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The Commercial and FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

Shelved Temporarily

Underwriting interests are not quite so sanguinary at the moment, as they were a few weeks ago, on the outlook for action on the several utility issues which are in the works.

It now looks as though another month will pass before either the Puget Sound Power & Light financing or that of the Public Service Company of New Hampshire come to market.

Both are regarded as attractive undertakings—the former involving $52,000,000 of 30-year first mortgage bonds and $8,000,000 of nine-year debentures, and the latter $22,000,000 of 30-year first mortgage bonds and $2,500,000 unsecured serial notes, the notes to be placed privately.

Still Selling Municipals

Institutions are still inclined to taper off their holdings of municipals when the opportunity affords, presumably by way of off-

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Canadian Securities

With this issue of the "Chronicle" we are inaugurating a regular weekly column devoted to Canadian securities. In addition to discussing pertinent features of individual issues, we shall attempt to cover general developments in the field. Particular attention will be given to developments affecting American holders of Canadian securities.—See page 572.

SEC Denies Purported Intention To Close Stock Exchanges

Ganson Purcell, Chairman of the Securities and Exchange Commission, in a statement unanimously agreed to by members of the Commission, declared that the Commission had no intention of exercising its authority to close the securities exchanges of the country as feared by investors as a result of story published in the New York "Times" of February 7th.

Mr. Purcell stated that the report had been prepared by members of his staff for "circulation among the five commissioners for their information" and was "simply routine." Closing of the exchanges had been suggested by two of the SEC staff members as a move to prevent a bull market which might also curb trading volumes, a result beneficial of itself, the staff members felt.

In commenting upon the report, Mr. Purcell pointed out that "the Commission's well established policy over its entire existence has been to keep the exchanges open and functioning during all periods of crisis," and that the published article while quoting extensively from the memorandum had omitted the "memorandum's conclusion that it would be undesirable (to close the exchanges) since such a measure would do serious harm to American investors."

The text of Mr. Purcell's statement follows:

"The Commission has been asked for a statement regarding a story which appeared in the New York 'Times' for Feb. 7, based upon a memorandum prepared by members of the Commission staff.

"The memorandum in question was a confidential document of a routine nature prepared by members of the staff of the trading and exchange division submitted to the director of that division, James A. Treanor, Jr. It was also circulated to the individual commissioners for their information. It is one of a number of reports prepared and submitted from time to time in the course of the Commission's discharge of its continuing duties. It should be stated that employees of the Commission are constantly making studies in the various fields of activity covered by the laws which it administers. These studies are the routine work of the Commission, a great deal of which is done in order to form the basis for definitive action wherever that may seem necessary.

"The memorandum was not given any publicity with the knowledge or consent of the Commission or any of its members and had not received the approval of the Commission. In fact, it had not even been discussed at any Commission meeting.

"The memorandum contained no proposal for the immediate adoption of any measure, and did not support any proposal to close the stock exchanges as a method

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Says Security Dealers Now Have Increased Duties To Investors

Reminding security dealers "of a new and immense responsibility that is developing as a part of the war program," Henry G. Riter, III, Chairman of the National Association of Securities Dealers, Inc., took occasion on Feb. 4 to refer "to the new army of investors which the Government's financing program has produced." "Our satisfaction with the importance of that contribution to the successful prosecution of the war," said Mr. Riter, "is soundly justified, but let us not neglect to recognize that this same army of investors will present a different kind of responsibility in the years that lie ahead than we are discharging in winning thousands to its ranks." Mr. Riter pointed out that "the securities industry should be the first to concern itself with ways and means of safeguarding this national resource of capital." His remarks were addressed to the New York Security Dealers' Association, at their annual dinner on Feb. 4 at the Waldorf-Astoria Hotel in New York. The subject of Mr. Riter's remarks was "Benefits to the Public and Securities Industry Through Self-Regulation," and in his address he made the observation that "NASD is commonly believed to be a self-regulating instrument," "but in truth," he added, "that statement must be qualified." "Actually," he said, "NASD is the form through which the securities business seeks to do its part of a job of 'cooperative self-regulation.'" He went on to say that "the SEC is entrusted with great powers of supervision over policies and conduct of NASD. They literally have the power of veto and of corrective authority over any course of action pursued to which they take exception." "But in the largest sense," said Mr. Riter, "the Commission has left us to do our job and has encouraged us at every opportunity. We are grateful and look forward to continued relations on that basis."

Henry G. Riter, 3rd

Frank Dunne, President of the New York Security Dealers Association, presided at the affair, which was also featured by an address by Col. Willard Chevalier, publisher of "Business Week" and Vice-President of the McGraw-Hill Publishing Co.

Mr. Riter's address follows substantially in full:

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Pictures of the New York Security Dealers Association Seventeenth Annual Dinner On Pages 568, 569

SEC Appropriation For 1944 Reduced 16% In Budget Slash By House Committee

A cut of more than 16% in the 1944 appropriation for the Securities and Exchange Commission has been voted by the House Appropriations Committee because of "reduced activity in the financial world." A reduction of $112,000 below the 1943 allotment of $4,910,000 for the Commission was made by the Budget Bureau in recommending the appropriation for the 1944 fiscal year, but the Committee called for additional reduction to $4,048,000, or $862,000 under last year and $750,000 less than the budget proposal.

The Budget Bureau reduced the salary appropriation for the SEC from $4,850,000 in 1943 to $4,750,000 in 1944, but the House Committee cut the amount an additional $750,000. The reduction of $12,000 for the SEC printing budget was unchanged.

In making the report to the House, the Appropriations Committee explained:

"In recommending this reduction, the Committee has taken into consideration the reduced activity in the financial world as indicated very definitely in tables relating to loans, exchange membership, the number of New York Stock Exchange tickers and electric boards in operation," the Committee explained in a report to the House.

"The Committee believes that the need for retrenchment in nonwar appropriations is a further justification for the reduction recommended."

Glen Hildebrand Is With Cruttenden & Co.

(Special to The Financial Chronicle)

PEORIA, ILL.—Glen J. Hildebrand, formerly President of Hildebrand-Osborn & Co., has become associated with Cruttenden & Co., 209 South La Salle St., Chicago, Ill., members of the New York and Chicago Stock Exchanges.

Edwin Everham Joins Baker, Simonds & Co.

(Special to The Financial Chronicle)

DETROIT, MICH.—Edwin N. Everham, member of the Detroit Stock Exchange, George A. Reuter and Richard W. Pender have become associated with Baker, Simonds & Co., Buhl Building, members of the Detroit Exchange. All were formerly associated with Allman, Everham & Co., of which Mr. Everham was Vice-President and Secretary.

Brown Schlessman Owen Announces Dissolution

DENVER, COLO. — Brown, Schlessman, Owen & Co. announce the dissolution of their firm and the closing of their offices for the duration of the war, because of the loss of partners and personnel to the Government service.

The following from Brown, Schlessman, Owen & Co. are in the service of the Government: Lt. Colonel Alfred G. Brown, Major Raymond W. Maxwell, Captain Paul H. Hadley, Lt. Douglas Morrison, Lt. Jackson F. King, Officer Candidate Frederick N. Pabst; Merrill Stubbs, War Production Board; Robert L. Brown, Office of Price Administration; W. Myron Owen, defense work.

Truman Lifsey Forms Own Firm In Palm Bch.

(Special to The Financial Chronicle)

PALM BEACH, FLA.—Truman A. Lifsey Company has been formed with offices in the First National Bank Building to deal in municipal and tax exempt securities. Officers of the firm are Truman A. Lifsey, Jr., President and Treasurer; Jeanette A. Lifsey, Vice-President, and Gladys J. Wilcher, Secretary. Mr. Lifsey was formerly Vice-President of Carlberg & Cook, Inc., of which Miss Wilcher was also an officer.

Van Alstyne Noel Co. To Be NYSE Members

Van Alstyne, Noel & Co., 52 Wall Street, New York City, will acquire membership in the New York Stock Exchange as of Feb. 18, with the admission to partnership of Harral S. Tenney, Jr., member of the New York Exchange. Mr. Tenney was formerly active as an individual floor broker.

Partners of the firm will be David Van Alstyne, Jr., Richard C. Noel, Edward L. Elliott, L. Richard Kinnard, J. J. Hindon Hyde, Harold K. Young, Harral S. Tenney, Jr., general partners, and Janet G. Van Alstyne and Marietta T. Noel, limited partners.

Bigham & Peregrine With Davies & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Wesley B. Bigham and Jacob E. Peregrine have become associated with Davies & Co., Russ Building. Mr. Bigham was formerly with H. R. Baker & Co. as Northern California Sales Manager; prior thereto he was Vice-President of Franklin Wulff & Co., Inc., and was with Bankamerica Company.

United Elastic Interesting

The current situation in United Elastic Corporation offers interesting possibilities, according to du Pont, Homsey Company, Shawmut Bank Building, Boston, Mass. Copies of an interesting report on this corporation may be had upon request from du Pont, Homsey Company.

St. Louis Bank Stock Manual For 1943

The 1943 edition of the Manual of St. Louis Bank Stocks issued by G. H. Walker & Co., members of the New York and St. Louis Stock Exchanges and other leading exchanges, is now in the course of preparation and will be ready for distribution about Feb. 15. Copies may be obtained from G. H. Walker & Co., One Wall St., New York City, or Broadway and Locust Sts., St. Louis, Mo.

Leo With Conrad, Bruce

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Ernest Leo has become associated with Conrad, Bruce & Co., 530 West Sixth St. Mr. Leo was formerly with Protected Investors of America and prior thereto was Vice-President of Leo & Curtis, Inc.

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.

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Subscriptions in United States and Posessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year.
NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Over Five Hundred At N. Y. Dealers Dinner

More than 500 guests attended the 17th anniversary dinner of the New York Security Dealers Association last Thursday at the Waldorf-Astoria. Frank Dunne, President of the Association, presided.

After the opening remarks by Mr. Dunne, Col. Willard Cheva-

Frank Dunne

lier, publisher of Business Week, addressed the gathering on "War Is Our Business." Following Col. Chevalier's talk, Henry G. Riter, 3rd, Chairman of the Board of Governors of the National Association of Securities Dealers, spoke on "Benefits to the Public and the Securities Industry Through Self-Regulation." Mr. Riter's remarks appear elsewhere in this section.

Wilfred Smith Now With Thomson & McKinnon

(Special to The Financial Chronicle)

INDIANAPOLIS, IND.—Wilfred E. Smith has become associated with Thomson & McKinnon, 5 East Market St. Mr. Smith was formerly Local Manager for Merrill Lynch, Pierce, Fenner & Beane, and prior thereto served in the same capacity with Fenner & Beane.

Legal Oddities

THE MORTGAGE NOTE

"Yes, you can have $1,000 at 7% if you give me a mortgage on your house," the lender agrees.

"I expected that," the borrower concurs.

"And, of course, you'll give me a note for the same amount, and at the same rate of interest," the lender suggests.

"Yes, I believe that's customary in this State," the borrower admits, the mortgage and note are signed, and the borrower departs with his money.

"Now, I think I'll do a little pen work," the lender decides. "He'll never know the difference, and I'll just change the interest on that note to 8%."

The borrower does know the difference, however, and refuses to pay the note on the ground of the unauthorized alteration.

"You caught me there, but that doesn't stop me from foreclosing my mortgage on your house," the lender threatens.

"Oh, yes, it does," the borrower retorts. "My lawyer tells me that the fraudulent alteration of a mortgage note voids the mortgage too."

And the borrower's point was well taken.

"A party who voluntarily and fraudulently destroys the evidence of a debt agreed upon by the parties ought not to be allowed to supply its place by other evidence," says the Illinois Court in a case on the point.

Graham Walker V.-P. Of National Quotation

Graham W. Walker has been elected Vice-President of the National Quotation Bureau, Inc., 46 Front Street, New York City. Mr. Walker is a graduate of the University of Pennsylvania and for the past three years has been in charge of investment dealer relations and branch office supervision of the bureau.

Canadian Review

The Quarterly Canadian Review, published by Dominion Securities Corporation, 40 Exchange Place, New York City, is now being distributed. Contained in the Review is a statistical summary of Canadian trade, business and finance, a review of general conditions, and the Canadian bond and stock markets, with other interesting news of the Dominion. Copies of the Quarterly Review may be had from Dominion Securities Corporation on request.

J. R. Durrance Co. Formed

(Special to The Financial Chronicle)

CORAL GABLES, FLA.—J. R. Durrance has opened offices at 208 Alcazar Avenue to act as a dealer in municipal and tax exempt securities under the firm name of J. R. Durrance and Company. Mr. Durrance was formerly in business for himself in Miami.

British Columbia Offers Interesting Features

An interesting descriptive circular on the Province of British Columbia has just been issued by Wood, Gundy & Co., Inc., 14 Wall St., New York City, copies of which may be had from the firm upon request.

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.

Toronto Stock Exchange Opposes Treaty On Extraditions From Canada

The so-far successful action of the Toronto Stock Exchange, in concert with organizations of other Canadian exchanges and dealers' groups, in opposing a new extradition treaty between the United States and Canada is thoroughly understandable even though it may be irritating to some bureaucrats here. The new treaty, already ratified by the United States Senate, its proponents contend, is necessary to eliminate loopholes in the old 1905 treaty to close the Dominion as a refuge for fake stock salesmen, mail-fraud operators and other swindlers. Most American laws to prevent securities frauds were enacted after the ratification of the old treaty.

The Toronto Exchange and other Canadian groups last August succeeded in having consideration of the new treaty postponed until January; then the Premier announced that the treaty could not be taken up until late in this session of Parliament.

In a statement issued last week, A. J. Trebilcock, Secretary of the Toronto Exchange, declared: "Canadians will live up to the laws of the Dominion but not to the security laws of the 48 States and Washington. If the treaty goes through every Canadian enterprise, financed or even partially financed from the States, will come under it. It is contrary to the public interest."

The treaty ratified by Washington last July provides for reciprocal extradition for the following offenses listed in Article III:

"26. Using the mails to defraud.

"31. Crimes or offenses against the laws for the prevention of fraud in the sale or purchase of securities.

"32. Crimes or offenses, if indictable, against the laws regulating (a) public securities markets, or activities affecting such markets; (b) registration or licensing of securities or of persons or companies doing business in securities, or giving advice with respect thereto; (c) investment or public utility companies.

"33. Extradition shall also take place for participation or conspiracy in any of the crimes or offenses before mentioned or in any attempt to commit any of such crimes or offenses."

A Beautiful Baby?

Frank A. Pavis, of Charles E. Quincey & Co., N. Y. City, revealed an unexpected talent for the terpsichorean at the New York Security Dealers Association dinner where he brought down the house with a neat turn —page the Arthur Murray Dance Studios. Here is talent that really brings laughs.

