as fire insurance stocks.—*Walter M. Robinson, Nashville Securities Company.***

# "Black Gold" In "Them Thar" Hills

(Continued from page 484)

field was discovered on its property early in 1941, and income from this source in the first quarter of 1942 was said to practically equal the earnings from coal. This gives the stock added attraction. The company has been using the income from oil to purchase and retire its 5% preferred stock, and when this has been completed the common dividend should be increased.

The foregoing companies operate in the Illinois field where production has increased from 41,912,085 tons in 1938 to an estimated 65,000,000 tons in 1942.

De Bardeleben Coal 4s (Alabama) 15F in 1938—55 today.

Logan County 4s (West Va.) 7F in 1938—now about 50 bid with no offerings under 80.

Elkhorn 4s (Kentucky) 35 in 1938—95 today.

Consolidation Coal 5s (Maryland, West Va., Penna., Kentucky) 50 in 1938—95 today.

There are others which could be mentioned but this brief comment is not intended to be a complete review of the list.

It goes without saying these advances did not occur simultaneously for the simple reason that the attention of investors was not called to them simultaneously. As in the case of Old Ben Coal 6s, the greatest advance took place prior to the end of 1941 whereas the O'Gara bonds did not really begin to move until well into 1942. Improvement in earnings furnishes the basis for a price advance but attention must be called to it.

Despite the advance in market quotations already shown there are still a few good buys in the coal bond list: De Bardeleben 4s look cheap at their current price level and Logan County 4s too, if you can get them. Then there is Rocky Mountain Fuel 2½s, Victor Fuel 1st 5s and Monon Coal 1st Mtg. Income 5s.

*Monon Coal 5s are especially interesting just now because of the approaching annual interest date, March 1, and the fact that the sinking fund which operates in March will be augmented this year by the addition of $17,832, being 25% of the $71,330 tax reserve set aside in 1938 and 1939 which by court decision in March, 1942, was re-applied to earnings. This fund plus 25% of 1942 earnings which in accordance with the indenture must be applied to the purchase of bonds on tender should stimulate a good demand for Monon Coal 5s during the next few weeks.*

## Towne Securities Offers Interesting Situation

The 7% cumulative preferred stock of Towne Securities Corp. offers interesting possibilities at current levels, according to a circular issued by J. L. Schiffman & Co., 60 Broad Street, New York City. Copies of the circular may be had from the firm upon request.

# Boren Introduces Bill In House To Clarify And Curtail Powers Of Securities & Exchange Comm.

Representative Lyle H. Boren, Democrat of Oklahoma, and a member of the securities and exchange subcommittee of the House Interstate and Foreign Commerce Committee, has introduced a bill intended to clarify and curtail the powers of the Securities and Exchange Commission. The bill is one of a number which have been proposed to curb the Commission in its tendency to overreach in its desire for increasing regulatory powers.

The Boren bill was proposed as a result of the renewed attempt of the SEC to gain after earlier defeats control over dealings in state and municipal bonds in its "full disclosure" rule. The two aims of the bill, Mr. Boren declared, are to eliminate ambiguities in the Securities and Exchange Act of 1934, used by the SEC as an approach to the control of municipals, and to repeal the Commission's power to define fraudulent transactions, chiefly on the ground that this is a legislative power which should be exercised only by Congress.

All securities legislation recognizes the fundamental differences between government and private securities, Mr. Boren pointed out, governmental issues being specifically defined as an exempt class in the Securities Act of 1933 and thus removed from SEC control. Section by section definitions in the 1934 Act had the same intent, but a few exceptions in the Act provided the basis for SEC attempts to defeat the deliberate purpose of Congress. Should the SEC gain control over municipals, Congress' denial of this power to the Commission after extensive hearings in 1936 and 1938 would have been a "mere idle ceremony," and he therefore proposed an amendment to the 1934 Act making it uniform with the 1933 measure exempting municipals specifically from all sections, unless a section should declare applicability.

As to fraudulent transactions, the courts have been quite competent in the past to define frauds, Mr. Boren said, and if any transaction now constituting a crime should be made a criminal offense, it should be so defined by Congress, not an administrative bureau. He contended that the SEC had sought to interpret its power to define fraudulent devices and contrivances as a power to regulate dealings in exempted securities and proposed the revocation of this power as unnecessary, serving no useful purpose and having dangerous implications.

# Urges Revision Of Securities Legislation

(Continued from first page)

the past the tendency had been to think of government and business in terms of extreme alternatives, whereas a 'joint answer' might prove the wisest solution."

"It should be possible," he pointed out, "for men 'who have shown such extreme ingenuity and productivity' to work out the means whereby government fits in with a free economy, rather than clashes with that free economy. In the question of profits, not the amount but the manner in which the profits had been achieved should be the controlling factor."

With respect to his views for a "United Nations of the World," Gov. Stassen, it is learned from the "Wall Street Journal," said:

"It is my proposal that we should contemplate and begin to plan now, for a definite continuing organization of the united nations of the world.

"China, Russia, the British Commonwealth of Nations, the United States of America and all of the smaller United Nations should participate in this governmental structure.

"We now have a world-wide vision to win the war. We must keep our sights high and maintain a world-wide vision to win an enduring peoples' peace."

The Governor, who is shortly to enter active service as Lieutenant Commander in the Navy, was enthusiastically applauded at the conclusion of his address.

# Investment Trusts

(Continued from page 487)

seen such a complete, hard hitting assortment of printed sales helps. Here's the "works:"

1. Two letters to dealers stressing the attractiveness of discount rail bonds.
2. A handsome chart, "Portrait Of An Opportunity," showing the price trend of discount rail bonds versus times charges earned from 1916 through 1942.
3. A 16-page booklet, "The Life Story of A Railroad Bond."
4. A four-page folder summarizing the statistical data on Group Securities Railroad Shares.
5. A two-page bulletin, "Railroad News."
6. A seven-page "Talk On Current Developments Affecting Railroad Bond Values."
7. A 16-page reprint from Popular Mechanics Magazine, "The Iron Horse Delivers the Tools of War." This is illustrated and in color.

If you happen to be a dealer with tender eyes we recommend that you ask Distributors Group for its recent literature on the Investing Company Shares first. It's good, too—and to date it embraces only three items.

* * *

Calvin Bullock's "Bulletin" discusses certain features of Dividend Shares. "These features of Dividend Shares, among others, are reasons why, in 1942, the dollar volume of subscriptions for shares exceeded those in 1941 by 45%."

* * *

"After the War?" a folder on Aviation Group Shares by Hare's, Ltd. Also folders setting forth "Distribution Policy and Dividend Record" of Bank Group Shares, Insurance Group Shares and Aviation Group Shares.

* * *

The George Putnam Fund has prepared an attractive folder presenting its "Balanced Portfolio Diversification." The portfolio is divided into three security groups with cash and cash equivalents included in the first one. The groups are (1) Investment Backlog; (2) Dependable Fixed Income Portion, and (3) Common Stock Portion. We like the quotations spotted here and there in the folder. Example—"I expect that the time will come when the investment trust will take its place alongside of the savings bank and the insurance company as a custodian of the people's savings."—George Putnam, Chairman of the Trustees.

* * *

"War or Peace—The Automotive Industry Carries On Profitably," is the title to a new folder on the Automobile Series of New York Stocks. "Today in War" and "Tomorrow in Peace" comprise the dual theme.

### Dividends

Boston Fund, Inc.—A quarterly dividend of 16¢ per share payable Feb. 20 to stockholders of record Jan. 29, 1943.

# Anthracite Strike Ended—Soft Coal Prices Up

The twenty-three day strike, the longest in the anthracite field in seventeen years, involving approximately 23,000 miners, was ended on Jan. 22 when the last of the strikers, members of the United Mine Workers union, located at the Susquehanna Collieries Co.'s No. 7 and the Payne Coal Co.'s Exeter collieries voted to go back to work on Jan. 23 and Jan. 24, respectively, following an order by the President, Associated Press dispatches from Wilkes-Barre, Pa., stated. The miners had asked for a $2 a day pay increase and a 50 cents a month reduction in union dues. Resumption of full production was anticipated at all mines, collieries going on a six-day basis, United Mine Workers and non-union employees of the anthracite companier to receive time and a half for working on the sixth day.

Associated Press dispatches from Washington, D. C., last week stated that the Office of Price Administration on Jan. 30 granted an average price increase of 23 cents per ton to operators of bituminous coal in Western Pennsylvania. This will mean, it was said, that "domestic sizes" of coal (No. 1 to No. 5) will cost ordinary purchasers up to 20 cents additional per ton, while the price to railroad and industrial users will increase from 20 to 35 cents per ton. The advance in the price of coal at the mine was recommended by Secretary Ickes, Solid Fuels Coordinator, to cover higher production costs involving the extension of the 35-hour week to six days and other operational cost increases. A price increase, after similar extension of the work week, was given recently on anthracite.

Of the average increase of 23 cents per ton to bituminous coal operators, the OPA stated about 15 cents represents the increased cost of operating the mines six days a week with payment of overtime for the sixth day, and eight cents represents other increases in costs which the mines have incurred since last April.

