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Editorial AS WE SEE IT

One of the country's leading economists, Professor Arthur F. Burns, the other day uttered a warning that we must not neglect to ponder with the greatest care.* The professor calls sharp attention to the fact that changes in our financial position *vis-a-vis* the remainder of the world have "diminished our effective range of freedom in dealing with recessions." He then adds:

"For many years we were able to conduct our economic affairs without regard to stocks of gold, without regard to foreign holdings of liquid dollar assets, without regard to the level of prices here relative to the level abroad, without regard to the level of interest rates here relative to the level in foreign money markets. This freedom we no longer have.

"If a recession developed in our country but not abroad, any sharp easing of credit conditions by the Federal Reserve authorities would facilitate the flotation of foreign securities in the American market. At the same time we would run the risk of causing a reduction of foreign cash balances held here and of stimulating a flow of short-term American capital abroad. Such movements might well occur because, under the assumed conditions, interest rates in foreign money centers would run considerably higher than domestic rates.

"Nor is this all. If very easy money conditions here led to uncertainty among foreign bankers and investors about the soundness of our financial policies and to fears that the dollar might be devaluated, the normal adjustments to interest rate differentials would be aggravated by speculation. A gold crisis would be the consequence of such a train of events.

"All this does not mean that we will need to live permanently or even in the near future with the high interest rates of the recent past. It does mean, however, that unless the balance of payments is righted, our economy is unlikely to benefit during the next recession from such easy money conditions *(Continued on page 25)*

*See Chronicle of April 21, page 13.

Current Problems in the Vital Area of Securities Regulation

By Edward N. Gadsby,* *Chairman, Securities and Exchange Commission, Washington, D. C.*

Mr. Gadsby voices uneasiness about what he terms an anomalous arrangement by investment companies in fulfilling their management functions, and he ends doubts regarding SEC's view of public distribution of convertible securities received in private placement and other aspects of private offering exemption. Other topics dealt with include: (1) basis for SEC's treatment of Wilma Soss' recent secret ballot proposal; (2) proposed new proxy rules for investment companies; and (3) revising Form 8-K and closing the "Guterma Gap." Mr. Gadsby, in conclusion, refers to heavy volume of financing they must process and delays due to a lack of personnel and funds.

We are now in the proxy season, and it seems appropriate to begin with a few words about current stockholder proposals. I suppose that most of you have read that Wilma Soss was successful recently in an application to compel U. S. Steel to insert a proposal for a secret ballot in its proxy material. This decision came somewhat as a surprise after proposals generally regarded as similar had been refused for a couple of years. First, I want to allay any fears one may have that this action signals the beginning of some sort of administrative orgy. We are not going to insist in the future any more than we have in the past that the pet plans of every stockholder be submitted to a vote at annual meetings. Then again, I thought that you would be interested in going over with me a few of the basic guides to decision which the Commission has adopted in dealing with cases of this type. In most of these cases, the basic question, is whether or not the matter is appropriate for stockholder action. Of course, we are copiously supplied by management with opinions of counsel in each case that the proposal is manifestly legally improper. With all due deference to the bar, our proxy rules would be quickly rendered nugatory if we gave conclusive weight to each and every one of these opinions. In the U. S. Steel case, counsel's opinion was based squarely on the alleged inconsistency of this proposal with New Jersey law. However, Mrs. Soss had learned from experience, and had carefully specified that the Board was to take only such measures as were consistent with the law to accomplish this purpose. This leaves a great deal of latitude. For example, it might include petitioning the Legislature for enabling statutes. At any rate, the question remains whether we should give decisive weight to counsel's opinion as to the illegality of such a proposal. If there is any doubt as to the applicable law, as we see it, it is necessary in each case for the Commission to make an independent analysis of the proposal and of its legal effect. If we are wrong in the law, as we may quite possibly be, there are other avenues open to the corporation to prove it.

Edward N. Gadsby

One of the questions suggested in this area is what action the Commission should take if it concludes that a proposal is not clearly illegal but might be open to some legal question. It is extremely tempting to take the position that the Commission should not require inclusion of a proposal which might result in a violation of law. However, one basic difficulty in such a position suggests itself immediately. What may, in the most careful opinion of able counsel, be of doubtful legality today may be of accepted legality tomorrow. The only way to resolve the legal problem may be through a court contest, but there will certainly be no court contest if we sweep the matter under the rug. In *(Continued on page 28)*

PICTURES IN THIS ISSUE: Candid photos taken at the 28th Annual Dinner of the Toronto Bond Traders Association appear in today's eight-page PICTORIAL SECTION.