New Phone For Kurt Schurig

Kurt H. Schurig & Co., 50 Broadway, New York City, specialists in South American and other foreign securities, announce that their telephone number is now WHitehall 3-4180.

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.—**Sumner H. Gross** is now with **J. Arthur Warner & Co.**, 89 Devonshire Street.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Harry L. Wells** is now associated with **Caswell & Co.**, 120 South La Salle Street. Mr. Wells was formerly with the First National Bank of Chicago.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Ralph L. Wetzel** and **James L. Martin** have become affiliated with **Glore, Forgan & Co.**, 135 South La Salle Street. Mr. Wetzel was formerly with Paine, Webber, Jackson & Curtis and Jackson & Curtis for many years.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Charles Jernegan**, previously with Alfred O'Gara & Co., is now connected with **Riter & Co.**, 134 South La Salle Street.

(Special to The Financial Chronicle)
CLEVELAND, OHIO—**James T. Conners**, previously with Otis & Co., has joined the staff of **Merrill Lynch, Pierce, Fenner & Beane**, 216 Superior Avenue, N. E.

(Special to The Financial Chronicle)
DENVER, COLO. — **Lewis R. Nance** has become associated with **Boettcher & Company**, 828 17th Street. Mr. Nance was formerly with Brown, Schlessman, Owen & Co., and prior thereto with Calvin Bullock.

(Special to The Financial Chronicle)
DETROIT, MICH.—**Andrew B. Knox** is now connected with the staff of **Hornblower & Weeks**, Penobscot Building. Mr. Knox was previously with Paine, Webber, Jackson & Curtis.

(Special to The Financial Chronicle)
DETROIT, MICH.—**Guy E. Wilson** has been added to the staff of **Smith, Hague & Co.**, Penobscot Building. Mr. Wilson was previously with Keane & Co. and Wm. C. Roney & Co.

(Special to The Financial Chronicle)
GLENDALE, CALIF. — **Joseph W. Gustavson** has become associated with **Bankamerica Company**, Russ Building, San Francisco and Bank of America Building, Los Angeles. Mr. Gustavson was formerly local Manager for H. R. Baker & Co. and prior thereto was with Franklin Wulff & Co.

(Special to The Financial Chronicle)
HARTFORD, CONN.—**Patrick D. Sullivan** has joined the staff of **Paine, Webber, Jackson & Curtis**, 43 Pearl Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Walter Z. Allen** is now with **H. R. Baker & Co.**, Bank of America Building.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Charles H. Richards**, formerly with H. R. Baker & Co., has become connected with **Bankamerica Company**, 650 South Spring Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Leigh B. Freeze** has become associated with **G. Brashears & Co.**, 510 South Spring Street. Mr. Freeze was previously with Fairman & Co.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**E. Bruce Jensen**, formerly with Fewel, Marache & Co. and M. H. Lewis & Co., is now with **Nelson Douglass & Co.**, 510 South Spring Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Lloyd C. Young, Jr.**, and **James E. Hill** have become associated with **Pacific Company of California**, 623 South Hope Street.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Genevieve M. Clancy**, previously Secretary of Redfield & Co., has become associated with **Van Denburgh & Bruce, Inc.**, 523 West Sixth Street.

(Special to The Financial Chronicle)
MACON, GA. — **Mrs. Ellen J. Reagan** is connected with **Clement A. Evans & Co., Inc.**, Bankers Insurance Building.

(Special to The Financial Chronicle)
ORLANDO, FLA. — **Lee F. Mitchell** has joined the staff of **Southeastern Securities Corp.**, 28 Wall Street. Mr. Mitchell was previously with Florida Bond and Share, Inc., and was an officer of Commonwealth Securities, Inc.

(Special to The Financial Chronicle)
NEW ORLEANS, LA.—**S. Cleveland Laub**, formerly city salesman with Scharff & Jones, Inc., has become associated with **Kingsbury and Alvis**, Hibernia Building, and will cover the State of Louisiana as retail representative for the firm. Mr. Laub has been in the bond business in New Orleans since 1933.

(Special to The Financial Chronicle)
REDLANDS, CALIF. — **George H. Bunnell**, formerly local Manager for White, Wyeth & Co. and James R. Martin & Co., has become affiliated with **H. R. Baker & Co.**, whose main office is in the Russ Building, San Francisco.

(Special to The Financial Chronicle)
ST. PETERSBURG, FLA.—**Sterling B. Bottome** and **E. P. De Poix** have become connected with with **Cohu & Torrey**, Walgreen Building.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**Frank Kennedy** is now with **Elworthy & Co.**, 111 Sutter Street. In the past Mr. Kennedy was with Donnellan & Co.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**George E. Crary** has rejoined **E. F. Hutton & Co.**, 160 Montgomery Street. Mr. Crary was recently with Bankamerica Company as Oakland Division Manager.

Frank S. Kelly To Be Inv. Dealer In Cgo.

(Special to The Financial Chronicle)
CHICAGO, ILL.—Frank S. Kelly has opened offices at 100 West Monroe St. to engage in a general securities business. Mr. Kelly was formerly associated with Harry A. Lowther, Inc. Prior thereto he was with Shields & Co., and was an officer of Knight, Dickinson & Kelly and its predecessor, Nichols, Terry & Dickinson, Inc.

McDonald With Bacon

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—James D. McDonald has become affiliated with Bacon & Co., 256 Montgomery St., members of the San Francisco and Los Angeles Stock Exchanges. Mr. McDonald was formerly with Monasch & Co. and Richard P. Gross & Co. In the past he conducted his own investment firm and was a partner in J. Barth & Co.

REAL ESTATE SECURITIES

The first mortgage bonds of the Chesebrough Building Company, which is controlled by the City Service Co., have continually paid their fixed interest requirement of 6% since they were issued Oct. 1, 1923—a period of over 18 years. Despite this fact, at current market levels, the bonds can be purchased to yield better than 10%. Apparently the price of the bonds has been kept down due to the fact that reports issued by the company during the past ten years have shown that interest requirements have not been earned. Strangely enough, during all this time the company has never attempted to reorganize this bond issue. They have, however, since 1939 taken advantage of the New York State Mortgage Moratorium Law and have not met the sinking fund requirement of $50,000 per annum. Bonds were originally issued in the amount of $3,500,000 and there are currently $2,625,000 outstanding.

Gross income of the properties securing these bonds was at the highest level for the past 10 years for the fiscal year ended September, 1942.

The properties securing the bonds are all located in the Battery Park Section of New York City, an area given over largely to concerns in the shipping, export and import and allied industries. Should the anticipated post-war shipping boom for the Port of New York materialize, it is probable that these properties will benefit.

The bonds are secured by a first mortgage on the following properties all owned in fee:

Battery Park Building located at 21-24 State St. with a frontage of 108 feet on State St., 129 feet on Bridge St. and 119 feet on Pearl St., is a 12-story and basement office building having a total rentable space of 110,000 square feet, with a land area of 14,630 square feet;

Maritime Building located at 8-10 Bridge St. with a frontage of 88 feet on Bridge St., 115 feet on Pearl St. and 135 feet on Chesebrough Court, is an 11-story and basement office building having a total rentable area of 93,000 square feet, with a land area of 13,483 square feet;

Maritime Annex Buildings comprising 19-23 Pearl St. and 22-24 Whitehall St., adjoining the Maritime Building, are four and five story office buildings with total rentable space of 29,000 square feet and land area of 8,271 square feet;

Chesebrough Building, an 11-story and basement office structure and adjoining buildings include 9-20 State St., and 10-12 Pearl St. having a total frontage of 227 feet facing Battery Park and 147 feet on Pearl St. with a total rentable space of 95,860 square feet and a land area of 17,532 square feet.

48 Hour Minimum Work Week Established; Overtime Pay Above 40 Hours Continues

President Roosevelt signed on Feb. 9 an executive order establishing a minimum 48-hour work week, "in order to meet the manpower requirements of our armed forces and our expanding war production program by a fuller utilization of our available manpower."

The order, which does not affect the workers' existing right to overtime pay, directs Paul V. McNutt, Chairman of the War Manpower Commission, to determine all questions of interpretation and application. Mr. McNutt immediately ordered the longer work week into effect in 32 critical labor shortage areas, applying the order to all employment, whether war or non-war. It is expected to be extended to other areas later. The areas now affected by the order are:

Bath, Me.; Bridgeport, Waterbury, Hartford and New Britain, Conn.; Portsmouth, N. H.; Springfield, Mass.; Buffalo, N. Y.; Somerville, N. J.; Baltimore and Elkton, Md.; Hampton Roads, Va.; Washington, D. C.; Akron and Dayton, Ohio; Detroit, Mich.; Manitowoc, Wis.; Sterling, Ill.; Brunswick, Ga.; Charleston, S. C.; Macon, Ga.; Mobile, Ala.; Panama City, Fla.; Pascagoula, Miss.; Wichita, Kan.; Beaumont, Tex.; Cheyenne, Wyo.; Odgen, Utah; Las Vegas, Nev.; Portland, Ore.; San Diego, Calif., and Seattle, Wash.

Issuance of the President's order was announced in a radio address by James F. Byrnes, Economic Stabilization Director, who explained, as follows:

"To make more effective use of our manpower during the war period, the President has today signed an executive order establishing a minimum 48-hour work week, without affecting the workers' existing right to overtime pay. Many war industries are already working 48 hours or more a week, but the order will compel other industries to go on a minimum 48-hour week wherever feasible. In general adoption of the 48-hour week will enable us to get more work out of our limited labor supply. While overtime payments will add to the wage bill, the addition will be largely made up by the increased production secured. And we shall

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Tomorrow's Markets Walter Whyte Says—

By WALTER WHYTE

Dow confirmation last week completely ignored. But sharp advance of short duration now indicated. Subsequent reaction probably will run deeper. Stops moved up.

Another week has gone by and the anticipated reaction has not come to pass. Instead, certain stocks here and there are once again beginning to perk up giving the entire market a well behaved tone. Reactionary signs of one day give way to rally signs the next. The result is a stand-off.

* * *

Last week the much talked of Dow confirmation finally made its appearance. But there was no excitement, no ballyhoo, no fanfare.

* * *

True, the Dow theory disciples began throwing their weight around but as their total buying power is negligible their effect on the price movement was equally unimportant. Their influence today rests largely on the impression they can make on potential buyers. And potential buyers being quite human prefer something more tangible than a mysterious confirmation of any given average.

* * *

Your average buyer-to-be wants drama to loosen him from his ready cash. He wants an active market, a strong market, a market with volume. Nothing intrigues him so much as a chattering ticker and excited phone calls from the floor announcing to all and sundry that the tape is late and floor prices are anywhere from a point to two points higher. That such a condition will occur in the near future is quite possible even if present day conditions that affect price trends don't promise it.

* * *

During pre-war and pre-SEC days a full confirmation of the Dow averages would mean one thing—a continuation of the trend in the direction of the signal. But anybody who watches current markets knows this applies no longer. Company directors who, in the old days, frequently played along with astute market operators are no longer a factor in the market. This may have improved moral standards but has certainly reduced speculative movements. In the old days markets acted something like this.

* * *

A trend would be established, technical signals would be given and wheee! away they'd go. A market operator who knew his business would either feed the fire by nicely placed rumors or by actually buying say 10,000 shares of a certain stock. Of course he seldom put up real hard cash. He had options from company directors against which he could establish positions. Invariably these maneuvres increased as the market was approaching a top but conversely public interest was at its highest. As top indications increased market operators unloaded and put out short lines. When the inevitable reactions set in the operators could never cover their shorts.

* * *

Sometimes reactions went too far. In that case operators (and specialists) called in company directors telling them their stock had broken, say 10 points, and a support order would help not only the stock but would result in profit. So just about the time when things looked blackest a recovery—referred to as technical—would occur and the whole cycle would be repeated. But today directors do not support stocks. They can't do it for two reasons—SEC and taxes. So what you see today is a leveling off of the peaks and valleys.

* * *

During an up market cycle, normal reactions are replaced by periods of dullness. And when a reaction does occur it frequently runs much deeper than expected. The Dow theory which has now been expounded for 40 years reflects this change. A confirmation today no longer means what it did years ago. There have even been periods in the recent past when such a confirmation resulted in moves which died after only a few market hours.

* * *

But not all the habits of the old time markets have disappeared. At least one

(Continued on page 571)

RAILROAD SECURITIES

The tenor of the testimony offered by witnesses on behalf of the OPA in its attempts to have the Interstate Commerce Commission cancel the freight rate and passenger fare increases granted last year was hardly of a nature to warrant apprehension on the part of the railroads or holders of railroad securities. If these arguments are the best that can be mustered in support of the demands for cancellation by the OPA it hardly appears likely that the Commission will be impressed to any great extent. In addition, it would appear that the OPA witnesses went out of their way to build up the greatest possible antagonism.

To say the least, it seems unpolitic to "venture" as the OPA counsel did that the presiding commissioners would be "startled to see how railroad earnings have skyrocketed." Even a cursory perusal of I. C. C. releases and reports over a period of months would be sufficient to convince the reader that the Commission on its own had become aware of the trend of railroad earnings. The subsequent contention by another OPA witness that anti-inflation legislatioin had in effect been written into all existing laws, including the Interstate Commerce Act, was not calculated to clear the atmosphere.

The burden of most of the testimony in support of cancellation of the rate and fare increases was that they were seriously inflationary. It was contended that the increases would add some $400,000,000 to the country's 1943 transportation bill. It is difficult to visualize this sum as a serious inflation threat when compared with other price increases throughout industry and the impact of broad wage increases that have been granted in many lines. It also seems rather naive to consider the rise in rates on agricultural products, which was limited to 3%, as one of the determining factors in the higher food prices when viewed in conjunction with the machinations attending the establishment of so-called parity prices.

The railroads have been accused in the past week of outrageous profiteering. The charge is based on the rapid rise in profits realized under the stimulus of the war traffic. It is notable, however, that the figures used are based on income before taxes, whereas the profit of any enterprise could obviously not be predicated on any such base. There is no denying that the railroads are making considerably more money than they did in the pre-war years, even after deducting taxes, but just as certainly if the present profits represented outrageous profiteering they would already be draining off in taxes. Excess profits tax legislation is designed for just such a purpose, and is fully adequate to prevent the abuses of which the railroads are being accused.

Common sense should prove that a reasonable return on invested capital (if the less than 6% that the carriers are now earning is a reasonable return) may not be characterized as "profiteering" just because it happens to be in comparison with a pre-war state of chronic poverty. The last straw was the contention that a 3% return was adequate just because it compared favorably with the return available on Government bonds. Specious reasoning of this nature, no matter how well devised it may be to catch the eye in newspaper headlines, certainly can not be counted upon to impress a body such as the Commission, which has access to the facts and is fully conversant with all of the factors entering into the railroad picture and the rate controversy.