The OPA's announcement of Jan. 30 applied only to bituminous coal district No. 2, which is Western Pennsylvania, but increases will be granted other districts which adopt the six-day week.

Some mine districts already have been operating under the six-day week and paying time and one-half for the sixth day without compensation in price, it was stated. These include, in addition to the above district, New Mexico-Arizona No. 18, Montana No. 22, the State of Washington and Oregon No. 23 and Arkansas-Oklahoma No. 14.

# Tank Car Deliveries Of Gasoline to East Banned

In order to make more tank cars available for the delivery of fuel oil from the Midwest and Southwest to the East Coast shortage area, the Petroleum Administration for War, on Jan. 21, banned tank car delivery of gasoline to the Atlantic Seaboard.

The order (Petroleum Administrative Order No. 5) does not affect the shipment of gasoline to the East Coast by pipeline, barge, truck, or other means.

Commenting upon the effect of the order, Deputy Petroleum Administrator Ralph K. Davies said:

"Civilians who are using their automobiles for essential driving will not be inconvenienced by the ban.

"Between deliveries of gasoline by other than tank cars and the production of ordinary motor fuel by Eastern refineries as a by-product of aviation gasoline and other war-product manufacture, there will be sufficient gasoline on the Atlantic Seaboard to keep essential motor traffic going, provided, of course, that there is no increase in present rates of gasoline consumption.

"The tank cars used to haul gasoline will now be pressed into service to haul fuel oil, the supply of which is critically low throughout the Atlantic Seaboard.

"Continued cooperation from the public—reducing driving to a minimum, using as little fuel oil as possible, converting oil burners to coal—will be necessary to continue to cope successfully with the problem of meeting essential needs of petroleum products on the Atlantic Seaboard."

The order provides that if anyone considers that compliance with the order will work an exceptional or unreasonable hardship upon him, he may appeal for relief to the PAW.

All appeals, which must be filed in quadruplicate, must be addressed to the Director of Petroleum Supply, Petroleum Administration for War, South Interior Building, Washington, D. C. Ref: PAO 5.

# Job Of War Production Less That Of Govt. And More Of Industry, Says Knowlson

In an address delivered in Chicago on Jan. 27 at the annual meeting of the Chicago Association of Commerce, James S. Knowlson, commenting on the Nation's conversion to war production following Pearl Harbor, declared that "history may never really be able to prove whether we might have converted faster. But history will record that we did convert faster than any country has converted before. The year 1942 will go down as a year of glory for American enterprise."

Mr. Knowlson, who is President and Board Chairman of the Stewart-Warner Corporation, has for the last year and a half taken an active part in the organization of American industry for war production. On Oct. 1, 1941, he was granted indefinite leave to assume the position of Deputy Director of priorities, Office of Production Management. With the reorganization of the Office of Production Management in January, 1942, Mr. Knowlson was appointed director of Division of Industry Operations, War Production Board. Later he was appointed Vice-Chairman of the War Production Board. He resigned this latter position Jan. 4, 1943.

In speaking at the Chicago meeting Mr. Knowlson stated that "the job of war production is daily growing less the job of Washington, and more and more the job of industry. In my opinion the production problem is licked—not finished by any means, but it is no longer the question of a voice or voices, crying, 'Prepare Ye the Way.' Industrial America has the bit in its teeth, crying, 'Give us our materials and get out of the way. We are going ALL OUT on this job." In part Mr. Knowlson also had the following to say:

"As the events of the last few weeks have transpired, bringing the war, as Churchill says, "to the end of the beginning," I find among my friends an increasing amount of interest in the relations which we have with, and the assistance we have been able to give to, our allies. The dramatic job that the Russians have done this winter—the surprising strength of their resistance and the surprising strength and vigor of their counter-attack—has awakened in the minds of all of us a tremendous admiration. Many of my friends have asked me whether we have given Russia the aid that she deserves, or whether we have let her stand alone against the invading horde. Almost an equal number of my friends have wondered if we weren't giving Britain too much—if we were not almost entirely supporting the British Commonwealth.

"Now these questions interest me, for really our whole attitude toward our allies and toward Lend-Lease lies in the way we state the basic problem. Are we helping them to win their war or are they helping us to win our war? Are we fighting to make the world safe for the British Empire, for the Russian Commune, or for our shirts?

* * *

"From my point of view we should look upon Lend-Lease for what it is. Not a charity drive, but an agreement of mutual assistance.

"Those of you who have not read the last report of the Lend-Lease administration will find it interesting reading. You will find that our total shipments in the last five months have been roughly 15% of our total munitions production. Remember that we started from scratch; that we had the problem of equipping our army and of supporting them on far-flung frontiers.

"But 15% of a production such as ours has become is not to be sneezed at. Of the amount we have shipped, 20% has gone to Russia. Of course, it has not all arrived, because the question of transports has been a difficult one, but those shipments, you will see, have amounted to over 2,500,000 tons.

"To Great Britain went 40% of our shipments—twice that which was assigned to Russia, but don't lose sight of the fact that Great Britain herself is an exporting country and that part of her production also goes to Russia.

* * *

"And so, while we have not shipped all they want or need by any means, we haven't been entirely lacking. Those Russians I have known are thankful for this aid. However, if we expect them to look upon us as saviours, if we expect them to gather in the Red Square every Tuesday and sing 'God Bless America'—I think we are wrong. I have never heard a Russian brag.

* * *

"And now as to the British. No Britisher will deny that they need us desperately. And not one I know is stinted in his acknowledgment of our aid. But to get the idea that we are the sold support of the British war effort is fantastic. British production is no trifling achievement. It has not been so many months ago since we passed it ourselves.

* * *

"You see, it really all goes back to the point that I have made before—Whose war is this war? If you think of it as Britain's war and Russia's war, then as their little helpers we are pretty good. If you think of it, as I think you must think of it now, as OUR WAR, and think of them as our helpers and allies, then they with their own economies have done wonderfully well. And as long as they are willing to spend the blood of their sons and of their daughters' husbands in delivering our production and their production to Mr. Hitler, you and I should be glad to give them all that they can use and be glad to have them do this job for us."

# Coal Bonds Look Good

First Mortgage Sinking Fund Income 5s of 1955, of Monon Coal Company and the First Lien Income 4s, 1947, of De Bardeleben Coal Corp. offer interesting possibilities at the present time according to a circular issued by Lilley & Co., Packard Building, Philadelphia, Pa. Copies of this interesting circular may be had from Lilley & Co. upon request.

## Tomorrow's Markets Walter Whyte Says—

(Continued from page 485)

something better comes along it will have to do.

* * *

Right now the action of the market calls for close stops. In fact some are so close they may be taken before you even get to see this in print. But if the market has any gumption left in it the current reaction (they're selling off a little right now) should stop before any more damage is done. If it doesn't then your stocks will break the prices appearing below and you will be that much better off for having gotten out.

* * *

This column is still committed in the following stocks:

Air Reduction at 30. It is now about 40. The stop should be placed at 38.

* * *

Goodyear, bought at 22 is now hugging the 28 price. Its stop should be placed at 25.

* * *

International Harvester bought months ago at 43 is currently at approximately 60. A good stop here would be 56.

* * *

The last stock in the list is Superheater at 13½ and now across 15. The best I can figure on this one is a get-out if it breaks 13¾. This doesn't give you much leeway but a break-even or even a small loss is better than being tied up with a larger loss.

* * *

There are other stocks which act well but even a minor reaction can change them from good actors into potentially dangerous ones. So for the time being there are no new recommendations.

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.]*

## Uruguayan Officials Visit N. Y. Stock Exchange

Dr. Alberto Guani, Minister of Foreign Affairs and Vice-President elect of the Republic of Uruguay, and his entourage were guests of the New York Stock Exchange on Feb. 1. Dr. Guani was greeted by Emil Schram, President; Robert L. Stott, Chairman of the Board; John A. Coleman, Vice-Chairman and Robert DeF. Boomer, Chairman of the Inter-American Hospitality Committee of the Exchange.

Dr. Guani's party included Juan Carlos Blanco, Uruguayan Ambassador to the U. S.; Santiago Rivas Costa, Uruguayan Consul General in New York; Roberto Richling, Uruguayan Consul in New York; Raul Previtale, Accountant General of Uruguay; Carlos M. Fernandez Goechea, Financial Attache to the Uruguayan Embassy, and Julian Noguera, Minister.

Also, Roberto Fontana, Attache to the Uruguayan Embassy; Jose Richling, former Uruguayan Minister to the U. S.; Ing. Luis Giorgi, Director Rio Negro Hydro-Electric Works Corporation; Juan F. Iriart, Secretary to the Minister, and Marcos Battle Santos. They were accompanied by Edward Nash, Protocol Division of the State Department.

## Fuel Oil Without Coupons Available In Emergency

Any consumer—industrial, commercial or private—who, being without oil, as a result faces a serious threat to health or property, may buy up to 50 gallons of fuel oil even if he is without coupons valid currently, E. S. Ferguson, regional rationing executive, announced on Jan. 30.

The new emergency ration arrangement became effective Jan. 31 and may be used only once during the heating year, which ends next Sept. 30. Under it the consumer may buy in an emergency, an amount equal to 10% of his total ration, but not more than 50 gallons.