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

This Week's Forum Participants and Their Selections

Burrus Mills, Inc. — Joseph F. McKinney, Director of Research, Warner, Jennings, Mandel & Longstreth, of Philadelphia, Pa. (Page 2)

Missouri Pacific "B" Stock — Arthur Vare, Partner, Kalb, Voorhis & Co., New York City. (Page 2)

JOSEPH F. McKINNEY

Director of Research, Warner, Jennings, Mandel & Longstreth, Philadelphia, Pa.

Burrus Mills Inc.

Burrus Mills, Inc. is a company with three strong characteristics. It has kept its nose to the grindstone and avoided ebullient public relations. It has demonstrated a fantastic ability to prosper in the face of adversity. Finally its market evaluation is depressed out of all proportion to logic by public exaggeration of its current difficulties, namely the location of a third of total assets and a quarter of consolidated earning power in Cuba.

J. F. McKinney

Its stock has other characteristics too: a projected price earnings ratio of 3.2, a book value twice the current market, and a possible yield better than 14% if last year's dividend is duplicated. These numbers, you will agree warrant investigation.

Historically, Burrus Mills is a highly regarded grain storage and milling operation. Its balance sheet, never undernourished, was filling out nicely and its earning power was compounding quite well when disaster struck in 1956. Experimental storage of wheat belonging to the Commodity Credit Corporation in conical canvas tents proved to be a costly mistake when unusually heavy rainfall and inadequate drainage damaged large quantities. The resultant loss was determined to be nearly $15 million dollars. There were few who believed that Burrus could ever recover from this blow; fortunately Commodity Credit Corp. was one of these few. Its faith in Burrus' operating ability was quickly rewarded when after heavy losses of $8.73 and $6.76 respectively per share in fiscals 1956 and 1957, the entire indebtedness to C.C.C. was liquidated by July, 1958.

Since then Burrus has prospered enviably, netting $7.20 per share for the fiscal year ended June 30, 1958 and $9.24 in fiscal 1959. Even without tax credits arising from the damaged wheat losses, per share results in these years would have been $5.60 and $6.20, respectively. The remainder of the tax credit should be consumed during the fiscal year ending June 30, 1960 which, in my judgment will yield post-tax results, of about $6.60 per share.

Currently the stock, therefore, sells at 3.2 times 1959's estimate. Conservatively, these earnings translate to $4.60 if no tax credit had been available during the year. Furthermore if we assume complete deterioration of Cuban earning power (and nervousness over the Castro dictatorship seems to be the heaviest market depressant) and assuming full domestic taxes, earnings would be in the neighborhood of 3.40 per share. **Thus the stock sells at 6 times earnings that are fully taxed and stripped of any contribution from Cuba.**

The company therefore appears to be a buy from an earnings point of view and, as will be developed below, is a veritable bargain from a balance sheet angle; but it could also be an extremely intriguing income producer.

Last year, after cleaning up the preferred arrearages that had accumulated during its two year famine, Burrus paid a $3 common dividend. Whether or not this will be duplicated before the current fiscal year ends on June 30 is a matter of conjecture, but in such cases, the best clue to payout probability is "ability to pay." On a current basis ($6.60 post-tax earnings) there is of course comfortable coverage. Furthermore, as indicated above, a $3 dividend would be covered on a fully taxed basis and even on an "ex-Cuban" basis.

Another useful clue in the payout puzzle is to examine whether balance sheet needs would prudently dictate plowing back earnings no matter how good. In contemplating the balance sheet of Burrus Mills, one wonders if the company can afford **not** to pay a liberal dividend.

The June 30, 1959 statement shows net worth of $43 per share and even 3 years ago fixed assets (which have since been increased) were insured for $26 per share more than their book value. Also on a per share basis, net working capital is $31, cash alone is $8.50 and during the current fiscal year, cash throw-off from earnings and depreciation, net of debt service requirements, will be about $9.50. True, the existing $3.3 million long term debt carries surplus protective provisions but, currently, surplus exceeding $8.20 per share is free of such restriction.

Furthermore, if we assume that $4½ million is an adequate working capital level (probably a reasonable guess since the resulting current ratio would exceed 4 to 1) the company has cash resources from excess working capital and net cash throw-off amounting to better than $12½ million which would accommodate ten $3 per share dividend payments.