Without any more telling testimony than this on behalf of the proponents of rate and fare increase cancellation, it is our opinion that the probable outcome of these hearings will not carry any unfavorable implications for rail earnings. In the intrastate rate question in Texas the Commission indicated its disinclination to reverse itself on the increases. Also, its proposal that the revenues derived from the increases be segregated for property improvements and debt retirement is taken as an indication that the Commission believes that they should not be cancelled.

The railroads have signified their willingness to accede to the segregation formula, although asking for a voluntary rather than a mandatory basis. If, as seems the most logical expectation, the problem is resolved in this manner and the cancellation demand is turned down, it will add materially to the market potentialities of practically the entire list of second grade railroad bonds. It will assure continuation, presumably at an accelerated rate, of the basis credit improvement taking place throughout the industry.

Sundstrand Machine Tool Currently Attractive

Sundstrand Machine Tool Co. offers attractive possibilities according to a circular issued by Doyle, O'Connor & Co., 135 South La Salle St., Chicago, Ill., reporting the latest developments affecting the company. Copies of this interesting circular may be had upon request from Doyle, O'Connor & Co.

Taylor Back At Desk

J. Blyth Taylor, who has been on leave of absence for more than a year, while serving as a special assistant in the Department of Finance of the Dominion of Canada, has returned to the United States and has resumed his position in charge of the Canadian Department of Harriman Ripley & Co., Inc., 63 Wall St., N. Y. City.

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. 10 price—44⅞.

Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

No informed person today seriously doubts that we are experiencing war-promoted inflation. Wars always have produced some degree of inflation, and probably always will, despite ingeniously devised politico-economic controls. One of the important factors affecting the speed and degree of inflation is the cost of the war effort and the means pursued by the Government in financing it.

The Civil War cost approximately $2,500,000,000 and was financed partly through the issue of fiat money, about 20%, but mainly through the issue of Government bonds, which were absorbed, in part, by the banks of that period. Wholesale prices doubled between 1860 and 1865, while the national debt rose from $64,844,000 to $2,677,929,000.

World War I started in the year 1914, when the national debt was $1,188,235,000; in 1917, the year in which we entered, the debt was $2,975,619,000; from then on it rose swiftly and reached its peak of $26,594,268,000 in August 1919. The problem of financing so huge a war cost was unprecedented; reliance on taxation was impracticable, though taxes were increased, fiat money was unthinkable, and the only alternative was borrowing. Fortunately the credit of the Government was high and the country was prosperous, consequently the principal means adopted for raising the necessary billions, through the sale of Liberty Bonds, was entirely successful, and the various issues were readily absorbed by individual and institutional investors, and by the banking system.

It is of interest to consider the effect of this war financing on the banking system, as reflected in the reports and balance sheets of some of the leading New York City banks of the period. The banks included are: Bankers Trust, Bank of New York, Central Union, Chase, Chemical, Corn, First National, Guaranty, Hanover, Irving, Mechanics and Metals, National Bank of Commerce, National City, National Park, and United States Trust.

	Deposits	Capital, Surplus & Undivided Profits	*Indicated Earnings	Divs.
	(000 Omitted)			
1914	$1,728,589	$325,100	$18,866	$23,010
1915	2,904,915	340,995	38,968	23,070
1916	2,974,013	382,602	54,106	27,500
1917	3,744,816	389,474	33,092	30,608
1918	3,925,687	422,304	54,491	27,405
1919	4,429,592	458,971	60,950	31,982

*After reserves and adjustments.

(Continued on page 575)

SEC Denies Plan To Shut Stock Exchanges

(Continued from first page)

for controlling a market boom.

"While the New York 'Times' article quoted extensively from the memorandum's discussion of the proposal to close the exchanges, there was omitted from the article the memorandum's conclusion that it would be undesirable, since such a measure would do serious harm to American investors.

"The question has been asked whether the Commission has any intention of exercising its authority to close the stock exchanges. The Commission has no such intention. In fact, it should be pointed out again that the Commission's well established policy over its entire existence has been to keep the exchanges open and functioning during all periods of crisis. It must be recalled that the exchanges remained open during all critical periods over the past eight or nine years and orderly markets have prevailed."

The portion of the memorandum dealing with the proposal to close the exchanges read:

"Another restriction which has been employed abroad and which might be tried in this country is simply to close the exchanges altogether. Exactly what effect such a suspension would have on the market is not clear. Suspension of Exchange trading in the summer and fall of 1914 probably considerably reduced the turnover in Exchange securities during that period.

"The closing of the market today might also curtail trading volumes, a result which would be beneficial of itself. To a large degree, however, closing the Exchange market may only mean moving such markets off the Exchange floor onto the over-the-counter dealers' trading desks. In view of prevailing over-the-counter trading methods, this shift would be bound to prove costly to investors with respect to many securities, without necessarily having material offsetting beneficial consequences. Before such a step were taken, therefore, it would be well to consider its long-term effect upon exchanges and the consequences upon the investor's welfare."

Cashiers Ass'n Gets 1943 Slate Of Officers

The Nominating Committee of the Cashiers Association of Wall Street, Inc., have today presented their slate of nominees for the various offices of the Association, the Board of Directors, and Nominations Committee for 1943. Those nominated include:

For President, Thomas B. Macdonald of Blyth & Co., Inc.; for First Vice-President, Marvin W. Waldbillig of Halsey, Stuart & Co., Inc.; Second Vice-President, Joseph Hughes of Blair & Co., Inc.; Secretary, Walter H. Stohl, H. L. Allen & Co., and Treasurer, Daniel Breitbart, F. Eberstadt & Co., Inc.

The following members were nominated for directors for the ensuing year: Fred W. Q. Birtwell, Stone & Webster and Blodget, Inc.; Joseph Costa, L. F. Rothschild & Co.; Leo P. Deignan, White, Weld & Co.; M. Leslie Denning, A. G. Becker & Co., Inc.; John Grinwis, Schoellkopf, Hutton & Pomeroy, Inc.; Robert E. Jensen, Public National Bank & Trust Co., and Thomas P. Keely, Green, Ellis & Anderson.

Alvin H. Turton, Chairman; George J. Du Bois and Harry D. Milbank were named for the Nominating Committee for 1943.

DIVIDEND NOTICES

SOUTHERN RAILWAY COMPANY

New York, December 22, 1942.

Dividends aggregating Three Dollars and Seventy-five cents ($3.75) per share on the preferred stock of Southern Railway Company have today been declared, payable One Dollar and Twenty-five cents ($1.25) March 15, 1943, to stockholders of record at the close of business February 15, 1943, One Dollar and Twenty-five cents ($1.25) June 15, 1943, to stockholders of record May 15, 1943, and One Dollar and twenty-five cents ($1.25) September 15, 1943, to stockholders of record August 14, 1943.

Cheques in payment of these dividends will be mailed to all stockholders of record at their addresses as they appear on the books of the Company unless otherwise instructed in writing.

C. E. A. McCARTHY,
Vice President and Secretary.

UGI

The current quarterly dividend of $1.25 per share on $5 Dividend Preferred Stock and a **dividend of 10 cents** per share on Common Stock have been declared, payable March 31, 1943, to respective holders of record February 26, 1943.

THE UNITED GAS IMPROVEMENT CO.
I. W. MORRIS, Treasurer
January 26, 1943 Philadelphia, Pa.

DIVIDEND NOTICES

ACF

AMERICAN CAR AND FOUNDRY COMPANY
30 CHURCH STREET
NEW YORK, N. Y.

The following dividends this day have been declared on the Preferred Capital Stock of this Company:

Seven per cent (7%) for, and out of the earnings of, the fiscal year ended April 30, 1936. Payable February 23, 1943 to the holders of record of such stock at the close of business February 15, 1943.

One and twenty-nine one hundredths per cent (1.29%) for, and out of the earnings of, the fiscal year ended April 30, 1938. Payable February 23, 1943 to the holders of record of such stock at the close of business February 15, 1943, subject to the following: In accordance with the provisions of the decree of the Chancery Court of the State of New Jersey, made January 27, 1943, of the dividend of 1.29% so declared 25 cents per share will be paid, and the balance, viz., $1.04 per share, will be deposited pending the final determination and the order of the Court with respect to the payment of counsel fees and costs to the complainant or his solicitor in the action in which such decree was made and subject to the payment therefrom of the counsel fees and costs awarded by the Court.

Transfer books will not be closed. Checks will be mailed by Guaranty Trust Company of New York.

CHARLES J. HARDY, *President*
HOWARD C. WICK, *Secretary*

February 4, 1943

Atlas Corporation

Dividend on Common Stock

NOTICE IS HEREBY GIVEN that a dividend of 25¢ per share has been declared on the Common Stock of Atlas Corporation, payable March 12, 1943, to holders of such stock of record at the close of business February 15, 1943.

Dividend No. 26 on 6% Preferred Stock

NOTICE IS HEREBY GIVEN that a dividend of 75¢ per share for the quarter ending February 28, 1943, has been declared on the 6% Preferred Stock of Atlas Corporation, payable March 1, 1943, to holders of such stock of record at the close of business February 15, 1943.

WALTER A. PETERSON, *Treasurer*

February 5, 1943.

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.

J. I. Case Company
Incorporated

Racine, Wis., January 26, 1943.

A dividend of $1.75 per share upon the outstanding Preferred Stock of this Company has been declared payable April 1, 1943, to holders of record at the close of business March 12, 1943.

THEO. JOHNSON, Secretary.

New York, N. Y.
February 5, 1943.

Philip Morris & Co. Ltd. Inc.

A regular quarterly dividend of $1.06¼ per share on the Cumulative Preferred Stock, 4¼% Series, and a regular quarterly dividend of $1.12½ per share on the Cumulative Preferred Stock, 4½% Series, have been declared payable May 1, 1943 to holders of Preferred Stock of the respective series of record at the close of business on April 15, 1943.

There also has been declared a regular quarterly dividend of 75¢ per share and an extra dividend of $1.50 per share on the Common Stock, payable April 15, 1943 to holders of Common Stock of record at the close of business on March 29, 1943.

L. G. HANSON, Treasurer.

Spencer Kellogg & Sons, Inc.

A quarterly dividend of $0.40 per share has been declared on the stock, payable March 10, 1943, to Stockholders of record as of the close of business February 20, 1943.

JAMES L. WICKSTEAD, Treasurer

J. D. Harrison Dies, Lazard Freres Partner

John D. Harrison, partner of Lazard Freres & Co., New York City, and long active in financial affairs, died suddenly late Sunday night in Palm Beach, Fla.,

John D. Harrison

where he had gone several weeks ago to recuperate.

Mr. Harrison joined the statistical department of Guaranty Company of New York in 1918 after his return from service in the First World War in which he had been commissioned a major of infantry. In 1923 he became manager of the municipal bond buying department and four years later was advanced to Assistant Vice-President. He became a Vice-President in 1929.

He joined Lazard Freres & Co., Inc., as Vice-President in 1934 and became a partner of Lazard Freres & Co. in 1938.

Mr. Harrison's interest in financial matters was recognized by the Investment Bankers Association which had many assignments for him. He was a member of the Executive Committee and was Vice-Chairman of this Committee in 1931-32. He had been a member of the group Legislation Committee each year since 1934 and at the last convention was elected Governor of IBA for the period 1942-45.

He had been a Governor of the Bond Club of New York from 1929 to 1937. He served a term as Vice-President in 1932-33 and was President in 1933-34.

L. R. Ayers & Co. Is Formed In N. Y. C.

Announcement is made of the formation of L. R. Ayers & Co. with offices at 57 William St., N. Y. City, to deal in municipal securities and to act as specialists in setting up and financing public revenue projects. The trend toward public ownership of utilities, such as water and sewer, power and light and gas properties, Mr. Ayers declares, encourages the belief that in the coming post-war years public revenue bond financing will occupy a major position in the field of municipal finance.

Mr. Ayers has been connected with this type of financing for many years having been with Stranahan, Harris & Co., Inc., and B. J. Van Ingen & Co., Inc., on the financing side and with the J. E. Greiner Company, Consulting Engineers of Baltimore, on the engineering side.

G. C. Lane Co. Formed

(Special to The Financial Chronicle)

NEW HAVEN, CONN.—George C. Lane & Co., Inc., with offices at 70 College Street, has been formed to continue the investment business of George C. Lane, a sole proprietorship. Officers of the new organization are: Arthur O. Samuelson, President and Treasurer; George B. Southworth, Vice-President; and J. A. Shindell, Secretary and Assistant Treasurer.

Investment Trusts

"In the opinion of the management, dividends paid by the Fund during 1942 are 100% non-taxable." Owners of investment company shares are reading this type of notice with pleasing frequency these days. Of course, the statement, "Dividends paid during 1942 are, in our opinion, fully taxable," is also encountered, but mostly in connection with funds whose investments are predominantly in bonds.

* * *

There have been lots of charts and tabulations showing the divergence between the London Stock Market and our own since the outbreak of war. But it has remained for Hugh W. Long & Co. to produce a really dramatic picture of this development. The chart — a large one in four colors—reveals also that the rail shares have done substantially better than the industrials both here and in England.

Post-war cushion resulting from the carry-back provisions of the 1942 tax law is important, as pointed out in the February 1 issue of the "New York Letter." For example, if U. S. Steel should earn nothing on its common stock in 1944, it would be entitled to $4.30 per share in the form of tax refunds, although it would have to forego $1.30 of post-war refunds. If Montgomery Ward "broke even" its tax refund would be $2.60 per share, while it would lose $0.50 of its post-war refund.

* * *

The current issue of "Abstracts" charts the effects of leverage on the performance of Affiliated Fund during the month of January and also for the period from Sept. 26, 1941 to Feb. 1, 1943. In the shorter period — Aces up 14.8%; D-J Ind. up 4.9%. In the longer period—Aces up 5.0%; D-J Ind. no change.

* * *

Expressing the thought that its International Series may be an important inflation hedge, National Securities & Research Corp. comments as follows: "It is becoming more obvious every day that a form of inflation is already here. The dollar is continuing to lose value in relation to living costs, and even the most optimistic only hope to slow its course."

The current "Keynotes" suggests discount bonds for wartime investment. Reasons: (1) they're cheap in relation to present interest coverage; (2) they provide the investor an increased certainty of return; (3) they have a favorable tax status; and (4) they have appreciation possibilities.

* * *

MIT's "Brevits" will, of course, go on—but without the services of its long-time editor, W. F. Shelley. His new job is with the Aviation forces of Uncle Sam's Navy.