The dealer must present an emergency receipt, which the consumer must sign. If the consumer has coupons redeemable at a future period, he must turn over to the dealer the proper amount of those coupons. If he cannot, he must state in writing why and give the address and number of the board to which he has applied for a ration. The purchase must be reported to the local board by the consumer.

## Result Of Treasury Bill Offering

The Treasury Department announced on Feb. 1 that the tenders for $700,000,000 of 91-day Treasury bills to be dated Feb. 3 and to mature May 3, 1943, which were offered on Jan. 29, 1943, were opened at the Federal Reserve Banks on Feb. 1.

Details of the issue are:

Total applied for, $1,301,770,000.
Total accepted, $701,811,000.
Range of accepted bids:
High 99.925; equivalent rate of discount, approximately 0.297% per annum.
Low, 99.906; equivalent rate of discount, approximately 0.372% per annum.
Average price, 99.907; equivalent rate of discount, approximately 0.369% per annum.
(99% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Feb. 3 in amount of $500,044,000.

## NYSE Wkly Firm Changes

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

Transfer of the Exchange membership of Donald J. Hardenbrook to Stanley G. Welsh will be considered on Feb. 11. It is understood that Mr. Welsh will act as an individual floor broker.

Transfer of the Exchange membership of David E. Levey to William J. Quayle, who it is understood will act as an individual floor broker, will be considered by the Exchange on Feb. 11.

Proposal that Francis B. Gilbert act as alternate on the floor of the Exchange for Clinton Gilbert will be considered by the Exchange today.

Beatrice Philips will be admitted to limited partnership in J. C. Louis & Co., New York.

Edward J. Reeves, member of the Stock Exchange, died on Jan. 26.

## Again Indicted

John W. Hession, financial analyst, and Arnold R. and Sven W. Hanson, securities dealers of 50 Pine Street, New York City, have been indicted by the Federal Grand Jury on thirty counts of mail fraud, violation of the securities and exchange act and conspiracy on charges brought by Assistant United States Attorney Joseph Brandwen and James J. Caffrey, regional administrator of the Securities and Exchange Commission.

The action grew out of swift changes in the price of the Wisconsin Central Railway Superior and Duluth division and terminal bonds, which rose from 11% in February 1942 to a high of 35 in June, then breaking on official denial by Canadian Pacific Railway, the parent company, of rumors which had been circulated in the interim.

A consent decree terminated similar action against the defendants by the State of New York.

## Treasury To Call Bonds

The Treasury announced on Jan. 25 that it would call in $454,000,000 of its outstanding 3⅜% Treasury bonds of 1943-47 on June 15 and will pay them off in cash.

A formal notice of redemption will be issued just prior to Feb. 15.

At the same time, Undersecretary of the Treasury Daniel W. Bell announced that on and after Feb. 1 holders of the registered 2½% bonds of 1962-67 will be permitted to exchange them for coupon bonds. The offer will apply to both issues of the series, of which $2,110,000,000 are outstanding. The Treasury explained the exchange was arranged because most bondholders prefer coupon bonds.

# UP-TOWN AFTER 3

By BILL SMITH

**THE STAGE**

**"The Patriots," by Sidney Kingsley. Produced by the Playwrights' Co., in association with Rowland Stebbins, at the National Theatre, New York. With Raymond Edward Johnson, House Jameson, Madge Evans, Cecil Humphreys, and others. . . .** Here is a fitting addition to the successful plays that are now playing on Broadway. Sidney Kingsley—now Sergeant Kingsley—has written a moving, attention-compelling biography of Thomas Jefferson and the little known events of his life. Covering a period of ten years—1790 to 1800—"The Patriots" tells in moving language and brilliant stagecraft the struggles of the men of the day who played such an important part in the founding of our Democracy. It is obvious that no liberties have been taken with factual history. Jefferson, an aristocrat of the day, was an idealist with a practical viewpoint. Alexander Hamilton, who saw in the new order an opportunity to build up a new aristocracy if not of birth than certainly of wealth, was constantly at dagger's ends with Jefferson. As members of George Washington's cabinet the struggle between the two men is told here in eloquent terms. As a dramatic presentation of the feud between the first Secretary of the Treasury and his fellow member in Washington's cabinet the play takes on stature which is significant in the light of contemporary events. Raymond Edward Johnson's Jefferson is a fiery characterization of the man of whom so little is actually known. House Jameson's Alexander Hamilton while purposely exaggerated is a good portrayal of the man who played such an important part in American history. As George Washington, Cecil Humphreys gives a first rate performance. Madge Evans, as Jefferson's daughter Patsy, does well. The rest of the cast was well chosen and play their parts with equal skill. Put the "Patriots" down on your list of dramatic musts.

**THE SCREEN**

**"The Immortal Sergeant"** is a movie that at times promises to be every bit as powerful as Noel Coward's, "In Which We serve." Time and again it does for the slogging, mud wallowing desert fighting foot soldier of the infantry what Coward's picture did for the Navy. "The Immortal Sergeant" also has its flashback sequences. It shows Henry Fonda, a Canadian newspaperman with an inferiority complex who joins the British Army and becomes a corporal. While in the Libyan Desert he recalls his life in London with Maureen O'Hara as the girl of his dreams. In a raiding foray the squad under command of a tough sergeant, Thomas Mitchell, is attacked by German planes, loses its trucks, part of its personnel and is lost in the desert. In the raiding scenes the picture reaches a credibility which is awe inspiring. Its authenticity rings true. The unromantic dirty business of lonesome patrol work is shown with hard bitten realism. The heroic scenes never seem posed. If the men become heroes it is because of desperateness rather than of any desire to win acclaim. Where the picture falls down is in trying to solve how a lost patrol, sadly decimated, attacks a Nazi outpost guarding a water hole, succeeds, and just as it faces annihilation, is rescued by a British force. But if you overlook this bit of Hollywoodism you have a picture which is exciting, red-blooded and full of swift and tense action. Cast is headed by Henry Fonda, Thomas Mitchell and Maureen O'Hara. A 20th Century-Fox production.

**AROUND-NEW-YORK-TOWN**

**The Versailles** (151 E. 50th), a first rate restaurant as well as an excellent night club, opens its new show this Thursday night. It will include Walton and O'Rourke puppeteers who join the revue. The current cast, presented by Nick and Arnold, includes Dean Murphy, Lucille Norman, Carole and Sherod, Ellsworth and Fairchild, Gilbert Russell and the Conover Cover Girls. The last named are really something to look at. Each girl prettier than the other. . . . This Thursday night the **Glass Hat** (Belmont Plaza-50th & Lexington) also goes in for an elaborate show. It will have Gayle Robbins as m. c., who also will sing, heading a revue by the blonde Carey Twins, Martha Dres, Ginya Lynn, Sally Urban, Frances Kaye and Murial Page. . . . Then, of course, there is **Benny Davis' new place, "The Frolics,"** above the Winter Garden on Broadway and 50th, scheduled to open this week. Features of the new show will include the Barry Sisters, Ruby Ring, Dave Brooks, Al Siegel and his latest dancing discovery, Carmen, Stan Stanley and a group of girls named the Frolicettes.

## SEC On Special Offerings

The Securities and Exchange Commission announced on Jan. 27 that it had taken action to extend for another six months the operation of the conditional exemption to Rule X-10B-2. That exemption, which was originally announced on Feb. 6, 1942, was designed to permit national securities exchanges to try out a system of special offerings as a means of improving the market in the securities comprised therein. Pursuant thereto, special offering plans have been put into operation by three exchanges, the New York Stock Exchange, the New York Curb Exchange, and the San Francisco Stock Exchange. The original exemption was subsequently extended to Jan. 31, 1943 (see issue of July 16, 1942, page 184). The Commission is now engaged in a comprehensive study of the general problems involved and of all special offerings which have been made pursuant to the exemption. The current action will extend the exemption to July 31, 1943, unless during the extended period the Commission otherwise directs.

## C. T. Atkinson Dead

Charles T. Atkinson, former Chicago broker and secretary emeritus of the Chicago Stock Exchange, died at the age of 78 after an illness of several months. Mr. Atkinson served as chairman and secretary of the governing committee of the Exchange for twenty-two consecutive terms until 1931.

# Treasury Offer Of $2,000,000,000 Certificates Was Oversubscribed More Than Three Times

The Treasury Department announced on Jan. 26 that subscriptions to its offering of $2,000,000,000 of $\frac{7}{8}$% certificates of indebtedness of Series A-1944 totaled more than $6,402,093,000. Because of the huge volume of subscriptions, allotments on all subscriptions over $100,000 were allotted 14% of the amount applied for.

Subscribers other than banks were allotted $1,163,000,000 of the new issue; banks with subscriptions of $100,000 or less were awarded $309,000,000, leaving about $700,000,000 for larger subscribers.

The Treasury offered the certificates on Jan. 21 and the books were closed on Jan. 23. The books were kept open three days in order to insure widespread participation not only on the part of banks but by corporations and others who were interested in this type of security.