To summarize, we apparently have another situation where market pessimism is starkly overdrawn. At current prices, Burrus Mills represents uncommon value from an earnings and asset viewpoint. I do not know whether last year's $3 dividend will be maintained but I do feel that something will be paid before the June 30 year expires and am convinced that $3 can well be afforded. The stock is traded in the Over-the-Counter Market.

ARTHUR VARE

Partner, Kalb, Voorhis & Co. New York City
Members New York Stock Exchange

Missouri Pacific "B" Stock

MOP "B" is one of the most unique and potentially profitable special situations I have ever come across. I say this advisedly. Railroad securities have been out of fashion during the past few years. The last important money made in the group was during the years when the country's leading roads were emerging from reorganization. A similar potential exists in MOP "B" today. A successful outcome does not necessarily depend upon a change of sentiment about the rail group as a whole. It could come at any time—even in a declining market. When it does, MOP "B," which is now selling at about $330 a share, vs. a real book value well in excess of $4,000 a share, could be worth from five times to ten times its present market price.

Arthur Vare

There are 40,648 shares of MOP "B" outstanding, of which Alleghany Corporation owns 20,325 shares. This incredibly small number of outstanding shares represents the true common stock of a railroad system which at the end of 1959 had almost $1 billion in assets, revenues of over $300 million and net earnings of $15.5 million. It was the result of 23 years of proposal and counter-proposal during which time Alleghany Corp., who owned a majority of the old Missouri Pacific common stock, rejected three reorganization plans. The final plan, approved in 1955, created two classes of stock—an "A" and a "B." The provisions attached to each class of stock are unique. It is because of these provisions and because of the large earning power of the system today that MOP "B" is in such a desirable position.

There are 1,871,957 shares of "A" stock outstanding and as noted, 40,648 shares of "B." Each share of both classes is entitled to one vote; however, the consent of holders of the majority of each class is necessary to authorize additional shares of either class or of any other class or of a participating or convertible preferred issue. In other words, even though the "A" stock has 1.8 million more votes than the "B," the decision of 20,325 shares of "B" can veto any proposed change in the company's capitalization.

Furthermore, the "A" stock is entitled only to an annual noncumulative dividend of $5 a share. This provision works to the detriment of the "A" shareholders. In reality they own a preferred stock and as such, the ultimate price potential on their stock is limited. The company has never paid the full $5 dividend requirement on the "A" stock. Because of this the "B" shareholders have never received a dividend. In a roundabout way, however, this has worked to their advantage since the difference between earnings and dividends paid on the "A" stock accrues to surplus and, therefore, to the benefit of the class "B" stock. As a result, the equity behind each "B" share has increased phenomenally since 1955. At the end of 1959, the book value of the "B" stock was $1,816 a share. This does not take into account a significant item of $2,892 a share which represents the difference between the carrying cost of the company's investment in affiliated companies (50% or more ownership) and its equity in their net assets. In other words, the real book value of the "B" stock is well over $4,000 a share.

In view of the situation, it seems likely that at some point, the com-

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(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

We Must Expand Our Output To Be Competitively Strong

By Hon. Robert B. Anderson, Secretary of the Treasury*

Our performance goals, including creation of new employment opportunities, are said to require a 50% output hike by 1970. Treasury Secretary Anderson not only outlines our growing needs but also stresses the importance of keeping our economic freedom of choice. To lift our current $500 billion GNP to $750 billion, Mr. Anderson warns, we must discipline ourselves to making the correct choices so as to maintain the dollar's integrity and assure a long period of healthy, rewarding and non-inflationary growth. The Secretary criticizes the 4¼ interest rate ceiling claiming it compels the Government to by-pass the true savings market.

I would like to begin with two quotations:

The first is a statement of Abraham Lincoln: "With public sentiment nothing can fail; without it, nothing can succeed."

Robert B. Anderson

The second is taken from a recent publication of the Department of Labor. It reads as follows: "Our manpower potential is great enough, with an improving technology, to increase the production of goods and services by about 50% from 1960 to 1970. "We begin the 1960's with a Gross National Product of 500 billion dollars. We can reach a level of 750 billion dollars by 1970. "This means that by 1970 we can provide our expanding population with a 25% increase in its standard of living."

We can do this. Are we going to do so? The answer depends very largely on the "public sentiment" of the 180 million people of this country.

Growth is not automatic. Economic freedom is not self-sustaining. Continuing growth in a climate of free economic choice rests on conscious decisions to do the right things and to refrain from doing the wrong things. The great question facing us is whether public sentiment will be sufficiently well informed and sufficiently responsible to make the right choices.