* * *

Calvin Bullock's latest "Bulletin" summarizes six reasons why the stock market has risen 35% from last April's lows almost without interruption. Changes in the war outlook and in the American political scene, the rate of industrial production, the supply of money, high yields afforded by common stocks, and the leadership of the London market are cited.

* * *

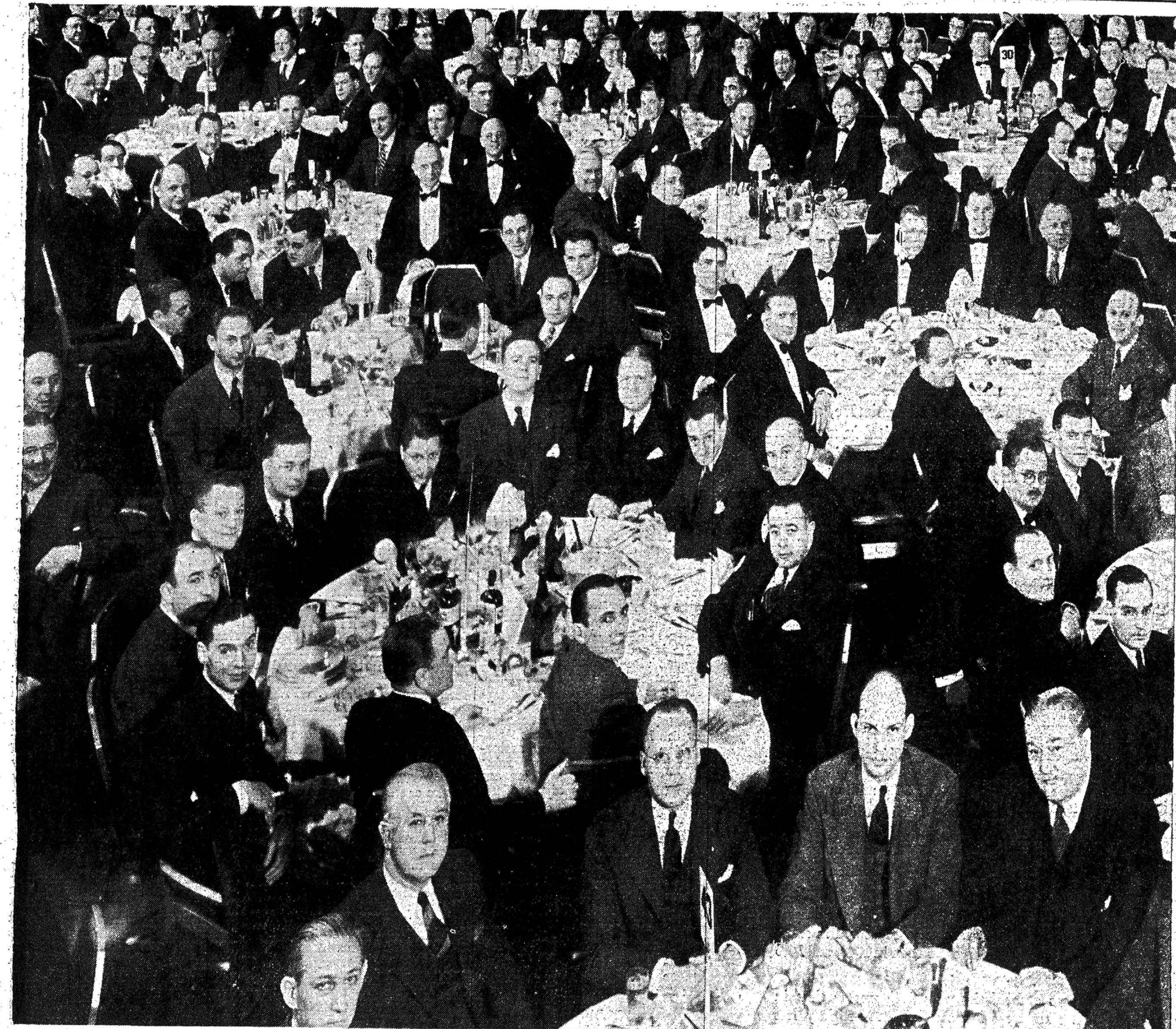
Hare's, Ltd. in a new folder discusses "The Erroneous Conception of Income." This sponsor advises, "For profitable investment buy earnings and growth potentials in preference to current dividend yield." Charts compare the characteristics of aviation, bank and insurance stocks with those of A. T. & T.

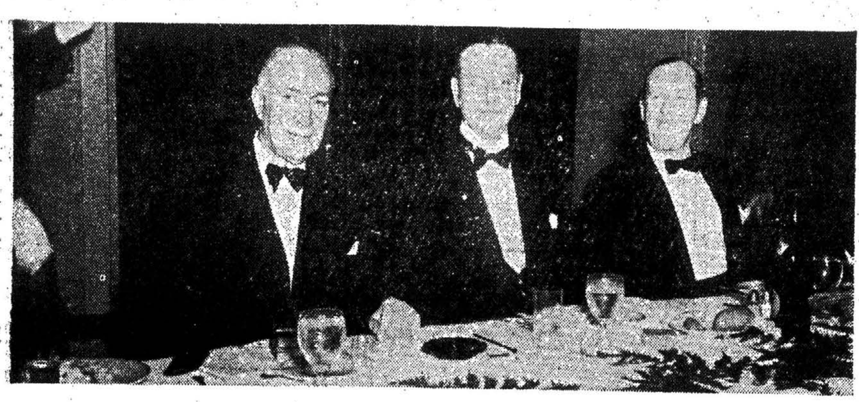
From Investment Company Reports

Affiliated Fund, Inc.—Total net assets as of Dec. 31, 1942 were $18,562,587 equal to $2.16 per share, compared with $18,149,415 and $2.04 a year earlier.

Bond Investment Trust of America—Net assets were $618,650 at the 1942 year-end, equivalent to $94.38 per unit, compared with $158,000 and $96.48 on Dec. 31, 1941. This trust was converted into a diversified open-end company on Sept. 8, 1942 and the in-

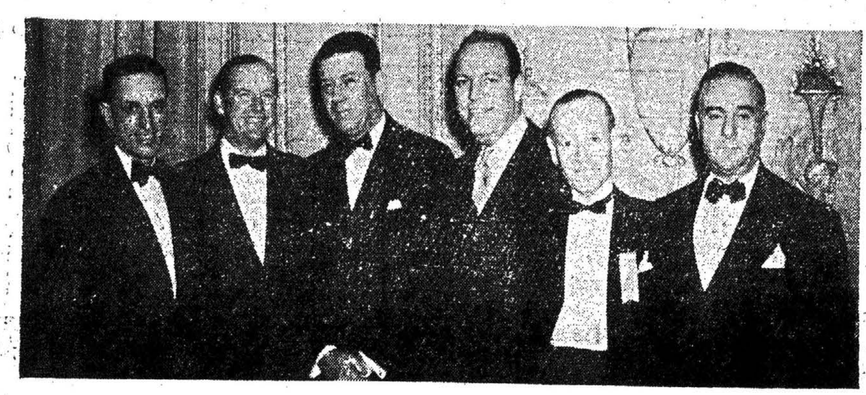
(Continued on page 572)

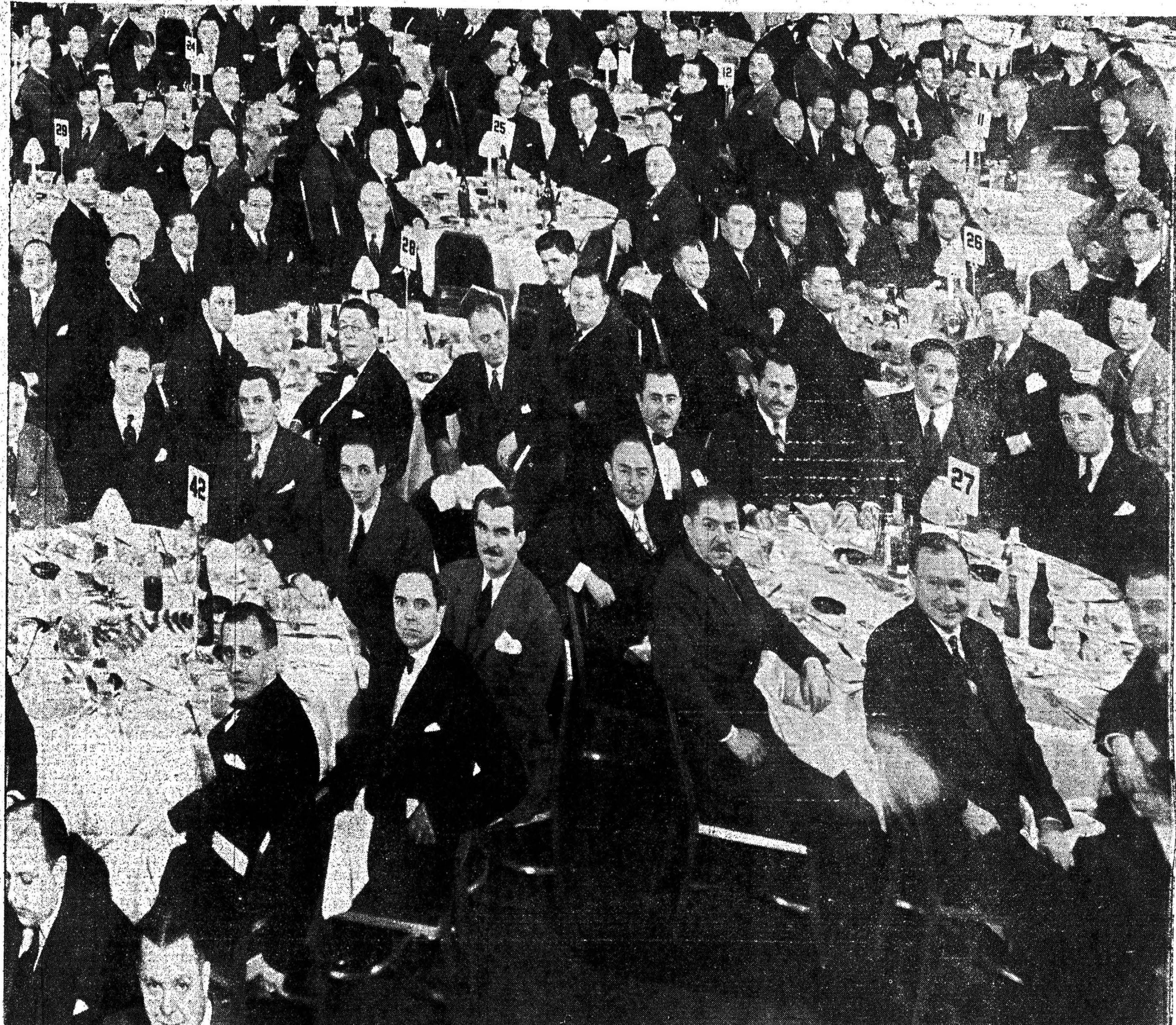




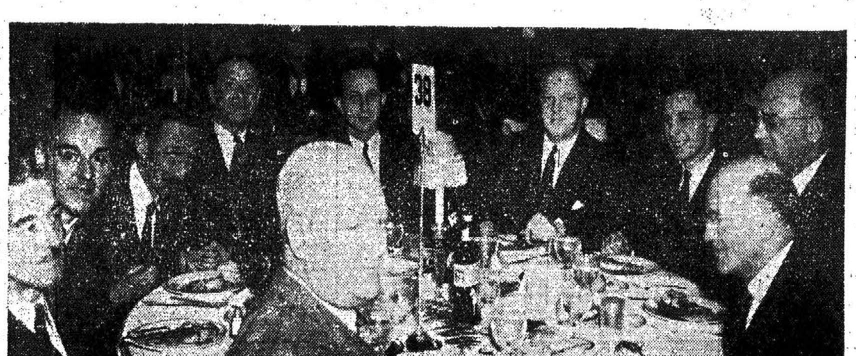
At The New York Security Dealers Association Dinner

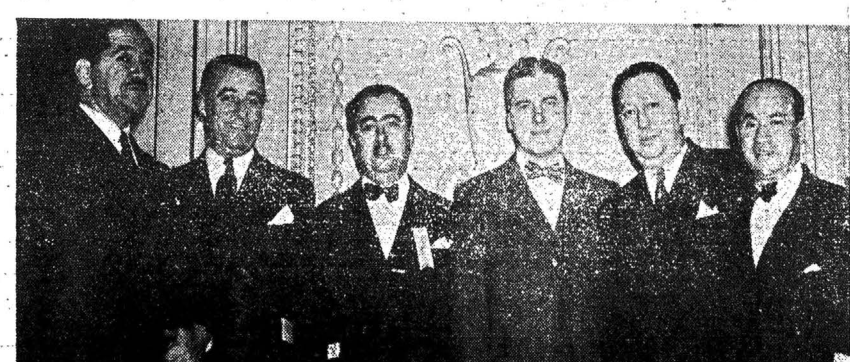
Pictures by courtesy of John P. Germain





More Than Five Hundred Guests Attend





Municipal News & Notes

The calendar of forthcoming new offerings of important size, i.e. issues of $500,000 or more, is now of skimpy proportions. However, as we have previously noted, this tabulation is only partially indicative of the potential supply of business in the municipal field, in view of the fact that much of the activity originates via liquidation of substantial holdings by various institutions. On Tuesday of this week, for example, the Prudential Life Insurance Co. of Newark, which has been an important factor in such selling in recent months, disposed of another large block of bonds, consisting of $2,738,000 Kansas City, Mo., water revenue 1¾s. As mentioned elsewhere in these columns, the obligations were purchased by the Lazard Freres-Halsey Stuart group. Nor is this liquidation, incidentally, being confined wholly to this area. In this connection, it should be noted that the Bankers Life Company of Des Moines, is scheduled to receive bids on Feb. 17 on blocks of bonds of various cities aggregating $3,267,000. This institution has previously disposed of some of its municipal holdings. Accordingly, there is every reason to expect that secondary market operations will continue to reach the market in important volume, thus offsetting in substantial measure the brake imposed on new State and municipal borrowings because of war conditions. Refunding issues, of course, are already in prospect, although on a relatively small scale.

$2,738,000 Kansas City Water Bonds Marketed

A syndicate headed jointly by Lazard Freres & Co., and Halsey, Stuart & Co., Inc., is making public offering of $2,738,000 Kansas City, Mo., 1¾% series A water revenue bonds. Maturities from 1948 to 1956 are priced to yield 1.10% to 1.65%, and those from 1957 to 1961 are offered at prices of 101 to 100, to yield approximately 1.67% to 1.75% to maturity. The banking group purchased the bonds from the Prudential Life Insurance Co., Newark, via competitive bidding on Feb. 9. The successful bid was a price of 100.2097. An account headed by Harriman Ripley & Co., Inc., also competed at the sale, naming a price of 100.063.