The December offering of $\frac{7}{8}$% certificates in the amount of $2,000,000,000 attracted subscriptions of a little over $5,000,000,000 with subscriptions for over $100,000 allotted 57%. In November another offering of $2,000,000,000 of $\frac{7}{8}$% certificates brought subscriptions of $3,105,000,000 with all applications for over $25,000 allotted 55%. The books to the December offering were open for 3 weeks except for banks, in which case it was three days, and the books to the November offering remained open two days for all subscribers.

As in the previous offerings of certificates there were no restrictions as to the basis for subscribing to this issue. At their maturity, the certificates will be redeemed in cash and will carry no exchange privileges.

Of the proceeds from this sale, $1,588,495,000 will be used to redeem an equal amount of $\frac{5}{8}$% certificates which matured Feb. 1. The remaining $411,505,000 will be "new money" borrowing and will be added to the public debt, which now is about $115,000,000,000. This is the first large financing undertaken by the Treasury since the successful December Victory Loan drive, which brought in over $12,000,000,000. The next major financing operation is planned by the Treasury for April.

Subscriptions and allotments were divided among the several Federal Reserve Districts as follows:

| Federal Reserve District | Total Subscriptions Received | Total Subscriptions Allotted |
|---|---|---|
| Boston | $333,798,000 | $103,061,000 |
| New York | 2,839,741,000 | 1,090,810,000 |
| Philadelphia | 220,076,000 | 72,815,000 |
| Cleveland | 324,876,000 | 114,020,000 |
| Richmond | 247,490,000 | 87,062,000 |
| Atlanta | 287,316,000 | 79,951,000 |
| Chicago | 921,018,000 | 302,885,000 |
| St. Louis | 242,691,000 | 72,541,000 |
| Minneapolis | 109,775,000 | 41,222,000 |
| Kansas City | 196,283,000 | 65,077,000 |
| Dallas | 150,953,000 | 46,559,000 |
| San Francisco | 528,061,000 | 135,208,000 |
| Treasury | 15,000 | 15,000 |
| Total | $6,402,093,000 | $2,211,226,000 |

The details of the Jan. 21 offering follow:

The certificates will be dated Feb. 1, 1943, will be payable on Feb. 1, 1944, and will bear interest at the rate of seven-eighths of one percent per annum, payable semiannually on Aug. 1, 1943 and Feb. 1, 1944. They will be issued in bearer form only, with two interest coupons attached, in denominations of $1,000, $5,000, $10,000, $100,000 and $1,000,000.

Pursuant to the provisions of the Public Debt Act of 1941, interest upon the certificates now offered shall not have any exemption, as such, under Federal Tax Acts now or hereafter enacted.

Subscriptions will be received at the Federal Reserve Banks and Branches, and at the Treasury Department, Washington. Banking institutions and securities dealers generally may submit subscriptions for account of customers, but only the Federal Reserve Banks and the Treasury Department are authorized to act as official agencies. Subscriptions from banks and trust companies for their own account will be received without deposit, but subscriptions from all others must be accompanied by payment of 2% of the amount of certificates applied for.

Subject to the usual reservations, subscriptions for amounts not exceeding $100,000 from banks which accept demand deposits, and subscriptions in any amount from all other subscribers, will be allotted in full; subscriptions for amounts over $100,000 from banks which accept demand deposits will be allotted on an equal percentage basis, to be publicly announced.

Payment for any certificates allotted must be made or completed on or before Feb. 1, 1943, or on later allotment. As previously announced, Treasury Certificates of Indebtedness of Series A-1943, which mature Feb. 1, carry no exchange privileges, but such maturing certificates will be accepted at par in payment for any certificates of the series now offered which may be allotted.

The previous offering of certificates was reported in these columns Dec. 24, page 2245.

## Period 4 Oil Coupon Cut In 6 Northeastern States

The Office of Price Administration on Jan. 25 set the value of householder (class 1) fuel oil ration coupons at nine gallons for the fourth heating period in the 17 Eastern States and the District of Columbia. Likewise, the value of the class 2 coupons for apartment houses, hotels, office buildings and other large consumers of heating oil was established at 90 gallons for the fourth period. These values are the same as those fixed for the third heating period. However, the OPA on Jan. 30 reduced the value of the class 1 period four coupons which became valid on Jan. 31 in New York (except the Adirondack region), New Jersey, Massachusetts, Pennsylvania, Connecticut and Rhode Island, from 9 to 8 gallons each, while the value of class A coupons was fixed at 80 gallons for the fourth period. The remaining 11 Eastern States and the District of Columbia were unaffected by this latter order.

Period four, which is designated by class 1 and class 2 coupons numbered "4," extends from early February to mid-March, the exact date depending upon the zone in which the consumer lives.

On Jan. 22, the OPA announced that the value of heating ration coupons would continue at 11 gallons for class 1, and 110 for class 2, in the Middle Western States under rationing, with the exception of Kentucky and the southern parts of Ohio, Illinois, Indiana, Missouri and Kansas. In these areas Winter has been milder than usual and the values were set at 10 gallons and 100 gallons for the class 1 and class 2 coupons, respectively, for period four.

At the same time, the date when number 4 coupons may be used for purchases was advanced one week from the original date in all zones in both the East and Middle West. In addition, the expiration date of the period four coupons was extended about two weeks.

The validity dates of period four coupons and the date of the fourth heating period, by zones, are as follows:

Valid Period for No. 4 Coupon: Zone A begins Feb. 2, ends April 17; Zone B begins Jan. 31, ends April 12; Zone C begins Jan. 27, ends April 6; Zone D begins Jan. 30, ends April 6.

Length of Heating Period No. 4: Zone A, from Feb. 9 to March 17; Zone B, from Feb. 7 to March 12; Zone C, from Feb. 3 to March 6; Zone D, from Feb. 6 to March 6.

Period three coupons still held in small numbers by most consumers are good to Feb. 20.

## SEC Utility Amendments

The Securities and Exchange Commission announced on Jan. 26 the adoption of two amendments to Regulation S-X prescribing the manner in which original cost data and other components of utility plant are to be shown in balance sheets of public utility companies and consolidated balance sheets of public utility holding companies filed with the Commission. The announcement stated that "in accordance with the usual practice of the Commission, comments and suggestions as to preliminary drafts of the amendments were obtained from various interested persons, including representatives of state regulatory commissions and the national professional societies." The Commission adds:

"Underlying the new rules is the belief that the segregation of original cost, historical cost and other components of book amounts of utility plant is, in the light of present trends of rate regulation, of great concern to investors. While the amendment only requires segregation in the balance sheet itself in those cases where the original cost reclassification has been entered on the books, it also calls for appropriate footnote disclosure where original cost studies are not required or have not been completed."

## Norman Made Director Of Beekman Hospital

Elisha Walker, Chairman of Beekman Hospital, announced on Jan. 18 that Bradford Norman, Jr., Vice-President of the Commercial National Bank and Trust Co. of New York, has been elected a Director of Beekman Hospital. Mr. Walker said, "The Hospital is most fortunate to have secured a man for this post as well known in the banking field and for his interest in charitable undertakings as Bradford Norman, Jr." Mr. Norman served in World War One as an officer in the Navy, and came to the banking business from Rhode Island after that war. He is also a director of American Sumatra Tobacco Corp., Commercial National Safe Deposit Co., Hat Corporation of America and Pennsylvania Coal and Coke Corp. For several years he has been actively interested in the affairs of Beekman Hospital and is Associate Chairman of the Banking Committee for the 1943 Maintenance Fund to raise $125,000 to meet an estimated budget deficit for the current year's expenses.

## Fulton Iron Attractive

Common stock of Fulton Iron Works Co. offers an interesting situation according to a memorandum issued by Eisele & King, Libaire, Stout & Co., 50 Broadway, New York City, members of the New York Stock Exchange and other leading Exchanges. Copies of the memorandum may be had from the firm upon request.

## Industry and the War

Paine, Webber, Jackson & Curtis, 25 Broad Street, New York City, members of the New York Stock Exchange, have just issued a most interesting bulletin on Industry and the War, based on observations made by Sidney B. Lurie during a recent field trip. Copies of this interesting bulletin may be had from Paine, Webber, Jackson & Curtis upon request.

# Pres. Returns To Washington From Casablanca Conference—Visited Liberia, Brazil & Trinidad

President Roosevelt returned to the White House on Jan. 31, completing his historic trip from North Africa, where he and Prime Minister Winston Churchill mapped plans to force "unconditional surrender" on the part of the Axis. A White House announcement disclosed that the President and his party had traveled by airplane across the Atlantic to Brazil and then to Florida, where they transferred to a special train for Washington.

Mr. Roosevelt on Feb. 1 reported on his trip in separate conferences with Secretary of State Cordell Hull, Under-Secretary of State Sumner Welles, Rear Admiral Harold R. Stark, Commander of the United States Fleet in European waters; and with a group of Democratic and Republican Congressional leaders. No details of the discussions were revealed.

On the way home from the Casablanca conference, the President stopped in Liberia, Negro Republic on the African West Coast, in order to pay his respects to President Edwin Barclay and to review a large detachment of American Negro troops stationed there. His next stop was in Brazil, where on Jan. 28, President Roosevelt and President Getulio Vargas talked informally of the results of the Casablanca conference (referred to in our Jan. 28 issue, page 370) and of mutual aid between the two countries. The third stopover before reaching the United States mainland was at the island of Trinidad in the British West Indies to inspect United States Army and Navy defense installations.