I have quoted just now a single aggregate figure for 1970—the rate of output of goods and services which we expect to reach in real terms during the next 10 years. But it is relatively simple to project an up-curve on a chart. What lies behind this projection? What exactly are the specific performances we are looking for if our economy is to move from $500 billion to $750 billion in terms of real, uninflated output? What measures should public sentiment support and which ones should it reject? These are some of the questions I should like to discuss briefly.

Let's look at performance first.

Lists Performance Goals Ahead

As a first call on our resources, we must maintain a military strength sufficient to be a real deterrent to aggression for as many years ahead as may be necessary. But we must not forget that national defense, fully adequate both for the present and for what may be a long period of time, is not solely a matter of men, missiles, and military might; fully as important is the maintenance of a strong and free economy, without which a strong defense is not possible. This requires meaningful economic growth at a high and sustainable pace, expanding job opportunities for a growing labor force, and reasonable stability in the purchasing power of our currency.

The dimensions of the task that lies ahead are indicated in part by the fact that by 1970 our economy will have to provide 6 jobs for every 5 existing today—a 20% increase over the decade. This is because our labor force will be increasing by well over a million workers a year. The estimated increase of 13½ million workers during the 10 years is by far the largest increase for any 10 year period in our history. In the single year 1965, for example, almost 4 million young people will reach the age of 18, as compared with about 2½ million during the current year.

Greatly expanding job opportunities then will be a major test of performance for our economy—other than defense—during the decade of the 60's. In providing these opportunities we know that special problems will have to be faced. These will involve such groups as new young workers, farm workers, minority groups, working mothers, and workers with skills which have become obsolescent. Solving these problems will be a part of the job we shall have to do.

On the side of business ownership and management, it is clear that profits will have to be forthcoming at a reasonable rate. For if they are not, employment opportunities will fail to grow and may even shrink.

Out of the whole production job—labor and management working together—we can and do expect an increase of something like 25% in the standard of living of our people over the 10 years. A part of this, of course, will have to come from an increase in the productivity of labor. We can reasonably expect such an increase if both labor and management continue to act responsibly in making wage and price decisions.

The expansion of the next decade must include, of course, more than material goods. It must embrace also the services and facili-

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OBSERVATIONS...

BY A. WILFRED MAY

FINANCIAL AND INVESTMENT DATA ON MUTUAL FUNDS MANAGEMENT COMPANY SHARES

	Per Dollar of Market Valuatn. of Shs. Outstdg. Assets	Per Dollar of Market Valuatn. of Shs. Outstdg. Sales	Gain Earns. 1954-59	Gain Assets Admnstd. 1954-59	Sales Gain 1954-59	Redemptions % of Assets	Current Price (4/25)	Price-Earnings Yield
Keystone Custodian Funds, Inc.	$26.92	$5.30	235%	75%	184%	8.1%	17¼%	4.2%
Distributors Group, Inc.	42.19	8.98	157	105	100	8.4	8½	7.0
Hugh W. Long & Co., Inc.	50.85	6.55	298	124	168	5.3	17¼	5.5
National Securities & Research Corporation	25.69	4.34*	188	112	50*	n.a.	16	4.8
Television Shares Management Corporation	22.87	4.04	288	358	136	4.6	13¼	3.4
Waddell & Reed, Inc.	32.29	7.52	2,010	275	296	5.3	27½	4.7
Wellington Management Co., Inc.	68.83	9.15	280	163	137	3.0	16½	5.5

*On gross sales; net not reported. n.a. Not available.

Our acknowledgment is gratefully made to May & Gannon, Inc., Boston, for the use of data specially compiled by their statistical department, along with results disclosed by questionnaire to companies.

A NEW LOOK AT THE FUND MANAGEMENT COMPANY SHARES

Decisive current happenings in the Mutual Fund management companies' sector call for new and broad analysis of their outstanding shares.

Announced this week is the sale of a large block of voting stock by the two principals in Waddell and Reed, Inc., with a prospective realignment of the management.

On the other side of the ledger are two onslaughts, governmental and legal, against this sector, under whose impact the outstanding stocks have lately suffered an investment "rating change"—reflected in a 10% market decline—from "dynamic growth" to "vulnerable speculation."

Overhanging in the legal area is a widely-publicized stockholder's suit, alleging collusion in contract determination, brought against one of the leading companies. Of greater importance is the presaging of stepped-up regulatory action.