Associated with Lazard Freres & Co, and Halsey, Stuart & Co., Inc., in the offering group are Stern Brothers & Co., Kansas City; Otis & Co.; Inc.; Braun, Bosworth & Co.; Field, Richard & Co.; Baum, Bernheimer Co.; R. S. Dickson & Co., Inc.; Mullaney, Ross & Co.; Soden and Company; Callender, Burke & MacDonald, and Prescott, Wright, Snider Co.

Propose Public Sale Of Indiana Local Revenue Issues

A bill has been introduced in the General Assembly which would require cities to dispose of their revenue bond issues at competitive bidding, give public notice of intent to issue such securities and hold public hearings on such matters. Attempts to enact such legislation were defeated in 1939 and 1941. In connection with the present effort, an editorial in the Indianapolis "News" observed as follows:

"Ten years ago when the New Dealers wanted to match money with cities to provide made-work projects, they sent a bill out from Washington to the States setting up a plan of borrowing against receipts and issuing revenue bonds. The Indiana General Assembly adopted it because many cities were near the 2% debt limit and this would enable them to exceed it.

"Since that time, about $50,000,000 worth of these bonds have been sold to finance the purchase of utilities, to build sewage disposal plants, swimming pools and other properties. The bonds are sold without advertising the intent of city councils, without a public hearing, and without competitive bidding.

"Every recent Assembly has adopted an act validating these issues, a move which implied that they were questioned in responsible financial circles and only the blessing of the Assembly could raise them to respectability. Such a bill is now before the Assembly, and has passed the House."

Kentucky County Default Situation Clearing

Completion in December of two county road and bridge refunding operations that had been in progress over two years reduced to only four the number of counties remaining in default on their voted road and bridge bonds, as compared with 17 that were in default on June 30, 1940, it was stated in a recent monthly report of the Kentucky Department of Revenue. As a result of the debt adjustments effected in December, the interest rate on the Letcher County issue was reduced from 5 to 2½% and on the $108,000 Morgan County bonds from 5 to 4%. The counties still in default were listed as Livingston, Marshall, Perry and Trigg.

Mobile, Ala., Authorized To Issue Street Bonds

Authority of the city to issue bonds for improvements of streets which serve as extensions of the river terminal and to acquire and operate supplemental ferries was upheld recently by the State Supreme Court.

Affirming Mobile Circuit Court, the higher tribunal in a unanimous decision held that such bonds did not constitute a part of the city's constitutional debt, since the income from the tunnel tolls was earmarked for a specific purpose—the retirement of revenue bonds.

Proposed improvements, including enlargement of street approaches were held to be "integral parts" of the original tunnel project. The city had issued revenue bonds of $2,600,000 for financing its part of the underpass, and a proposal to issue $4,500,000 bonds to redeem the outstanding issue and finance approaches was approved by the Court.

Port Authority Tax-Exempt Suit Hearing Set For April

The United States Tax Court has set April 19 as the date for hearing of the test case involving the right of the Government to subject to Federal income tax the revenue derived from investments in obligations of the Port of New York Authority and the Triborough Bridge Authority. The outcome of these cases will have a profound effect on the question of the tax-exempt status of State and municipal bonds generally, as the Treasury has announced that in these suits they intend to test the constitutionality of the right of the Federal Government to tax all municipals.

Arkansas Revenues Adequate For Maturing Bond Requirements

F. A. Storey, Jr., Supervisor of the State Refunding Board, has stated that, despite losses occasioned by gasoline and tire rationing and other factors, revenues for the second "bond year" ending March 31, would be sufficient to yield the full $7,175,000 required for debt service on the State's highway bonds. Mr. Storey said that highway revenues for the nine months ended Dec. 31 last were just about 10.5% below the aggregate for the corresponding 1941 period. On Dec. 31, he continued, the State lacked only $227,997 of the total of $7,175,000 needed for debt service in the current "bond year."

Annual highway collections can decline 36.24% from the April 1, 1941-March 31, 1942 total and still yield the $7,175,000 required annually to pay interest on all obligations, maturing principal on serial bonds, and the call for redemption of $1,000,000 of term bonds. Annual collections also can decline 45.13% and still yield enough to pay all interest and maturing serial obligations. Mr. Storey said the State had $5,400,000 in its debt service "cushion" fund, which can be used to supplement highway revenues, in event annual allocations fall below $7,175,000.

The State's outstanding highway debt includes $31,000,000 of 3¼s of 1972 and $1,000,000 of these can be called on April 1. Serial bonds due at that time total $1,788,557 and April 1 and Oct. 1 interest requirements for the current year aggregate $4,340,429.

New York City Buys Bonds For Sinking Fund

City Comptroller Joseph D. McGoldrick purchased on Feb. 9 for account of various pension funds $3,905,000 of New York City bonds, of which $1,879,000 transit 3s of 1980 were acquired at prices up to 103.50; $1,720,000 higher coupons in the long-term category obtained at yields of 2.95% to 2.98%, and $306,000 bonds of intermediate maturity were purchased at yields of 2.85% or better. As in past instances, the Comptroller requested tenders from various houses, and the 27 tenders submitted involved an aggregate of $10,600,000 bonds.

Boston Debt Reduction Continued For Fifth Year

The city's total debt structure was bettered to the extent of $5,761,145 in 1942, this being the fifth consecutive period that a reduction was effected, according to a report by the Boston Municipal Research Bureau.

Total debt as of Dec. 31 amounted to $133,945,434, which consisted of net bonded debt of $118,747,309 and temporary loans of $15,198,125. This compared with a total debt structure of $139,706,579 as of Dec. 31, 1941. The latter figure was composed of net bonded debt of $124,079,290 and temporary loans of $15,627,288.

General bonded debt, including improvement, welfare and relief, funding, and civilian defense obligations, decreased $4,137,879 in 1942. Temporary loans were reduced by $429,163. Public service debt, represented by water, traffic tunnel, and rapid transit bonds, declined $1,194,103.

All individual items of debt, except tax anticipation notes and civilian defense bonds, showed decreases during the year. Tax anticipation notes outstanding increased $1,500,000, and civilian defense bonds outstanding rose $403,350. Largest decreases were shown in improvement bonds and tax title notes, which were reduced $3,806,729 and $1,929,163, respectively.

The bureau said that Boston in the last war retired more bonds than it issued, and added that this experience will repeat during this war. On the other hand, the bureau said, a reduction of the city's $11,000,000 "carry-over" in tax anticipation notes presented a different problem.

"Ideally this indebtedness should be paid off through the collection of delinquent taxes," the bureau said. "Actually tax abatements and refunds are eating into the city's assets, and chances of retiring all these notes from back taxes are doubtful. Insofar as possible, the city should avoid incurring further funded debt to clear away this accumulation of tax notes."

Michigan Sinking Fund Sales Recommended

State Treasurer D. Hale Brake is reported to have recommended to the State Administrative Board the sale of $3,241,000 bonds now held by the State Debt Sinking Fund, some of which are selling considerably below par, while others are valued at par or better. The sinking fund's total holdings is reported as $13,839,000, of which $4,161,000 are State highway bonds. Action on liquidation, reports say, has been delayed as a result of objections expressed by L. B. Reid, State Highway Commissioner. He is said to have disapproved of "unseemly" speed in liquidating bonds and to private sales of securities.

The final maturity of the State's bonded debt of $21,000,000 is payable in November, 1944, and cash in the sinking fund, coupled with scheduled gas tax income, will provide the balance needed to retire the outstanding debt, it was stated.

Florida Can Collect Tax On U. S. Gas Sales

State Attorney General Tom Watson has ruled that Florida can collect its 7 cents a gallon tax on gasoline sold by dealers within the State to the Federal Government. The decision is of extreme importance as such collection, according to report, would virtually offset the decrease in civilian gasoline consumption caused by rationing and would restore to normal the State's gasoline tax revenue of about $28,000,000 annually. Gasoline rationing resulted in a revenue decline of $7,493,602 in 1942 as compared with 1941 income.

Major Sales Scheduled

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. Incorporated, New York.

UP-TOWN AFTER 3

By BILL SMITH

THEATRE—

"Counterattack," drama by Janet & Philip Stevenson, based on a Russian original play, "Podyeda," by Vershinin and Ruderman. Produced by Lee Sabinson, at the Windsor Theatre, New York. Cast includes Morris Carnovsky, Sam Wanamaker, Barbara O'Neil, Martin Wolfson, Rudolph Anders, John Ireland, and others. Directed by Margaret Webster. Sets by John Root. (Reviewed Feb. 4, 1943). . . . Here is a play that will tell you more in the short space of two hours what the Red Army and the Russian people have that enabled it to break the force of the Nazi army and change defense into all out attack than all the stories you can read. In a tense nail-biting story, "Counterattack" takes you to a Russian town which has just been successfully attacked by the Soviet forces. So sudden is the attack that a small detachment of Nazi troops commanded by a Captain finds itself trapped in the cellar of a four-story house. Two Red Army men, one a simple farmer and the other a miner in civil life, are assigned to guard the Germans (including a German nurse) and to discover if they can who the officer is. The officer, dressed in private's uniform, refuses to divulge his identity and the men, including a member of the Gestapo, afraid of the consequences pretend ignorance of the officer's identity. While questioning the captured party a shell hits the upper stories of the building sealing up the only exit from the cellar. From then on it's a tingling story of how long the two Soviet soldiers will hold out against the eight men. Their problem becomes further intensified when one of the Red Army men is wounded leaving the miner to stand guard. Noises of the battle passing overhead with the Germans boasting that it's their side which has reconquered and the Russians equally certain it is their side that will effect the rescue keeps the audience on the edge of the chairs. For three days and three nights with the air getting fouler, no water, no food, the Germans constantly trying to overcome the single guard, who is staggering from lack of sleep, the party is entombed before a rescue party arrives. The cast turns in a magnificent performance. Morris Carnovsky, as Corporal Kukov, half delirious and dog tired from lack of sleep, is first rate. Sam Wanamaker, as the farm boy, anxious to obey all orders, maybe even be a hero, is simple in his naivete. Margaret Webster's direction of a drama of two conflicting forces never loses its interest.

Put "Counterattack" down as a play to see when you come to New York.

THE SCREEN

Only two movies of note are scheduled to open in New York this week. The first is Walt Disney's technicolor cartoon, **"Saludos, Amigos"** and the second is **"Siege of Leningrad."** "Saludos, Amigos" has already been reviewed in this column due to an error in release dates. But if you haven't seen the review you'll be interested to learn that in this latest feature length Disney takes you through a tour of South American countries with the famous Disney characters playing the role of American tourists. The result is uproariously funny.

"Siege of Leningrad," an Artkino release, was brought here by Wendell Willkie who received it from Joseph Stalin. Advance publicity claims it as a powerful documentary of the three million inhabitants who held off the Nazis for 15 months. The review will appear here next week.

AROUND NEW YORK TOWN

Sunday nights in New York night life have always been a problem. People who can drink a joint dry six nights a week suddenly become homebodies when it comes Sunday night. So **Dick** (Boy-Am-I-Tired!) **Nesbitt**, who is now running the **E. 54th St. Monte Carlo**, has come up with a new idea. Each Sunday night the ladies with the wackiest hats are asked to stand up. The one who gets the most applause gets two pairs of nylon stockings on the house. Then to make it more interesting there is a game of musical chairs—for the ladies and their escorts who pay the checks. The winners also get two pairs of nylon hose. To help out in the free-for-all that develops Nesbitt has taken on Ernest Brooks who with flashlight and camera stands by and clicks his graflex so posterity can see and marvel how polite ladies and gentlemen rip each others' clothes in order to get a pair of nylons in this year 1943. . . . **Cornelia Otis Skinner** tells how she always had trouble in describing her work to the press. For a while she hit on the French descriptive "diseuse." Everything seemed to go along smoothly until a Scotch newspaper reported "Cornelia Otis Skinner, an American DISEASE, gave a performance here last night." . . . **The Greenwich Village Inn** proudly announces that it has a new addition to its show—a certified public accountant who will help people around and under tables to make out their income tax. Nothing is said about whether the assistance will be available before or after the check is paid.

Now Major Harry Brawn

Harry E. Brawn, Jr., formerly with Donohue & Sullivan, Boston, Mass., is now a Major in the U. S. Army and is stationed at Fort Warren, Boston Harbor.

The Municipal Market During World War II

The Bankers Bond Co., Inc., Kentucky Home Life Building, Louisville, Ky., has prepared an interesting memorandum tabulating the average yield of 20 bonds as affected by developments of World War II. Also contained in the memorandum is a reprint of an editorial, "Who's Doing the Inflating?" that appeared in the Chicago "Tribune." Copies of this memorandum may be obtained from the Bankers Bond Co. upon request.

Flys 500 Miles To Dinner

Harry Shaer, trader of Hart Smith & Co., Ltd., Montreal, Canada, flew 500 miles to attend the New York Security Dealers Association's 17th annual dinner at the Waldorf-Astoria. Harry claims that he thinks this is the record distance for one to fly for a chicken—dinner.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 565)

characteristic is still present. The burst of brilliance with volume and rapidly moving prices is still ahead of us. My guess is that you will see this before this month is over. The steels and utilities (neglected so long) will probably be in the forefront.

* * *

This doesn't mean that all stops given here last week can now be relegated to the limbo of the past. Making money in the market is never that simple. But it does mean that so long as the market manages to stay above each succeeding day's lows the wet blanket of lower prices can be hung out on the line to dry.

* * *

But as the chances for further rally increase so should stops themselves be moved up. For example: Air Reduction's stop should now be 39. Goodyear's should be raised to 25½. International Harvester's stop is now 57. And Superheater's now 14½.

* * *

For those in a position to watch the market closely U. S. Steel and Bethlehem might be bought here. The former at 50 or better with a stop at 48½; the latter at 58 or better with a stop at 57. In no case, however, should any of the above stops be overlooked.

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.]

Result Of Treasury Bill Offering

The Treasury Department announced on Feb. 8 that tenders for $700,000,000 of 91-day Treasury bills to be dated Feb. 10 and to mature May 12, 1943, which were offered on Feb. 5, 1943, were opened at the Federal Reserve banks on Feb. 8.

Details of the issue follow:

Total applied for, $1,041,767,000.

Total accepted, $704,732,000.

Range of accepted bids:

High, 99.940; equivalent rate of discount approximately 0.237% per annum.

Low, 99.905; equivalent rate of discount approximately 0.376% per annum.