The President, Prime Minister and their combined staffs conferred in Casablanca from Jan. 14 to Jan. 24, surveying the entire field of the war and completing plans for the offensive campaigns of 1943.

The White House statements regarding the return trip were based on dispatches written by Captain George Durno of the Army Air Corps, former White House correspondent for the International News Service, who accompanied the President on his flight from Africa.

The dispatch concerning the visit to Liberia said, in part:

"In order to pay his respects to President Edwin Barclay and to review a large detachment of American Negro troops, President Roosevelt paused here in Liberia en route home from the historic Casablanca war council meeting.

"The Chief Executive, while in the African state, which was founded by Negro freed men from the United States in 1822, also took advantage of this opportunity to inspect the large Firestone rubber plantation.

"This American-sponsored project at present is not only supplying the United States annually with very many pounds of critical war material but is steadily increasing its output.

"President Roosevelt and his party, traveling in two large four-motor planes of the transport command of the Army Air Forces, landed at Roberts Field, about fifty miles from Monrovia.

"President Roosevelt and Prime Minister Churchill, upon conclusion of the Casablanca conference, had motored to Marrakech, some 150 miles to the south. They spent the night in that very old Berber and Arab town nestled at the foot of the Atlas mountains. The two leaders parted the following day. President Roosevelt then flew to Liberia with but one intervening stop."

As to the discussions with President Vargas of Brazil and the conclusions reached the White House on Jan. 29 issued the following information to the press:

"The President of Brazil and the President of the United States met Thursday at an unannounced location in Brazil. The two Presidents had lunch together, inspected and reviewed Army, Navy and Air Forces of the two nations. They passed the evening in conference on problems of the World War as a whole and especially the joint Brazilian-United States effort.

"They discussed the continuing submarine danger from the Caribbean to the South Atlantic. President Vargas announced greatly increased efforts on the part of his country to meet this menace.

"President Roosevelt informed his colleague of the very significant results of the conference in Casablanca and of the resolve that the peace to come must not allow the Axis to attack civilization in future years. Mr. Roosevelt demonstrated that the North African expedition has for the present eliminated the possibility of the threat of a German-held Dakar to American freedom at the narrow point of the Atlantic. Both President Vargas and President Roosevelt are in complete agreement that it must be permanently and definitely assured that the coasts of West Africa and Dakar never again under any circumstances be allowed to become a blockade or an invasion threat against the two Americas.

"The two Presidents said:

"'This meeting has given us an opportunity to survey the future safety of all the Americas. In our opinion each of the Republics is interested and affected to an equal degree. In unity there is strength. It is the aim of Brazil and of the United States to make the Atlantic Ocean safe for all. We are deeply grateful for the almost unanimous help that our neighbors are giving to the great cause of democracy throughout the world'."

This statement was supplemented by the following memorandum for the press from President Roosevelt:

"President Roosevelt believed that the Casablanca conference was so vital to the war effort that he should delay for a short time his return to the United States so that he might talk informally to President Vargas of Brazil about the conference, and discuss several details of additional mutual aid.

"President Roosevelt on his journey to Africa and on his return has had many opportunities to visit and inspect vital points of the 'Ferry Command' which is doing a most diffcult job every day in sending planes and quantities of vital equipment from America to the Middle East, to North Africa, to Russia, to the air squadrons in China, and to the Burma front."

The White House added the following:

'The Presidents of the two nations — the United States and Brazil—are old friends and their talks were timely and profitable in every way."

## Urges Support For Beekman Hospital Fund

William Gage Brady, Jr., President of the National City Bank of New York and Chairman of the commercial banking committee of Beekman Hospital 1943 Maintenance Fund, declared on Feb. 1 that "for 21 years, the Beekman Hospital has efficiently served the community of downtown New York and the continuation of these services is vitally necessary to this financial and port district." During this critical period, Mr. Brady continued, "the health of the one million men and women who work in this crowded area is important to the nation and to the community." The Hospital Maintenance Fund goal is $125,000 to meet an estimated budget deficit for current expenses during 1943.

# Calendar of New Security Flotations

*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.*

## SATURDAY, FEB. 6

**STOVALL PROPERTIES, INC.**

Committee for Holders of Class B first mortgage 5% gold bonds of Stovall Properties, Inc., has filed a registration statement with the Securities and Exchange Commission for certificates of deposit for $956,500 of such first mortgage real estate bonds.

**Address**—Place of business of original issuer, Tampa, Fla. Address of committee, 711 Maritime Building, New Orleans, La.

**Business**—Operation of office buildings, and rental of store properties owned by it.

**Purpose**—In addition to the $956,500 Class B 5% mortgage bonds there are outstanding $8,125 Class A 6% first mortgage gold bonds. Both classes of bonds were dated Sept. 1, 1931, with maturity date Sept. 1, 1941.

Both classes of bonds bear interest at the rate of 8% after maturity. According to the registration statement the deposit of securities is desired in order to foreclose the mortgaged and/or pledged property, and, if need be, to bid in the property at the foreclosure sale for the benefit of the bondholders.

So far as is known to the committee, no steps have been taken by anyone to prepare a plan of readjustment or reorganization. Securities are to be called for prior to the proposal of a plan because from all information available, there is little possibility of any feasible plan of reorganization. The committee is of the opinion that the only feasible mode of procedure is to foreclose the mortgage, obtain title to the property either in the committee or in a corporate or personal nominee of the committee to operate the property for the benefit of the depositing bond holders and to seek a purchaser for the same. The members of the committee have found that prospective purchasers for the mortgaged property are unwilling to negotiate until title has been obtained through foreclosure. The deposit agreement is dated Nov. 25, 1942. The committee has not as yet fixed any limit to the period within which the bonds will be accepted.

**Registration Statement No. 2-5083. Form D-1. (1-18-43).**

## TUESDAY, FEB. 9

**522 REALTY CORPORATION**

Voting trustees have filed a registration statement with the Securities and Exchange Commission for voting trust certificates for 5,837 shares of capital stock, par $1 per share, of the 522 Realty Corporation.

**Address**—Address of issuer or trustees in care of Walter McMeekan, 18 East 48th St., N. Y. City. Principal business or executive office of the corporation, 70 Pine St., Room 3905, N. Y. City.

**Business**—Apartment building.

**Purpose**—Edward J. Crawford, Walter McMeekan and George Weiss, all of N. Y. City, are now acting as voting trustees under a voting trust agreement dated June 28, 1933, for the capital stock of 522 Realty Corporation. All of them have consented to act as voting trustees under the voting trust agreement as amended. The present agreement expires Jan. 31, 1943. It is proposed to offer the holders of voting trust certificates outstanding under present agreement the right to consent to the extension of such agreement for five years from the latter date. Thus, holders of voting trust certificates, who do not consent, will receive stock certificates in exchange for their voting trust certificates. Those holding VTC who do consent to the extension, will continue to hold their VTC subject to the provisions of the existing voting trust agreement, except to extent they are amended in supplemental or extension agreement.

**Registration Statement No. 2-5084. Form F-1. (1-21-43)**

## TUESDAY, FEB. 16

**BELMONT BUILDING CORPORATION**

Frazer Arnold, Charles J. Young and James J. Kelly (as the successor to Barnet L. Rosset, resigned) as voting trustees under trust agreement dated as of Jan. 25, 1933, have filed a registration statement with the SEC for voting trust certificates representing a maximum of 2,940 shares of no par value common stock of the Belmont Building Corp.

**Address**—Of trustees Suite 315, 11 South La Salle Street, Chicago. Statutory address of the corporation c/o Ewing, Arnold & Weinberger, First National Bank Building, Denver, Colorado

**Business** — Owns Belmont Apartments, located at 1060 Sherman Street, Denver

**Purpose**—To extend voting trust agreement. Certificates are already outstanding in the hands of registered holders and it is proposed solely to extend the trust for five years from Jan. 24, 1943

**Registration Statement No. 2-5085. Form F-1. (1-28-43)**

## WEDNESDAY, FEB. 17

**GOSS PRINTING PRESS CO.**

Goss Printing Press Co. has filed a registration statement with the SEC consisting of participations in the Goss Printing Press Employes' Profit Sharing Trust. Number of certificates for which statement is filed is stated to be uncertain. All participations on a permanent contributory basis begin with the second eligibility date during the second year of the trust

**Address**—1535 South Pauline Street, Chicago, Ill.

**Business**—Employes' profit sharing trust

**Underwriting** — Sponsor Goss Printing Press Co.

**Offering**—Date of proposed offering Feb. 15, 1943. The trust becomes contributory on the first of the month next succeeding the effective date of registration with the SEC (designated the second eligibility date), but Section 3 of Article 111 of the trust requires an offering to eligible employes 15 days prior to an eligibility date. Estimated amount of employes contributions to trust from March 1, 1943, to Oct. 31, 1948, is $250,000