Testifying to "a certain state of malaise of the Commission concerning the existing scheme of things in the investment company world," Chairman Gadsby, addressing the Boston Bar Association on April 13 ascribed it to "the anomaly presented by the management contracts which delegate to another entity many of the functions normally performed by the corporate board of directors." Charging laxity and monopolistic conduct in fixing of fees, the SEC chief continued, "These phenomena of the investment company world have raised a question in the minds of some observers as to whether mutual funds have become captives of particular advisors, and whether directors of, or investment advisors to, the funds are fully acquitting their duty to shareholders." Worse news yet:—the chairman definitivised his plaint with the disclosure that the Commission is about to propose additional remedial action via registration of mutual funds under the 1933 Act."

In this column of March 17 last we published an original table containing the leading management companies, listing their respective total assets; and on a per-share basis their assets, earnings, dividends, market price, price-earnings ratio, and current dividend yield.

Now, in view of the intervening signs of vulnerability of this fund sector to overall reform, it would seem timely and valuable investor-wise to introduce additional information emphasizing intra-industry company-to-company data.

This we do in our expansion of data as embodied in the accompanying table.

"Net" sales denote proceeds of share sales actually received by the company after payment of commissions and other expenses.

We show redemptions as a percentage of net *assets* instead of sales as is sometimes done. The former is far more significant: involving one variable rather than two. For example, the ratio based on sales could show a considerable increase if sales went down, even though redemptions remained constant. And, other factors remaining unchanged, of course the redemptions will increase as the outstanding "pool" steadily increases. Using concurrent *sales* figures in the ratio reminds one of the public's misconstrual of U. S. Savings Bond redemptions when so calculated.

No specific factor motivating the shareholder's redemption behavior is ascertainable from our data. For instance, our hunch that they might be correlated with the respective fund's market performance in the prior year is definitely disproved. (The company with the most favorable redemption ratio had the poorest market performance in 1958.) No doubt the answer must await the taking of a nationwide shareholder poll.

Conclusions

By way of conclusions to be noted is a considerable lack of correlation between past growth records and current market performance as shown in the dividend and price-earnings yields. For instance, the two companies with the highest price-earnings yields have been in the top echelon of "business" performance.

And, of course, the broad *caveat* must be included in the form of realization that the sensational growth in sales and rise in asset values, which constitute the major bases of management company earnings, have been importantly stimulated by the long-continued Bull Market. Since this is an over-all impact, it increases further the importance of our comparative company-to-company data.

Confirming the value of such data, via practical market test, is this week's above-cited sale of Waddell and Reed. For in fetching the approximate market price, it validated our table's demonstration of its demonstrated comparative value.

VALUE VERSUS "SEX APPEAL"

The share distribution results obtained by two newly offered Funds carry broad significance, with their portfolios committed to common stocks that are comparatively "illiquid" and otherwise without the "sex appeal" suitable for "window-dressing" purposes.

One of these, the Franklin Corporation, organized this week under the aegis of the Franklin National Bank of Long Island, will operate as a closed-end management company, providing capital along with technical assistance, to selected small companies possessing "potentialities for investment appreciation." Seemingly presenting a picture of gradual and glamorless, but relatively sure and steady, seeping-through of constructive earnings, its degree of investor acceptance will be highly significant!

The other Fund project highlighting our instant question has now become *a fait accompli*—or rather *un-accompli*. The American Life Fund, unable to attract sufficient investor and dealer interest has been withdrawn from SEC registration. Set up last December as a close-end Fund, it was committed to long-term investment in life insurance company stocks.

This abortive distribution result seems principally to reflect the Fund buyer's urge to "get into" a portfolio that is *in fashion*. (As a recent Supplement of Whaley-Eaton Service puts it, "When mutual funds are being talked to a prospect, the salesman proudly points to the 'high quality' of the list. Everybody has heard of General Motors. . . . In fact a prospect might be alarmed to find many of these names not listed in the holdings of the fund.")

The investment world's present-day "alarm" over American Life Fund contrasts with the avidity of the public five years ago for a similar fund, Life Insurance Investors (underwritten by White, Weld & Co.). Brought out at a time when the life companies were booking barely half their present volume of business, with substantially less lucrative available interest yields and with their shares selling at far higher price-earnings ratios than now; *but in an atmosphere of intense speculative enthusiasm* in the life stock market, the earlier issue was quickly swept up to a 50% premium.

Along with the absence of the life stocks' current lack of style appeal to supply the window-dressing needed by the American Life Fund's would-be distributors, is the life stocks' deficiency in the visible *liquidity* which has been exerting ever-increasing appeal.