Average price, 99.906; equivalent rate of discount approximately 0.372% per annum. (54% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Feb. 10 in amount of $501,485,000.

Raymond Wilson Joins Longan, Dunn & Philleo

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Raymond E. Wilson has become associated with Longan, Dunn & Philleo, 621 South Spring St., members of the Los Angeles Stock Exchange. Mr. Wilson was formerly with the California Bank in charge of the municipal department.

The Securities Salesman's Corner

Some Conversational Tools A Salesman Found Helpful In Procuring Lists of Holdings

It is not how much you say, but how you say it, that sets up in your listener's mind the sort of reaction that brings about a desired response. There are natural resistance factors that all of us are possessed with—they are put there as a safeguard against imprudent action. Without this desire to protect ourselves this world would be in a constant state of bedlam even greater than is its usual condition of disorder and conflict.

Now a man's investments are considered a pretty personal and private matter. People do not naturally like to answer questions regarding their investment holdings. You can't go up to a man and say, "What do you own—give me your list!" That sort of an approach is just too blunt. You have to lead up to this point—you have to get a point of interest aroused—you have to show **How He Can Benefit** by disclosing this very personal matter to you. Again, none of us likes to admit a mistake though we all make them. For this reason you must carry your interview along to the point where you can tactfully bring up the subject of an analytical review without causing this "natural resistance" to flare up and obstruct the very purpose you wish to achieve. Every salesman will know "when"—in fact this word of caution is so academic it needs no further elaboration here.

Our successful salesman (whom we told you about last week) uses this approach. "You are aware, Mr. Jones, that a bond doesn't default the day you go to the bank and are told that there is no money on hand to pay the interest. Securities that do deteriorate in value usually start to go downward several years before the default occurs. Some companies go forward—others backward. It's this way with almost everything in life. Now what I'd like to try and do is to put some of these things which don't pay you well any more under the magnifying glass and just see if we can find out how they are getting along, and whether or not they may hold possibilities of bringing them back to life again. You know when you bought them they were over here in your 'A list,' paying you good interest and dividends—that's the place they should be today. Possibly we can't bring them all back to where they were, but at any rate it is possible that some suggestions can be made to put some of them into a position where some of your depreciated principal can be once more built up to a point where you are getting some income from them again. **You would like to see these holdings paying you interest once again, wouldn't you?"**

Notice the question "you would like to see these holdings paying you interest once again." It builds up a chain of happy memories—it is a positive question because it motivates along the lines which bring about the desirable sort of action. Any one who holds securities that once were regular sources of income remembers that time with pleasure—it is an **entirely different trend of thought than is brought about by thinking about where these same securities are today.**

If the customer desires reports on the securities that are sound or wishes to discuss his cash on hand, this salesman politely sticks to his guns. "Your sound securities and your cash, Mr. Jones, are also important, but right now the thing I would like to do is to help you get some information regarding the things that are not paying. I'd like to ask you another question, if you don't mind. After you bought these securities didn't the salesman who sold them to you come back and tell you about them—or your bank—or didn't you ask some one you thought might know about them such as your lawyer or your securities dealer?" The answer is naturally in the negative. The purpose of this question is to forestall in advance the inclination to say to the salesman, when he returns with the completed analysis, that some one else should be consulted by the prospect.

This salesman believes that the less he talks about technical factors, income accounts, balance sheets, etc., the better results he will achieve. He knows that the things his prospect is interested in hearing about are "income to live on," "security of his funds" and a "possibility of making some money." Fundamental—of course these things are—they don't change—neither does selling. Common sense, work, and a little luck are all that anyone needs to make a success of this job, and if you apply the first two, the third, "lady luck," will also be on hand to help you do your job.

CANADIAN SECURITIES

Editor's Note: With this issue of the "Chronicle" we are inaugurating a regular weekly column devoted to Canadian securities. In addition to discussing pertinent features of individual issues, we shall attempt to cover general developments in the field. Particular attention will be given to developments affecting American holders of Canadian securities. Inquiries and suggestions from our readers are invited.

Americans are gun-shy of "foreign" securites. They got that way during the Big Depression—and when one remembers what has happened to some $8 billions par value of foreign dollar bonds, they can hardly be blamed for their attitude.

Generally speaking, all foreign securities partake of the economic and political hazards common to the country or locality of their issue. Foreign government, state and municipal securities can often be appraised solely on this basis. The securities of private corporations in foreign countries partake of the additional hazards inherent in the businesses they represent. When these hazards are considered in the light of recent world history there can be little wonder why a large percentage of American investors have found it expedient to "stick to their own back yard."

However, the stigma attaching to foreign securities generally is not appropriate to the Canadian field. There are sound and obvious reasons why this is true. Canada has the parliamentary form of government and the political integrity of her people is second to none. Economically speaking, Canada is a "coming" nation. To her vast resources of agriculture and raw materials she is rapidly adding the modern industrial plant necessary for converting this natural wealth into consumers goods.

While this development has been arrested temporarily by the war, the prospects are bright for its acceleration on return of peace. And, finally, the record of Canadian securities reveals a pattern not unlike, and in some respects superior to, our own. Canadian government, provincial and municipal bonds, which still comprise the largest class of Canadian securities available to investors, range in quality from highest grade to "defaults"—a counterpart of the situation in this country. Canadian industrial securities, although still limited in breadth of selection, cover the same quality range. And for growth possibilities the field affords a high quota of attractive situations.

In this connection, the present 10% discount officially set for the Canadian dollar in exchange for our dollar affords a further attraction for American investors in Canadian equity securities. We have yet to meet a qualified observer who does not believe that the Canadian dollar will return to parity with our dollar some time in the not too distant future. Inasmuch as Canadian equity securities generally sell in this country at prices which reflect this discount, return of the Canadian dollar to parity should tend to enhance their market value in this country by approximately 10%.

There is, of course, the 15% withholding tax levied by the Canadian Government on dividends paid to foreign holders of Canadian securities. However, this factor is also normally reflected in the American price of the securities so that the net yield to the investor is approximately the same on both sides of the border. The possibility of this tax being increased, as we see it, is small. Our own Government levies a similar tax against dividends of domestic corporations paid to Canadian holders. Since the flow of dividends northward is greater than in the opposite direction, it is clearly in the interest of the Canadian Government not to increase this tax. Our Government has evidenced its attitude on this point by fixing the withholding tax on dividends paid to Canadians at the same rate as that charged by Canada—which rate is substantially lower than that levied against other foreign holders of Americn securities.

Security Dealers Now Have Increased Duties To Investors Says H. G. Riter Of NASD

(Continued from first page)

"I would not abuse the generosity of my hosts, the members of the New York Security Dealers Association, nor the intelligence of that group and its guests assembled here, by posing as an expert on NASD—its past, present or future as applied to the scene nationally. Frankly, I am not equipped to do so after but three weeks in the office of Chairman.

"On the other hand, I have just completed a three-year term as a member of the New York District Committee of the NASD, two as Chairman of that Committee. Because of my service on that Committee, I am not uninformed as to basic problems and activities of NASD, because, with other members of the Committee, for this, the largest NASD district, I have had a real opportunity to become acquainted with the philosophy and functioning of self-regulation as represented by NASD. With your indulgence, therefore, what I have to say will be based upon what I have learned and observed in my work in this district.

"Before undertaking to get over the hurdle of my assignment, I should like to pay my respects to all of the members of the New York Security Dealers Association, its officers, and, particularly, Frank Dunne for the very fine spade work they did in preparing the foundations upon which what we call self-regulation rests today. New York security dealers were among the first to organize as a unit for the purpose of fostering a sharp consciousness of financial and commercial responsibility among those engaged in over-the-counter securities activities.

"Your Association in its years of service to members and investors demonstrated that there was a great opportunity for an organization devoted to a much wider sphere and established without question that the field was there in which such an instrument could serve.

"As to the subject matter of my assignment—"Benefits to the Public and the Securities Industry Through Self-Regulation"—I do not believe anyone can address himself adequately to the whole of that title within the limits of time properly allotted to me here tonight. One thought occurs to me about the title mentioned: NASD is commonly believed to be a self-regulating instrument but, in truth, that statement must be qualified. Actually, NASD is the form through which the securities business seeks to do its part of a job of 'cooperative self-regulation.' That is somewhat different from 'self-regulation.' Under the latter, it is presumed each and every function would be self-propelled, each and every decision made would be without benefit of unsolicited guiding from a second party. We don't have that in NASD. The Securities and Exchange Commission is entrusted with great powers of supervision over policies and conduct of NASD. They literally have the power of veto and of corrective authority over any course of action pursued to which they take exception.

"I mention this because I think it is important that we not confuse the position in our own minds. NASD has been misunderstood by some in our business for the simple reason that they did not appreciate the distinction I have drawn. It is an important distinction. Please do not mistake my words as a veiled criticism of the SEC. The Commission, while more appreciative of the distinction drawn than some of our members, has shown no desire to impose its will upon the Association. It has not stood over us with a whip. The Commission has, in a few instances, disagreed with the Association's interpretation of its authority under the statute. One such disagreement is fresh in our minds. I have reference to NASD's proposed rule establishing minimum capital requirements for members of the Association. The rule was adopted by vote of the membership last July but a number of members of the New York Security Dealers Association and two spokesmen for unorganized minority groups took exception to the proposal. After a hearing on the matter, the Commission refused us authority to put the rule into effect. But our family differences were honest ones in this situation and, further, we appreciate that the Commission is discharging very serious responsibilities to the public under the statute to the very best of its ability. I am sure, and so are you, I know, that the Commission intends to continue to do its utmost in applying the law as it understands it.

"But in the largest sense, the Commission has left us to do our job and has encouraged us at every opportunity. We are grateful and look forward to continued relations on that basis.

"I think it would be academic to discuss here the public benefits which derive from the type of regulation we have been developing for our business. To the degree that we succeed, public benefit accrues in exact proportion. At our last NASD Board meeting, Wallace Fulton, the Executive Director, reported that during the last two and one-half years the Association expelled 61 members. Expulsion from NASD is a severe disciplinary act on the part of our business conduct committees. It is not decided except for good and sufficient cause, you may rest assured. Its effect is to close up the shop. Need there be any question as to the public benefit that resulted from the elimination of these people from the securities business? You may say that, after all, they were only kicked out of NASD and what's to prevent them from going right ahead doing the same things outside NASD? Well, unless they are the kind of people who recognize no law at all, that will be a lot more difficult than may be apparent. Many of the States still have license laws—and you better register with the SEC if you are going to use the mails. I was told of several examples of the influence of NASD disciplinary actions on those affected. In one, a man wanted to take out a license in a certain State only to find that a prerequisite was a clean bill of health from NASD. In another, a member who was expelled was prevented from becoming associated with a member of a stock exchange, after the institution had been apprized of the expulsion action. In still another case, an appeal was made to require NASD to admit an applicant to membership whom the Association would not voluntarily admit.

"To my mind there is no difference between the benefits to the public and to the securities industry from cooperative self-regulation. Such rules as that requiring that members sell securities at prices which are fair, taking into consideration all relevant circumstances; our rule prohibiting use of manipulative and fraudulent devices; another clearly fixing responsibility of members for acts of salesmen and, of course, the corner-stone of them all—the rule which says that members shall conduct their business on high standards of commercial honor and just and equitable principles of trade—these and every other rule of the Association mean fair treatment to the public investor. Benefits flow to the investor from other activities of the Association also, notably through the more orderly conduct of over-the-counter trading under the provisions of the Uniform Practice Code. Before NASD perfected the Uniform Practice Code, the over-the-counter business was without benefit of well-defined articles of procedure for meeting a wealth of problems native to that business. The Uniform Practice Code spelled out very carefully sound and reasonable processes and the smoothness with which transactions are consummated today under its provisions is of direct advantage to the investor.

"I am deeply interested in the

benefits that flow for our business—yours and mine—from effective NASD regulation. To measure properly the character of these benefits I think it is well if we keep in mind the reasons why we are doing this job. That there was a need for it and a demand that it be undertaken, no informed person in our business doubted nearly a decade ago when the first steps were taken.

"Five or six years of hard work produced the law which gave the effort its legal status. Incidentally, the fact that NASD was established, and operates, under an Act of Congress is sometimes lost sight of, but not, I am happy to say, by those who are trying their earnest best to meet the responsibility which our business voluntarily assumed for itself. These men are fully mindful of what is at stake. The responsibilities they willingly assume are constant tests of their adaptability and their judicial capacity.

"It has been said that NASD gave the securities business a mirror in which to examine itself. Some of the things our business has observed with the aid of that mirror have not been comforting. Even if there were no authority in law for us to remove the blemishes, I think our business would be cleaning them up anyway. It seems obvious that that is to be preferred over someone else's doing it for us. We do the job in our own self-interest and with full appreciation for the privacy afforded us. The pride we have in our business is not diminished by a knowledge that a small segment of it abuses positions of trust and responsibility. In fact, the knowledge of how small that segment is affords justification for our pride.

"We, in the securities business, must look upon our self-regulating activities as an investment in the continuing health of that business and as insurance of its future. The code of ethics which guides our efforts is not a static thing. Even before your Association or the Investment Bankers Association developed and enunciated ethical principles for respective members and even before they were drafted by the Investment Bankers Code Committee under the NRA, the ethical standards of our business were well established and recognized. The code formalized them, NASD adopted them as its creed, and they are now a guide of record. But this is not the end, merely the beginning. We are constantly improving both the letter and the spirit of the standards of commercial honor and just and equitable principles of trade in our business. It now seems within our grasp to place those standards on a high professional plane. It would be a serious mistake for us to entrust that opportunity to someone else. In my judgment, it should be our purpose to preempt for ourselves as much regulatory power as it is within our capacity to handle. In this, there is no intent to usurp authority that is entrusted to State and Federal agencies whose duties and obligations, under the various regulatory laws, are in a category different from that field in which NASD operates.

"We are daily being reminded of a new and immense responsibility that is developing as a part of the war program—developing just as rapidly and with just as much force in scope and breadth as is our production of the implements of war. I refer to the new army of investors which the Government's financing program has produced. Its ranks are being expanded every day—in some part because of the unselfish contributions that are being made by the securities business. Our satisfaction with the importance of that contribution to the successful prosecution of the war is soundly justified but let us not neglect to recognize that this same army of investors will present a different kind of responsibility in the years that lie ahead than we are discharging in winning thousands to its ranks. Many thousands of people who never before owned a bond or a share of stock are now capitalists in the truest sense of the word. The securities industry should be the first to concern itself with ways and means of safeguarding this national resource of capital. It may be axiomatic that 'the fool and his money are soon parted' and that no law can ever erase that truth. On the other hand, the securities business, in its own self-interest, should see to it that if and when public losses are sustained again that business will not serve as the scapegoat.