**Purpose**—Goss Printing Press Co. states it "desires to reward the loyal, faithful and efficient services of eligible employes, to stimulate in them a keener interest in the successful operation of the company, and to encourage a spirit of economy and thrift, by distributing among such employes a portion of the company's net earnings remaining after a reasonable return on its invested capital"

**Registration Statement No. 2-5086. Form C-1. (1-29-43)**

**KEYSTONE CUSTODIAN FUNDS, INC.**

Keystone Custodian Funds, Inc., has filed a registration statement for 30,000 shares of a trust designated as Keystone Custodian Fund, Series "B-1"

**Address**—50 Congress St., Boston, Mass.

**Business**—Investment trust

**Underwriter**—Keystone Custodian Funds, Inc., is named as sponsor

**Offering**—Within two weeks after effective date of registration statement. At market

**Proceeds**—For investment

**Registration Statement No. 2-5087. Form C-1. (1-29-43)**

**KEYSTONE CUSTODIAN FUNDS, INC.**

Keystone Custodian Funds, Inc., has filed a registration statement with the SEC for 65,000 shares of a trust designated as Keystone Custodian Fund, Series "B-2"

**Address**—50 Congress St., Boston, Mass.

**Business**—Investment trust

**Underwriter**—Keystone Custodian Funds, Inc., is named as sponsor

**Offering**—Within two weeks after effective date of registration statement. At market

**Proceeds**—For investment

**Registration Statement No. 2-5088. Form C-1. (1-29-43)**

**KEYSTONE CUSTODIAN FUNDS, INC.**

Keystone Custodian Funds, Inc., has filed a registration statement for 200,000 shares of a trust to be designated as Keystone Custodian Fund, Series "S-2"

**Address**—50 Congress St., Boston, Mass.

**Business**—Investment trust

**Underwriter**—Keystone Custodian Funds, Inc., is named as sponsor

**Offering**—Within two weeks after effective date of registration statement. At market

**Proceeds**—For investment

**Registration Statement No. 2-5089. Form C-1. (1-29-43)**

## 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. 28, 1943, states that Abraham Dickenstein may be an underwriter

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 Jan. 20, 1943, 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.25, 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. 21, 1943, to defer effective date

**INTERIM FINANCE CORP.**

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

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

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

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

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

**Proceeds will be used for working capital**

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

**Registration Statement** effective 11 a.m. (EWT) on Dec. 22, 1942, as of 5:30 p.m. (EWT) on Dec. 8, 1942.

**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)**

Amendment filed Jan. 23, 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)**

**PINEHURST, INC.**

Pinehurst, Inc., has filed a registration statement with the SEC for $250,000 first mortgage 5% bonds, due May 1, 1953.

**Address**—Pinehurst, N. C.

**Business**—Operation of a winter resort.

**Offering**—Pinehurst, Inc., is offering to the holders of its 6% first mortgage gold bonds due May 1, 1943, the opportunity to exchange their bonds, plus accrued interest, for first mortgage 5% bonds now registered. Exchange basis is for a like principal amount of the bonds to be offered, with adjustment in cash for accrued interest. The plan will become operative when and if, prior to May 1, 1943, holders of substantially all of the bonds of the company due May 1, 1943, shall have filed agreements, but the company reserves the right in its discretion to declare the plan operative prior to May 1, 1943, upon receipt of agreements which it may deem acceptable to it. Company reserves the right to offer for sale for cash at not less than 100% of face amount, plus accrued interest, such portion of the bonds to be offered under registration statement as may not be accepted by the holders of the old bonds. At May 31, 1942, there were $236,000 of old bonds outstanding.

**Underwriting**—Company has not entered into any agreement providing a first commitment for the purchase of the first mortgage 5% bonds. It will, however, enter into an agreement with Mackubin, Legg & Co., Baltimore, who may be underwriters whereby the underwriters who have aided in preparing the exchange offer and plan will use their best efforts in obtaining agreements of exchange, including the obtaining of services of other dealers, for which they will be compensated.

**Proceeds**—To redeem old 6% first mortgage bonds and for general funds.

**Registration Statement No. 2-5079. Form A-2. (12-29-42)**

Amendment filed Jan. 14, 1943, to defer effective date.

**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 contemplates 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. 25, 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).**

**STEEP ROCK IRON MINES LIMITED**

Donald M. Hogarth, Julian G. Gross and Russell D. Bradshaw, voting trustees, have filed a registration statement with SEC for voting trust certificates for 562,500 shares of capital stock without nominal or par value of Steep Rock Iron Mines Limited.

**Address**—3100 Canadian Bank of Commerce Building, Toronto, Ontario, Canada Address of corporation, 25 King St., West Toronto.

**Offering**—See registration statement of Steep Rock Iron Mines Limited No. 2-5070

**Proceeds**—To deposit shares in a voting trust.

**Registration Statement No. 2-5071. Form F-1. (12-9-42)**

Amendment filed Jan. 26, 1943, to defer effective date

**STEEP ROCK IRON MINES LIMITED**

Steep Rock Iron Mines Limited has filed a registration statement with SEC covering $2,250,000 5½% sinking fund debentures, due Dec. 1, 1957.

**Address**—25 King St., West, Toronto, Ontario, Canada.

**Business**—Mining. Company owns property comprising approximately 7,000 acres in the Steep Rock Lake area, near Atikokan, Ontario, Canada, containing large bodies of high-grade iron ore. The property includes all of Steep Rock Lake, under which the known ore bodies lie.

**Underwriter**—Otis & Co., Cleveland, O., is principal underwriter. In the underwriting agreement Otis & Co. agreed to purchase and the company has agreed to sell the $2,250,000 face amount of debentures covered by the registration statement and 562,500 shares of the company's capital stock. The rate to be paid by the underwriter for each $1,000 face amount of debentures and shares of stock will be supplied by amendment. The capital stock is to be deposited under a voting trust agreement.

**Offering**—Price to the public per unit consisting of $1,000 face amount of debentures and voting trust certificates for a number of shares of capital stock to be named by amendment will also be filed by amendment.

**Proceeds**—For plant, equipment, drilling, development and working capital.

**Registration Statement No. 2-5070. Form A-1. (12-9-42)**

In an amendment filed Jan. 11, 1943, company stated the units to be offered the public would consist of $1,000 face amount of debentures and voting trust certificates representing 200 shares of the company's capital stock, Offering price per unit will be $2,250.

Voting trust certificates representing 112,500 shares of capital stock will be acquired by the underwriter and a portion of such voting trust certificates may be distributed to members of the selling group. All or any part of such voting trust certificates may be sold by the owners thereof at the then over-the-counter market price. On Dec. 22, 1942, voting trust certificates were sold on the over-the-counter market in New York at a price of $1.30 (United States dollars).

**UNION ELECTRIC CO. OF MISSOURI**

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

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

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

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

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

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

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

Amendment filed Jan. 25, 1943, to defer effective date

**UNION LIGHT, HEAT AND POWER COMPANY**

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

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

**Business** — Operating electric utility company

**Underwriter** — Columbia Gas & Electric Corp.

**Offering**—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.3[illegible] for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp

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

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

Amendment filed Jan. 28, 1943, to defer effective date

**UNITED GAS CORPORATION**

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

**Address**—2 Rector Street, New York City

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

**Underwriters**—None

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

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

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

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

Amendment filed Dec. 31, 1942, to defer effective date

## Krug Power Director

J. A. Krug, formerly a TVA official, has been named by Chairman Donald M. Nelson of the War Production Board to the office of Power Director, created by Mr. Nelson. Mr. Krug in his new office will be responsible for electricity, gas, water and communications. The authority of Mr. Krug's office is comparable, Mr. Nelson said, to that of Harold L. Ickes over petroleum and William M. Jeffers over rubber.

Associated Press advices from Washington reported WPB officials as stating that Mr. Krug will be faced with the task of heading off a natural-gas shortage next December and January, which theatens to be nearly as serious in some regions as the East's present oil crisis. From the Associated Press we also quote:

Mr. Nelson, in announcing the appointment of Mr. Krug, said that attainment of maximum war production in the latter half of this year depends upon carrying out the expansion of power, gas and other utilities as now planned by the WPB.

"This will require the most careful scheduling, since power, gas and other utility facilities require much the same kind of equipment and materials as the other urgent programs," he stated.

The purpose of the new office, he added, "is not to put the programs in competition with each other, but to fit all of them together into an orderly and integrated construction program."

## Tax Experts Argue Pay-As-You-Go Plan At Commerce & Industry Business Forum

Three experts on taxation argued the merits and disadvantages of the proposed "Pay-As-You-Go Income Tax Plan" on Jan. 29 on the Business Forum, conducted weekly by the Commerce and Industry Association of New York, over Station WMCA. Roy Blough, Director of Tax Research of the Treasury Department, and Arthur A. Ballantine, former Under-Secretary of the Treasury, favored the pay-as-you-go plan, while Laurence Arnold Tanzer recommended a simple uniform withholding tax as offering the only practical approach to pay-as-you-go taxation. Neal Dow Becker, President of the Commerce and Industry Association, was Moderator. "Wartime expansion of the individual income tax makes it imperative to put that tax on a current, pay-as-you-go basis," said Mr. Blough. He went on to say:

"It means simply that the tax on this year's income would be paid this year instead of next year. Perhaps four-fifths of the job of putting taxpayers on a current basis can be done by collection at source from wages, salaries and dividends. Whatever other measures are taken to complete the job—whether they involve the estimating of income, the filing of quarterly returns, or some other procedure—such measures must revolve around the core of collection at source.

"Postponement or installment payment of 1942 taxes has been proposed, but that would not readily eliminate income tax debt. The problem of transition, however thorny it may be, is secondary. The main objective must be to set up a sound pay-as-you-go system for the long run."

Mr. Ballantine asserted that both for the government and the citizen the all-out income tax must be made a pay-as-you-go tax, adding that necessary change can be accomplished by having 1943 payments apply to 1943 income, using 1942 income only as a basis for permitting initial payments, making final adjustment after the close of the year. "For the Government, to pay-as-you-go would offer the great advantage of making possible heavy withholding taxes so that the Treasury would be assured of its receipts," said Mr. Ballantine. "For the citizens, the plan means tax solvency and increased ability to continue in business and produce."

Mr. Tanzer declared it is impossible to place the payment of income tax completely on a pay-as-you-go basis for two reasons:

First: The income tax is based on the income for the year, and that cannot be known definitely until the year is ended. Any tax withheld currently can only be tentative, based on advanced estimates.

Second: An accurate computation of any taxpayer's income tax must take into account his exemptions due to his condition, as married or single and as having dependents. The graduated rates to which the individual taxpayer is subject vary with his total income for the year. "Attempts to allow for all these variations would be entirely too complicated and burdensome for practical use.

"Congress was right in rejecting the 1942 Treasury proposal for a withholding tax based on each taxpayer's individual exemptions," Mr. Tanzer asserted. "The only practical withholding tax is a simple and uniform one such as Social Security Tax, deducting 1% on all up to $3,000, or the Victory Tax at the rate of 5% on all over $12 a week. A simple uniform withholding tax offers the only practical approach to pay-as-you-go taxation."

Mr. Tanzer is chairman of the Committee on Taxation and Public Revenue of the Commerce and Industry Association. Asked by Mr. Becker whether he could suggest any way of applying the pay-as-you-go principle in raising the additional revenues required to finance the war without further increasing the already high income tax rates, Mr. Tanzer said:

"The general retail sales tax is the perfect pay-as-you-go tax because it is paid once and for all at the time of a purchase and does not leave the taxpayer indebted to the Government."

## Institutional Securities Corp. Had Active Year

Stockholders of Institutional Securities Corporation, wholly owned by the Mutual Savings Banks of New York State, were informed on Jan. 20 by August Ihlefeld, President, that as a result of the authorization to invest corporate funds in FHA insured Title II and Title VI mortgage loans anywhere in the United States, the Corporation held as at Dec. 31, 1942, $3,115,362 of mortgages among its assets. In addition it has made arrangements to acquire up to $3,885,950 FHA insured loans on properties located principally in New Jersey and Pennsylvania. It is further announced:

"At the end of the year the Corporation was servicing, through its 4 offices, 7,695 mortgages and properties for 38 savings banks, Savings Banks Trust Co., and the Savings Banks Retirment System representing a total investment of $48,704,734, as compared with 7,481 mortgages and properties aggregating an investment of $50,295,121 a year ago.

"Appraisal services increased during the year, with fees for this activity amounting to $31,091, as compared with $2,328 the previous year.

"The Corporation experienced an active year in real estate sales. Of 1,014 properties listed with it, sales were effected on 650 pieces for a total of $3,775,540. It is the Corporation's policy to maintain servicing facilities only for mutual savings banks."

"The influence of the war on mortgage servicing is being felt more and more," Mr. Ihlefeld said

He added: "Prepayment of mortgage debts was more frequent than in past years, stimulated in part by the desire of some owners to reduce their fixed charges and in part by the address of the President of the United States, urging such payments as a means of curbing inflation. The Soldiers and Sailors Civil Relief Act has been responsible for a number of modification agreements reducing fixed charges for the period of military service."

The W. C. comparative balance sheet at the year end showed assets of $5,352,772 including $3,115,362 bonds and mortgages owned and $1,012,800 U. S. Government obligations. Net operating earnings were reported at $55,813 while surplus funds stood at $294,531 as compared with $346,418 a year ago. The decrease in surplus reflects the charge-off of all premiums paid in connection with the investment in bonds and mortgages and the writing off completely of furniture and fixtures. Dividends in the amount of $49,943 were paid to stockholders.

## Roosevelt and Churchill Have Met Four Times

President Franklin D. Roosevelt and Prime Minister Winston Churchill of Great Britain have met four times as President and Prime Minister—three times since America's entrance into the war and once before, it was noted in Associated Press advices from Washington Jan. 26, from which we also quote:

Times and places were:

Aug. 9, 1941, off the Newfoundland coast for three days or more.

Dec. 22, 1941, to Jan. 14, 1942, when Mr. Churchill came to Washington on a battleship and flew home.

June 18, 1942, in Washington, with Mr. Churchill flying here for a week's conference.

Jan. 14-24, 1943, in North Africa.

## Encyclopedia Britannica To University Of Chicago

The Encyclopedia Britannica was presented on Jan. 20 to the University of Chicago as an outright gift by Sears, Roebuck & Co., said Associated Press advices from Chicago on Jan. 25, which added:

The outright gift included Encyclopedia Britannica, Inc., and subsidiaries in England, Canada and South Africa, Britannica Book of the Year, Britannica Junior, and the Encyclopedia Britannica World Atlas.

The publication was issued first in Edinburgh in 1768. Eventually it was distributed on a world-wide basis.

Sears, Roebuck & Co., Chicago mail order firm, assumed control in 1920. The volumes—currently 24 in number—are printed here.

Robert M. Hutchins, President of the University, and General Robert E. Wood, Chairman of the Board of Sears, announced that the books henceforth would bear the imprimatur of the University.

A. S. Barrows, President of Sears, said the Britannica was sold through its own individual sales organization and explained that the company now considered it "foreign to our business."

In advices from Jan. 27 to the New York "Times" it was stated:

"William Benton, Vice-President of the University of Chicago, will assume the additional post of Chairman of the board of directors of Encyclopedia Britannica, Inc., on Jan. 28, when title to the Britannica company, recently given to the university by Sears, Roebuck & Co., is transferred. The board will include trustees of the university and others.

"To eliminate financial risk on the part of the university in conducting the operations of Encyclopedia Britannica, Inc., Mr. Benton provided the necessary working capital. Ownership of the stock will be divided between the university and Mr. Benton, with the university holding options on Mr. Benton's stock, which represents his advance of the working-capital.

Before becoming Vice-President of the University of Chicago Mr. Benton was president of Benton & Bowles, Inc., the advertising firm which he founded.

## Commissioner Hodson Killed In Plane Crash

William Hodson, Welfare Commissioner of New York City on leave to the State Department, was killed in an airplane crash near the coast of Dutch Guiana on Jan. 15, the War Department announced on Jan. 21. The airplane disaster also took the lives of 25 other passengers, military personnel and civilians, and the nine crew members.

Mr. Hodson, who was 51 years old, had been on his way to North Africa to undertake a confidential mission for Herbert H. Lehman, Director of Foreign Relief and Rehabilitation. He had been granted a two-month's leave by Mayor LaGuardia—reference to which was made in these columns Jan. 14, page 204.

Mr. Hodson had been Welfare Commissioner of New York City since 1934 and for nine years prior to that time was Director of the City's Welfare Council.

# Our Reporter On "Governments"

By S. F. PORTER

One of the more intriguing angles of this now prolonged advance in the Government mart is that it is based on "natural" as well as "artificial" factors. . . . And counting back from that, the "natural" factors now pushing up the price level are the result of "artificial" stimulation. . . . Strange, isn't it? . . . That a natural market should develop out of an artificially inspired setup and in turn ease the necessity for artificial support! . . . But there it is, anyway. . . . Just look at the price level in the Government market now and just think back to the disorder that ruled in October and you'll have a perfect picture of the improvement which has occurred. . . .

**This market acts beautifully. . . . It is strong, it is well-backed by demand from banks and from non-banking sources, it is technically in a fine position. . . . No major financing is due until April. . . . Commercial banks are being forced into the market as major buyers because of the fact that they received so few of the new ⅞s, issued in exchange for the $1,588,000,000 certificate of indebtedness issue, due February 1. . . . Insurance companies and savings banks are in the market from time to time. . . . Traders made out better this time than at any time in recent months. . . . Nearly all firms—or all firms—showed profits in December and January. . . . And official support hasn't been demanded for some weeks. . . .**

But you know these points, even though you can't tell just how strong the market is from a casual glance at the price quotes. . . .

Will we have a sell-off, the decline which obviously is warranted after this long upswing? . . . Well, there are two schools of thought on that, but most experts on Government trends believe the market will reach some sort of top between now and March 1 and "level off" for a while, pending announcement of the new borrowing. . . . Reason for that forecast is that banks will be holding off on buying because of anticipated heavy withdrawals for March 15 income tax payments and because they'll be getting their portfolios ready for the April offering. . . . Offsetting factor is that allotments on the February 1 certificate of indebtedness issue totaled only 14%, indicating many banks and other holders have to make up for their loss of maturing c.is by buying in the open market. . . . At worst, we should see a slight decline, then leveling off, say the experts. . . . At best, we should see some sort of topping movement. . . .