"The NASD affords us the means of accomplishing that end. It should not be a negative force. I believe it would be dangerous for our business to be persuaded that it could relax and let the trend of events solve our problems for us.

"Gentlemen, it is vitally important for us to work together. We must do everything possible to avoid jealousies and antagonisms between, for instance, New York and other sections of the country; between the over-the-counter industry and the stock exchange; between retailers and underwriters. There are bound to be differences of opinion but they must not be allowed to be serious or bitter. Of course, these statements are all truisms and being human we cannot be perfect. But at least we can try.

"The NASD is your organization—yours and mine. It is not ruled by any clique. The Board of Governors and the District Committees are all cross-sections of every department of the business. I have gained a great deal in my contacts over the past three years with those who have served on the New York Committees—underwriters, retailers, members of trading firms and those doing an entirely over-the-counter business—many performing several of these functions. I find the same type of men on the national Board. It is an honor and an opportunity to work with such fellows.

"Gentlemen, the NASD is not a cure-all but it offers a grand opportunity to every one in this business to work together on our mutual problems to raise the standards of our business and as a result to do a better job of serving the public."

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.

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 permament 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)

TUESDAY, FEB. 23

COMMODORE APARTMENT HOTEL, INC.

Barnet L. Rosset, Charles J. Young and Louis J. Borinstein, as trustees under a certain trust agreement dated as of March 15, 1933, have filed a statement with the SEC for voting trust certificates representing a maximum of 4,327 shares of common stock, par value $50 per share, for the Commodore Apartment Hotel, Inc.

Address—Address of trustees Suite 315, 11 South La Salle Street, Chicago. Commodore Apartment Hotel, Inc., located at 3440 Grand Avenue, Des Moines, Iowa.

Business—Apartment hotel.

Offering—On or about Feb. 15, 1943. Certificates are already outstanding in the hands of registered holders, and it is proposed to extend the trust for five years from March 15, 1943, with certain amendments in agreement

Registration Statement No. 2-5090. Form F-1 (2-4-43)

(This list is incomplete this week)

Life Insurance Growth Noteworthy Development Of This Century, Says Wood Of Sun Life

Sun Life of Canada assets passed the billion dollar mark in 1942 and now stand at $1,046,962,000. The volume of new business in the same period was increased over the previous year, and amounted to over $200,000,000. These figures were released Feb. 9 by Arthur B. Wood, President and Managing Director who, in his address to policyholders, further stated that the company had increased its Government bond holdings by $73 million, bringing the total investment in bonds of the United Nations to $290 million. The growth of life assurance, said Mr. Wood, was one of the noteworthy social developments of the present century. It is essentially the people's business for every policyholder is, in effect, a partner in the business. The great majority of the entire population of North America have a financial interest in the institution of life assurance either as policyholders or beneficiaries, and, day by day, benefits flow out in constant stream carrying relief and assistance in time of distress and need. Life assurance is a form of social insurance which, for generations has proved its worth and stability. Whatever steps are taken to promote national measures for the security of the individual in the future, the institution of life assurance will continue in good times and bad to perform the great public service made possible only by the sound partnership principles on which it is founded.

The total assurance in force of the Sun Life of Canada now amounts to $3,044,000,000. Payments to policyholders during the year represented an average daily disbursement of over a quarter of a million dollars each working day, or over $77½ million, bringing the total benefits distributed since organization to well over $1½ billion.

Mr. Wood revealed that mortality was smaller than might be expected and was among the lowest in the last ten years. The favorable experience among policyholders as a whole was more than sufficient to offset the extra claims due to the war. Incidentally war claims to date are 2.8% of total death claims. This is very low, for in normal times claims from accidental deaths alone are about 9%. He added a note of caution, however, by reminding the policyholders that the first three years of war had been largely a period of preparation and mobilization and heavier claims must be anticipated as the war develops. The problem of manpower in relation to life assurance operations was also discussed by Mr. Wood, and he stated that in this matter the life companies were giving the utmost cooperation to their respective governments. A searching study is being made by the companies individually and collectively, with the aim of eliminating all non-essential operations and reducing the work to the minimum needs of the business.

In closing Mr. Wood emphasized how life insurance curbs the dangers of inflation, thereby assisting the Government in the necessary task of limiting non-essential buying.

Among other important items appearing in the Sun Life 72nd Annual Report are: Premium Income $106,700,000; Investment Income $36,500,000; Total Receipts from all Sources $168,800,000; Dividends Paid to Policyholders $10,600,000; Paid in Taxes during the year $2,500,000; Surplus and Contingency Reserves $34,600,000. Government and other bonds now make up 62% of the total assets of the company.

The broad diversification of the assets which now stand at over a billion dollars is disclosed by the following classification showing the percentage of total assets under each heading. Government Bonds 31.6%, Municipal Bonds 4.7%, Industrial Bonds 4.5%, Railroad Bonds 2.7%, Public Utility Bonds 18.4%, Preferred and Guaranteed Stocks 1.4%, Common Stocks of Industrial and Financial Corporations 9.6%, Common Stocks of Public Utilities 8.6%, Mortgages 4.8%, Real Estate 2%, Policy Loan 7.3%, Cash 1.4%, Other Assets 3%.

Natl. War Service Bill Proposed In Congress

A "National War Service Act of 1943," providing for a system of civilian war service with the aid of the Selective Service System, was introduced simultaneously in both Houses of Congress on Feb. 8 by Senator Austin (Rep., Vt.) and Representative Wadsworth (Rep., N. Y.)

The bill would make all men from 18 to 65 and all women from 18 to 50 subject to compulsory assignment in war industries and agriculture and in other essential occupations whenever the President determines that additional workers are needed. A call for volunteer workers would first be issued by the President and if this failed to produce the required numbers the draft boards would then act. Men or women civilians thus chosen for war work "shall be liable to contribute by personal service to the war effort in a non-combatant capacity, according to his or her abilities," the bill stated.

The bill further said that the President "shall also specify the quotas to be supplied, the qualifications desired in the persons to be selected, and, so far as practicable, the places to which the persons selected will be assigned."

The bill's declaration of policy and intent of Congress declares that "in view of the critical nature of the present war and in justice to those in the armed forces of the United States, it is necessary to provide further for the comprehensive, orderly, and effective mobilization of the manpower and womanpower of the nation in support of the war effort."

The general principle governing such mobilization, the bill states, is that "an obligation rests upon every person . . . to render such personal service in aid of the war as he or she may be deemed best fitted to perform." The bill further states that "there is no intention by this Act to modify, reaffirm, or otherwise affect existing laws relating to maximum hours, minimum wages, overtime pay, or collective bargaining, or relating to mediation, arbitration or other procedures for the settlement of any labor controversies or questions, the intention being that if and when any such subjects are dealt with by the Congress this shall be done by other legislation."

Among persons exempted from selective service war work would be women caring for children, aged persons or ill persons, any woman during pregnancy, and employees of States or political subdivisions unless the Governor consents in writing to service under the bill.

Drafted workers would receive the regular pay and working hours for the job involved and would be guaranteed restoration to their old job after the war wherever possible.

In a brief summary of the proposed legislation, Senator Austin told the Senate on Feb. 8:

"The national war service bill introduced today in the House of Representatives by Representative Wadsworth and in the Senate by me, expresses the will of the people as we perceive it. It establishes equality of liability before the law in civilian supply of our military needs. It affords the means of coordinating overall and local war plans, maintaining balance between armed men and workers, between competing claimants for men and women in agriculture, mining and manufacturing. It represents government by consent of the governed. By it the people, through their Representatives, provide that if any mobile person refuses to perform his obligation, either through the voluntary or the selection method, punishment by due process of law is possible. If enacted it would be the people's instrumentality for complete, effective mobilization of manpower and womanpower in winning the war.

"The voluntary system would continue in effect so long as the people keep it doing the job. The possibility of the President putting into operation the selective system is the guarantee of vitality of total war resources. Civilian morale, health, and welfare are safeguarded.

"The bill protects the sanctity of the home, the family, and the economic and social interests of employees. It affords opportunity for education in and stepping-up of skills. It makes possible an earlier attainment of victory. After the war it would help readjustment."

48 Hour Minimum Work Week Rule

(Continued from page 564)

thereby release manpower for the armed forces, for war industry and for the farms."

The President's executive order follows:

EXECUTIVE ORDER

Establishing a minimum war-time work week of 48 hours.

By virtue of the authority vested in me by the Constitution and statutes, as President of the United States, and in order to meet the manpower requirements or our armed forces and our expanding war production program by a fuller utilization of our available manpower, it is hereby ordered:

1. For the duration of the war, no plant, factory or other place of employment shall be deemed to be making the most effective utilization of its manpower if the minimum work week therein is less than 48 hours per week.

2. All departments and agencies of the Federal Government shall require their contractors to comply with the minimum work week prescribed in this order and with policies, directives and regulations prescribed hereunder, and shall promptly take such action as may be necessary for that purpose.

3. The Chairman of the War Manpower Commission shall determine all questions of interpretation and application arising under this order and shall formulate and issue such policies, directives and regulations as he determines to be necessary to carry out this order and to effectuate its purposes. The Chairman of the War Manpower Commission is authorized to establish a minimum work week greater or less than that established in Section 1 of this order or take other action with respect to any case or type of case in which he determines that such different minimum work week or other action would more effectively contribute to the war effort and promote the purposes of this order.

4. All departments and agencies of the Federal Government shall comply with such policies, directives and regulations as the Chairman of the War Manpower Commission shall prescribe pursuant to this order, and shall so utilize their facilities, services and personnel and take such action under authority vested in them by law as the Chairman determines to be necessary to effectuate the purposes of this order and promote compliance with its provisions.

5. Nothing in this order shall be construed as superseding or in conflict with any Federal, State or local law limiting hours of work or with the provisions of any individual or collective bargaining agreement with respect to rates of pay for hours worked in excess of the agreed or customary work week, nor shall this order be construed as suspending or modifying any provision of the Fair Labor Standards Act (act of June 25, 1938; 52 Stat. 1060; 29 U. S. C. 201 et seq.) or any other Federal, State or local law relating to the payment of wages or overtime.

FRANKLIN D. ROOSEVELT.

The White House,

Feb. 9, 1943.

F. H. Douglas to Admit

Dominick P. O'Donnell will acquire the New York Stock Exchange membership of the late W. Gillette Bird and will become a partner in F. H. Douglas & Co., 61 Broadway, New York City, members of the New York Stock Exchange.

To Be Stewart Partners

Benjamin O. Jacobsen and Alden H. Vose, Jr. will become partners in John G. Stewart & Co., 1 Wall Street, New York City, members of the New York Stock Exchange. Mr. Jacobsen will be a general partner in the firm and Mr. Vose will become a limited partner.

Permanently Enjoined

Fred F. Petersen Co., Inc., 25 Broad St., N. Y. City, and Fred F. Petersen, President and Treasurer of the concern, have been permanently enjoined from acting as dealer or broker hereafter, by the New York Supreme Court. Petersen, individually, may, however, be employed in the securities business. Assistant Attorney General William Koerner and the senior securities accountant of the New York Law Department had complained to Justice Philip N. McCook that they had found Petersen insolvent, owing his customers $16,697, while his total assets were only about $1,925.

Bank & Insurance Stocks

(Continued from page 566)

It will be noted that deposits expanded some $2,700,000,000 or 156%, principally as a result of the banks' participation in Liberty Loan financing. The capital funds of the banks, or book value, expanded 41%, while indicated earnings and dividend payments increased quite substantially. The market value of their stocks, as measured by an index based on available quotations, moved from a 1914 low of 450 to a 1919 high of 798, or 77%.

Turning now to World War II, which is of a far greater magnitude, we find that the national debt in 1939, when England declared war on Germany after the latter's attack on Poland, stood at $40,445,417,000. It should be noted that at that time the debt had already been inflated through peacetime spendings from $16,185,308,000 in 1930, or by approximately $24,000,000,000 equivalent to 150%. On top of this huge indebtedness we are now superimposing a war debt of practically incalculable proportions. At the present time the Federal debt approximates $115,000,000,000. In the President's budget message to Congress on Jan. 11, 1943 he submitted an estimated figure of $100,000,000,000 for the fiscal year beginning July 1st. It has been estimated by Dr. Marcus Nadler of New York University, and by others, that we are likely to end the war with a Federal debt of around $250,000,000,000.

Our particular concern, however, is not with these abstract figures, but with the method being pursued in raising the funds and its probable effect on the affairs and fortunes of the banks. Taxation will provide only a fraction of the entire amount; the bulk will be raised, and is being raised, through the issue of bonds, i. e. through borrowing. It is of interest that the Treasury's financing program in December 1942 produced sales which totaled $12,937,000,000. Of this total banking sources accounted for $5,072,000,000 or 39.2%, while non-banking sources accounted for $7,865,000,000 or 60.8%. If this proportion is maintained it is readily apparent that the banking system will play an important role in the financing of the war.

It is pertinent, therefore, to present the following table of significant figures, compiled from the year-end balance sheets and annual reports of a group of 15 leading New York City banks. This group compares approximately with the first group considered, but due to mergers and other changes, it is not identical. Banks no longer existing are: Central Union, Hanover, Mechanics and Metals, National Bank of Commerce and National Park Bank. Banks substituted are: Bank of Manhattan, Central Hanover, Manufacturers Trust, New York Trust and Public National.

	Deposits	U. S. Govt. Securities	Capital, Surp. & Undiv'd Profits	Net Oper. Earnings	Divs.
	(000 Omitted)				
1939	$14,136,232	$4,623.278	$1,448,214	$83,328	$65,850
1940	17,258,655	5,848,352	1,473,465	86,154	65,850
1941	17,351,833	6,987,436	1,509,864	90,741	65 250
1942	20,856,613	11,620,178	1,538,833	96,020	61,150

The most noticeable thing about these figures is the great spurt in the expansion of deposits and Government securities which occurred during 1942. This, of course, is directly attributable to the Government's accelerated war financing program since Pearl Harbor, and gives some indication of what may be expected in 1943. Aggregate book value, comprising capital, surplus, and undivided profits, has shown a healthy growth over the four-year period, while net operating earnings show a steady uptrend. In presenting operating earnings an attempt has been made to exclude security profits and other items of a non-recurring nature. But inasmuch as prior to 1942 the banks were not reporting on a uniform basis, the operating earnings shown for those years may or may not include some security profits, and should therefore be considered to some extent as approximate.

With regard to dividends, there has thus far been a gradual decline, compared with an increase between 1914 and 1919. It does not seem likely that increases will be made this time; on the other hand, so far as the banks included in this review are concerned, any further reductions would seem unnecessary. In view of the substantial dividend coverage and the favorable earnings outlook, it would appear that their dividends could be stabilized at present levels for the duration.