**REFUNDINGS**

Treasury's announcement that the June 3⅜s will be paid off in cash was entirely expected, entirely logical, for the outstanding amount of these definitely pre-war and pre-easy-money era bonds is only $454,000,000 and a refunding offer simply wouldn't be sensible. . . . The 3⅜s' passing will mark the end of another signpost of the old high money rate days. . . . Remember those? . . . Remember when the Treasury was pleased to be able to put over a 3⅜% issue? . . . And a 4? . . . And a 4¼? . . . Chances of any rise in interest rate to anywhere near that level in the next decade seem awfully small at this time. . . . Virtually non-existent. . . . We've gone a long way in money management and interest rate control since those years. . . .

The refunding calendar for the Government actually is most favorable now. . . . Glancing down the list of issues coming up, one is bound to be impressed at the excellent spacing of maturities, the lucky chance—planned or accidental—which will permit the Treasury to borrow billions every quarter and not fuss about billion-dollar maturities. . . .

**For instance, this year's calendar is pretty slim, considering the terms in which we think these days. . . . There's another old-time issue coming up—the $1,401,000,000 3¼s of October 15, 1945-43, which should be refunded. . . . That announcement may come this July and as for payment or refunding, the odds are there'll be no exchange privilege given on this. . . . But it's too early to forecast with any confidence. . . . Just look for a call this year, for a 3¼% issue doesn't belong on the Government's books now. . . .**

Then there are a few small guaranteed issues coming up, bringing the day of extinction for this type of security a little closer. . . . The $289,000,000 Commodity Credit Corporation ¾s of May 1, 1943, will be paid off out of the funds to be raised in the over-all quarterly borrowing of April. . . . Then there's a $324,000,000 issue of 1⅛% RFC notes which are due for payment July 15, this year. . . . And of course, there are the Treasury notes due from quarter to quarter, including the:

$629,000,000 of 1⅛s due June 15;
$279,000,000 of 1s due September 15;
$421,000,000 of 1⅛s due December 15. . . .

The interesting thing about all this is the fortunate lightness of the refunding job at this stage in our financing history. . . .

**INSIDE THE MARKET**

The Treasury's action in making the 2½s of 1967-62 convertible into coupon bonds at the holder's option has had an immediate reflection in the market. . . . Now the 1967s are selling 2/32 above the 1968s, with the level 100.19 against 100.17. . . . What a perfect switch this turned out to be and this writer takes some credit for suggesting the move from 1968s into 1967s some weeks ago—for institutions not needing coupon bonds. . . .

**As for switches, the one from the 2½s of 1972 into the 1968s or 1967s for non-bank buyers also is turning out beautifully—due to market reactions and to the news on the convertibility of the registered 2½s into coupon bonds. . . . It still seems a fine idea for any institution able to buy the 1968s or 1967s, though, for you'll be freezing a profit at 100.27 on the 1972s and getting into similar bonds due earlier and selling at 10/32 lower. . . .**

The 1¾s of 1948 still seem to have some "steam" in them, even though the bond is up to 100.16 now. . . . This one is moving ahead nicely, may reach 100.20, say some dealers, if the advance holds. . . .

As for switching on these, some dealers again recommend getting out of the 1¾s and into the 2½s at a similar price level. . . . That's quite a move, though, for you're leaving a 1948 maturity range and accepting a 1968 range—rather a decision for most institutions. . . . A savings bank or insurance company with a large amount of the 1¾s and a small amount of the 2½s may find this advisable for part of its position, however. . . . The equal price range suggests scrutiny anyway. . . .

Lots of gossip around as to what form the new issue will take, when it comes. . . . Good group of traders looking for another 2% issue, maybe due in the mid-50s. . . . If this happens, the shorter 2s, in the 1951-49 range, will benefit from the choice of maturity rather than suffer from the issuance of another 2% coupon. . . .

If the Treasury issues a 2% bond of 1955-53, we'll have a perfect barometer of the taxable vs. tax-exempt bonds, for there's a tax-exempt 2 of 1955-53 outstanding and selling at 103.14, to yield 1.63 to call, 1.69 to maturity. . . . A 2 taxable at 100 may seem cheap, so the choice is unlikely, but if the market permits this move, the barometer will be there for a decade. . . .

No question about boost in debt limit to $210,000,000,000—and move should be made long before April financing.

# Legal Oddities

**THE WILY "INFANT"**

"Infancy is a shield for the infant—not a sword," is the dictum of an old English judge, but in a case decided by the New York Court of Appeals the facts show that the infant used her infancy as sword, shield, machine gun and heavy tank.

In this case, according to the evidence, a female infant handed over to John Doe a certificate for Steel stock, with a blank assignment. Doe, without the infant's authority, handed the stock to a broker who sold it to Richard Roe for $11,000, had the Stock transferred to Roe on the books of the Steel Corporation, and notified the infant of his doings.

"That's agreeable to me," the infant agreed, or, legally speaking, she "ratified" the sale.

Then the infant repudiated the transaction, and sued Doe, the broker—and the Steel Corporation.

"Doe is liable because he sold my stock when I was under age, the broker for guaranteeing my signature when he sold to Roe, and the Steel Corporation for transferring the stock in its books," the infant argued.

The New York Court of Appeals (in the case referred to) decided against Doe on the ground that, although the infant had ratified the sale, she still possessed the feminine and infantile prerogative of changing her mind, and against the broker on the ground that he stood in Doe's shoes in effecting the sale.

The Court refused, however, to hold that the Steel Corporation was liable.

"The Steel Corporation is not in the same position as the parties who sold the infant's stock on her behalf. When it transferred the stock on its books to the ultimate purchaser and canceled the infant's stock certificate it did a valid act. No statute made the transfer illegal. It acted under her authority without notice of her incapacity, in good faith and without negligence. It was not bound to inquire whether the transfer was voidable, for nothing put it upon inquiry. It received nothing and retained nothing for which it can be called upon to account. It appropriated no property to itself. It was an intermediary in a sale by others; a conduit for the transfer of title. It destroyed a muniment of title merely and did not deprive the infant of her rights in the stock itself which exists apart from the certificate," said the Court on this phase of the case.

# Weld Named Pres. Of Commodity Exchange

Philip B. Weld was elected President of the Commodity Exchange, Inc., by the Board of Governors on Jan. 21. Mr. Weld had been serving as Vice-President up to date of his new appointment. The new President of the Commodity Exchange, Inc., is a prominent figure in commodity exchange circles. For the past four years Mr. Weld has been a member of the Board of Governors representing the commission house group on the Exchange. He has served as President, Vice-President and for many years has been a member of the Board of Managers of the New York Cotton Exchange. Mr. Weld was a partner of Post & Flagg until this firm merged with Harris, Upham & Co., his present affiliation.

In the first World War Mr. Weld transferred from the field artillery to the air service as an air observer overseas.

At the Jan. 21 meeting of the Governors of the Exchange, the following Vice-Presidents were also elected:

Richard F. Teichgraeber—Commission House Group.
Milton R. Katzenberg—Hide Group.
Paolino Gerli—Silk Group.
Ivan Reitler—Metal Group.
Leroy G. Scheinler—Rubber Group.

Floyd Y. Keeler was re-elected Treasurer.

Reference to the re-election of Governors of the Commodity Exchange appeared in our issue of Jan. 28, page 373.



# The Business Man's Bookshelf

**Do We Want a Federal Sales Tax?**—Charles O. Hardy—The Brookings Institution, Washington, D. C.—Paper—25¢.

**Economics of Competitive Bidding in the Sale of Securities, The**—John Frederick Weston—Studies in Business Administration; Volume XIII, No. 1—University of Chicago Press, 5750 Ellis Avenue, Chicago, Ill.—Paper—$1.00.

# Syracuse Bond Club Elects 1943 Officers

SYRACUSE, N. Y.—At the annual banquet and meeting of the Bond Club of Syracuse, Donald Dietzer was elected President of the club for 1943. Mr. Dietzer represents the Central Republic Corporation of Chicago.

B. H. Lapham, of Lapham & Company, was elected Vice-President to serve with Mr. Dietzer; Alvin G. Hageman, of the Syracuse Savings Bank, was named Treasurer and W. L. Marsh of Carl M. Loeb, Rhoades & Company, Secretary.

Governors elected were Dan Carey, of Claybaugh & Company; Wesley Bishop, of R. H. Johnson & Company and George W. Mason, of Halsey, Stuart & Company.



# In the Armed Forces

Frank Gagnon, formerly associated with Carr & Hennessy in Boston, Mass., is now serving in the U. S. Army and is located at Camp Hood, Texas.

Nicholas Lamont, formerly of May & Gannon, Boston, Mass., serving as an Ensign in the U. S. Navy, is at Officers Training School, Hotel Monson, St. Augustine, Fla.

Charles W. Stevens, previously with Arthur Perry & Co., Boston, Mass., now a Lieutenant in the U. S. Naval Reserve, is stationed at Quonset Point, R. I.