Investment Trusts

(Continued from page 567)

dicated growth is a result of sales after that date.

Canadian Investment Fund, Ltd.—Net assets on Dec. 31, 1942 were $8,255,541, against $7,164,996 a year before. Net asset value per share increased 6.8% during the year.

Century Shares Trust—Net assets on Dec. 31, 1942 were $15,802,890 equal to $24.52 per share. Asset value per share on Dec. 31, 1941 was $23.76.

Commonwealth Investment Company—Net assets at the end of 1942 were $1,263,947, equivalent to $3.49 per share. This compares with $3.01 on June 30, 1942 and $3.12 on Dec. 31, 1941.

Fundamental Investors, Inc.—Net assets amounted to $6,463,824 at the end of 1942. Asset value per share increased from $13.51 at the beginning of the year to $16.12 at the end of the year, a gain of 19%.

General American Investors, Company, Inc.—Showing an increase of $2,914,680 for the year, net assets on Dec. 31, 1942 stood at $18,694,865. Asset value per common share rose from $7.06 to $9.30 during the year.

Group Securities, Inc.—Net assets during the 1942 calendar year increased from $6,006,909 to $9,390,105. The average price of one share of the company's twenty classes of shares advanced from $3.99 to $4.29. The number of shares outstanding increased to 2,785,288, a gain for the year of 72%.

Investors Mutual, Inc.—Assets increased from $4,063,845 on Dec. 31, 1941 to $12,612,630 on Dec. 31, 1942. The number of shareholders rose from 4,259 to 10,934 during the year and the number of shares outstanding increased by more than 200%.

Keystone Custodian Funds, Inc.—Series B1 had net assets of $2,465,390 on Dec. 31, 1942, equivalent to $27.04 per share. This compares with $1,825,208 and $26.54 a year earlier. Series K2 had net assets of $513,750, equal to $11.29 per share, as of the 1942 year-end. Comparable figures for June 30, 1942 were $414,746 and $9.56.

Massachusetts Investors Trust—Net assets amounted to $16.89 per share on the 6,410,211 shares outstanding as of Dec. 31, 1942, compared with $15.57 per share on the 5.870,592 shares outstanding a year before.

Massachusetts Investors Second Fund, Inc.—Net assets advanced from $6,641,735 or $7.33 per share on Dec. 31, 1941 to $7,633,901 or $8.21 per share on Dec. 31, 1942.

New York Stocks, Inc.—Net assets applicable to the 21 Series of Special Stock totaled $5,246,592 as of Nov. 30, 1942.

Republic Investors Fund, Inc.—Net assets appliable to the common stock were approximately $836,000, equal to $2.95 per share as of the 1942 year-end.

Sovereign Investors, Inc.—Net assets as of Dec. 31, 1942 were approximately $410,000. This was equal to $5.37 per share of common stock and compares with $5.03 per share a year earlier.

Our Reporter's Report

(Continued from first page)

setting to some degree their tremendously increased investments in U. S. Government War Bonds.

At any rate the trade hears from time to time of sizable blocks reaching the market chiefly from insurance companies and some trusts.

The latest substantial transaction of that nature involved the sale to a banking group by Prudential Insurance Company, of a $2,738,000 block of Kansas City, Mo., water revenue, 1¾% bonds due 1948-61 on a bid of 100.209.

Reoffering by the banking group is on a basis to yield from 1.10% on the earliest maturity to a price of 100 for long-term series.

San Francisco Tries Again

The City of San Francisco, through its Board of Supervisors, has decided to seek again voters' approval of an issue of revenue bonds to finance the purchase of the Market Street Railway System.

Our Reporter On "Governments"

By S. F. PORTER

WHAT'S COMING?

The talk about possibilities for the April borrowing is gaining. . . . We're now entering the pre-issue gossip period and you may as well get resigned now to rumors ranging from longs to shorts to intermediates to bonds to notes to certificates to bills. . . . You'll get them every week now. . . . This column will try to report the best and most reasonable of them to keep you informed. . . . But don't forget—this is only February and many a slip may happen to change the outlook in the coming weeks of crisis on all fronts. . . . So consider the reports as definitely preliminary and subject to change without notice. . . .

Here's one that's logical. . . . A 1½% note due in 1947. . . . Treasury will cut its coupon considerably from the 1¾ placed on the 1948 bonds in December. . . . Short-term maturity will appeal heavily to banks and institutional investors of all kinds. . . . Speculative opportunities in shorts of this type have been shown by market action of the 1¾s since they were issued. . . . Rate seems logical at present price level. . . .

What makes this one seem particularly logical is the aftermath of the 14% allotment on the recent issue of one-year certificates of indebtedness. . . . Certificate issue was in such great demand after the allotment figures came out that it rose to a premium of 4/32 as banks entered the open market for additional securities. . . . At this premium, the c.is appeared too expensive to many commercial institutions, so they turned to the 1¾s of 1948 and the shortest-term 2% bonds. . . . With the result that the short-term list has been receiving particularly good attention these last few weeks and the 1¾s now are selling at the same price as the long-term 2½s of 1968/63. . . . Both are at 100.18 (which means that the forecast here that the 1¾s would get up to that price has come true). . . .

As a matter of fact, the market's strength has been tempered in the last four weeks by heavy liquidation of securities by the Reserve System. . . . Since Jan. 6, the Reserve Banks have sold $557,000,000 obligations and the figure may be much higher for story is lots of the sales were on a delayed delivery basis so that the reports wouldn't have to come out now. . . . Reserve is getting rid of many of the issues picked up at the time of the October financing—which was as badly handled as anything Secretary Morgenthau has tried in recent years. . . . Contrast between that market and this is worth studying as an indication of what can be done when financings are properly put through.

So here's one report—1½s of 1947. . . . Just file it away. . . .

A 10-YEAR BOND?

The policy of the Treasury, as defined last October, is to confine issues for banks to the 10-year maturity range and the 2% coupon maximum. . . . A 10-year 2 just doesn't seem right at this price level, and chances are the bond would rise too much for comfort. . . . A too big premium can be just as bad as a too small one. . . . As for 2s of 1952/50, another rumor around, they might be too attractive and certainly Morgenthau can try a 1953 bond if he's going to get into the 2% bracket at all. . . .

So unless we have a market reaction between now and April of proportions serious enough to make all these stories just wasted paper, another 2 is improbable. . . .

What then? . . . Well, some of the best informed sources around the financial district of New York are thinking about a 2¼ due in the late '50s. . . . Another interest rate cut and surely, the record would look good with 1½s, 2¼s and 2½s as compared with the December offerings. . . .

And there's supposed to be authoritative information that the 2½s of 1968/63 will be reopened for subscriptions by non-banking sources. . . .

The 2½s are at 100.18 at the moment, a fair-sized premium to offer to new buyers. . . . Of course, the premium would disappear when the new ones come out at par but still. . . . Answer of dealers who are thinking along these lines, though, is that the old "tap 2½s" were at a ½ premium when the books first were reopened, so 18/32 is not so big. . . .

Brocksmith Trading Mgr. For Stifel Co.

ST. LOUIS, MO. — Herman L. Brocksmith is now manager of the trading department for Stifel, Nicolaus & Co., Inc., 314 North Broadway, members of the St. Louis Stock Exchange. Mr. Brocksmith, who is well-known in St. Louis trading circles, has recently been associated with Scherck, Richter Company; prior thereto he was an officer of H. L. Rupert & Co., Inc.

Louisville Trust Co. Arranges 5 Million V Loan For Tube Turns

LOUISVILLE, KY.—Louisville Trust Company has arranged the financing of a $5,000,000 Regulation V. loan to provide working capital for Tube Turns, Inc., which has all its plants in Louisville, it is announced. This is the largest Regulation V loan announced by a Louisville company to date. Louisville Trust Company is also head of the syndicate of participating banks, Earl R. Muir, President of the bank, stated.

Tube Turns, Inc., half of which is owned by Girdler Corporation and half by National Cylinder Gas Co., found that the loan was required to handle its expanding volume of war orders, the defense program followed by the war program necessitating a phenominal increase in production. It recently was awarded an E pennant for production performance and received a citation for setting a world record in the forging of airplane cylinders.

The magnitude of this loan indicates a return to private finance from government financing as a result of Regulation V. The United States Government had provided capital for expanding industries at the beginning of the defense program, either through the Reconstruction Finance Corporation or the Defense Plant Corporation. Regulation V is a plan perfected to use private capital instead of tax money for industries engaged in war work. Widespread use of Regulation V will enable commercial banks to make the loans, reducing the Government's obligation to provide the capital for private enterprise. The overall result should be the reduction of potential totals of war bonds issues.

Emerson Morgan Forms Own Investment Firm

LOS ANGELES, CALIF.—The retirement of Cavanaugh, Morgan & Co. from the general securities business and the formation of a new investment banking firm to be known as Morgan & Co., which will succeed to the business of the former organization, has been announced by Emerson B. Morgan. The new firm will occupy the quarters at 634 South Spring St. formerly held by Cavanaugh, Morgan & Co.

Emerson B. Morgan, head of the new firm, has been in the investment business in Los Angeles for the past 17 years and is a member of the Los Angeles Stock Exchange. During World War I he was on active duty in foreign waters with the United States Navy.

Robert D. Cavanaugh, associated with the dissolved firm of Cavanaugh, Morgan & Co. since its inception in 1936, has retired from the securities business to devote his full time to Adel Precision Products Corporation, of which he is a Vice-President and director.

G. Donald Murdoch, who has been with Cavanaugh, Morgan & Co. for the past year and a half as Vice-President and a director, will continue with the new firm in an executive capacity.

Oscar Kraft Opens Own Firm In Denver

(Special to The Financial Chronicle)

DENVER, COLO.—Oscar F. Kraft is engaging in a general securities business from offices at 2960 Albion St., under the firm name of Oscar F. Kraft & Co. Mr. Kraft, who was recently associated with Walter Webb & Co., conducted his own investment business in Denver for many years.

Out-Of-Towners At Chgo. Traders Dinner

CHICAGO, ILL.—A larger number of out of town guests were among those attending the annual dinner of the Bond Traders Club of Chicago, held on Feb. 2. Those from other cities at the dinner were:

Out of Town Attendance

W. C. Thornburgh, W. C. Thornburgh Co., Cincinnati; H. S. Goff, Russ & Company, San Antonio; Russell Dotts, Bioren & Company, Philadelphia; William Gregory, Bonner & Gregory, New York City; Cyril M. Murphy, Mackubin, Legg & Co., New York City; James Russell, Gillis-Russell & Co., Cleveland; Edward E. Parsons, Wm. J. Mericka & Company, Cleveland; B. W. Pizzini, B. W. Pizzini & Co., New York City; B. J. Van Keegan, Frank C. Masterson & Company, New York City; Lee R. Staib, George Eustis & Co., Cincinnati; Fred Morton, The Milwaukee Co., Milwaukee; Walter Schurman, Dolphin & Co., Philadelphia.

Walter Donner, The Milwaukee Co., Milwaukee; Eldridge Robinson, Baum Bernheimer Co., Kansas City, Mo.; George White, Murdock, Dearth & White, St. Louis; Edward Nelson, Kidder, Peabody & Co., New York City; Charles Lob, Weil & Company, New Orleans; George Hollister, Schouten, White & Co., Grand Rapids; Chester M. Kolkoski, Schouten, White & Co., Grand Rapids; E. A. Rovner, Charles Clark Co., New York City; Erwin Harris, Quail & Company, Davenport, Iowa; H. R. Hastings, H. R. Hastings Co., Detroit.

Miles Reinke, Wisconsin Company, Milwaukee; John C. Calef, Dominion Securities Corp., New York; Otto Koch, Loewi & Company, Milwaukee; G. Edward Slezak, Loewi & Company, Milwaukee; Oliver A. Julien, Thomson & McKinnon, Milwaukee; Joseph Fernandez, Thomson & McKinnon, Milwaukee; Carl Wilson, Wisconsin Company, Milwaukee; Arthur Paddock, Paine, Webber, Jackson & Curtis, Milwaukee; Madden McRury, Paine, Webber, Jackson & Curtis, Milwaukee; Edward L. Meyer, Harris, Upham & Company, Kansas City, Mo.; Wm. Perry Brown, Newman, Brown & Company, New Orleans.

John C. Hecht, Butler-Huff & Company, Los Angeles; R. Victor Mosley, Stroud & Company, Philadelphia; Henry J. Arnold Clair S. Hall & Co., Cincinnati; George V. Jackish, Harris, Upham & Co., Minneapolis; Arch F. Montague, W. E. Hutton & Co., Cincinnati; Henry Gundling, Knapp & Company, Cedar Rapids; T. W. Pelton, The Milwaukee Co., St. Paul; Harry Williams, Quail & Company, Davenport, Iowa; John Canavan, Rauscher, Pierce & Co., Dallas; Peter Cooper, Loewi & Company, Milwaukee; Ernest Kosek, Ernest Kosek & Company, Cedar Rapids; Emmett Byrne, Edward D. Jones & Co., St. Louis.

Associated Electric Debs. Situation Of Interest

The current situation in the debenture 4½s due Jan. 1, 1953, and debenture 5s due Jan. 1, 1961, of Associated Electric Co. offer interesting possibilities, according to a memorandum issued by G. A. Saxton & Co., Inc., 70 Pine St., New York City. The attractiveness of these debentures has been obscured for the past 3 years, according to the memorandum, but the situation is of a steadily improving nature both as to income and price appreciation possibilities. Copies of the memorandum, which discusses the situation affecting these debentures in detail, may be had upon request from G. A. Saxton & Co., Inc.

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.

The Business Man's Bookshelf

Burden of British Taxation, The—By G. Findlay Shirras and L. Rostas—Cambridge: The University Press; New York: The MacMillan Company, 60 Fifth Avenue—Cloth—$3.00.

Financing Small Corporations—By Charles L. Merwin—Studies in Business Financing—National Bureau of Economic Research, 1819 Broadway, New York City—Paper.

Studies in National Income—Edited by A. L. Bowley—Cambridge: at The University Press; New York: The MacMillan Company, 60 Fifth Avenue—Cloth—$3.50.

Bill Introduced To Ease Tax On Holders Of Canadian Securities

A bill has been introduced in the New York State Legislature by Assemblyman Harold B. Ehrlich of Buffalo, which would provide that income taxes be paid only on the actual amount of dividends received by persons owning Canadian securities. Because of the tax levied by Canada and the exchange rate, such security holders, Assemblyman Ehrlich said, now receive only about sixty per cent of the amount of their dividends but are paying income taxes on the full amount.