Surely, the failure to distribute this growth and value-laden issue, midst the concurrent boom distribution of Blue Chip and other units in *fashion*, constitutes another sign-post marking the fund investor's road away from *Value*.

* * *

THE SCHIZOPHRENIC LIQUIDITY ATTITUDE

This citation of the *liquidity* element brings us up against the fund industry's basically schizophrenic attitude toward that factor.

On the one hand, the proponents of the Contractual plan technique hold out as an advantage the *il*-liquidity resulting from the earlier years' disproportionate distribution charges (the "front-end load")—in keeping the buyer from his "folly of cashing-in."

In direct contradiction to this representation is the industry's attitude toward the *product* which it (including the Plan-distributors themselves) is selling — namely, the open-end Fund. For one of the basic advantages constantly claimed in its behalf, particularly in justifying the *load* (buying commission) and its differential above the *discount* (below asset value) at which the closed-enders are usually available, is the *liquidity* provided in the constant redemption privilege.

Which is it?

A DOW DISCLAIMER

Dear Mr. May:

I am afraid I must plead "not guilty" to the title of Dow "Maestro," which you gave me in your column of April 13. I have done a little work on the Dow Theory over a period of time and in a recent letter attempted to outline the conditions necessary for the Dow theorists to predict a change in trend. However, in my opinion, the Dow Theory has been obsolete for a great many years.

Height of Folly

In the course of my technical work I have broken down the stocks listed on the New York Stock Exchange into groups in order to study each group separately. I maintain some 46 group graphs, including one classification which is continuously getting larger, called "miscellaneous." Many of the stocks in these groups were not even in existence 25 years ago and some groups are entirely new industries. To expect all of these groups, old and new, to move in the same direction at the same time is, to me, the height of folly. Ours is a very complex economy and can no longer be even vaguely measured by an average of 30 stocks, or even 425 stocks.

Outmoded Terminology

In fact, in our complex economy even the term "bull market" and "bear market" is more or less outmoded. There are many groups and individual issues that have been in a bear market for over a year, just as there are many groups that have been in an upward trend for various periods of time. In fact, in the "bear market" of 1957, when the Dow-Jones Industrial average fell some 20%, it would have been possible to have been fully invested in equities and realized a sizable profit if one owned the "correct" groups of utilities, drugs, food chains, and tobaccos.

"Tools," Not "Wonder Drugs"

In your final paragraph you mention the mathematical "wonder drugs" like moving averages, point and figure "work" and the like as all offering glamorous escape from the hard, realistic facts of investment life. If you refer to the individual who expects to reap a quick fortune by the use of a few charts and graphs and a mechanical method, and nothing else, you are probably right. However, to the professional security analyst, the various forms of technical work can be a very valuable "tool" provided he realizes that it is only one of the many "tools" that must be used in a well rounded appraisal of the prospects of each individual security.

Edmund W. Tabell

Walston & Co.,
Members, N. Y. Stock Exchange,
New York City, April 18, 1960.

If we seemed to imply that Mr. Tabell is an addict of the Dow Theory, we hasten to extend our **most humble apology.**

Furthermore, we are grateful for his authoritative and lucid depiction of that "system's" archaism and basic delusions. And we applaud his emphasis on analyzing individual issues, in lieu of chasing an imaginary *trend* of Bull and Bear markets illusorily regarded as a unit.

Regarding "escape" via those "wonder drugs," our concept with which Mr. Tabell takes issue:—we do feel that the embracing of a "technical system" is generally motivated by the difficulties encountered in appraisal of investment-value; without realizing that this merely involves jumping from the frying pan into the fire. Mr. Tabell's "technical tools" may indeed be useful in anticipating the relatively short-term fluctuations of individual stocks. But in his long-term forecasts of the Averages he has been outstandingly successful (700 for the Dow Jones after it had barely risen to 300). We suspect that over the short-run he has "played-it-by-ear," and over the long-term by value-consciousness, both tool-lessly, to a greater extent than he realizes.

Morris Cohon Opens Branch on Pac. Coast

LOS ANGELES, Calif. — Morris Cohon & Co. has opened a branch office at 5820 Wilshire Boulevard under the management of Martin Lynn. Also associated with the new branch are Leonard B. Kaufman and Murray Garrett.

With Federman, Stonehill

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Rupert C. King has become associated with Federman, Stonehill & Co., 9025 Wilshire Boulevard. He was formerly with Eastman Dillon, Union Securities & Co. and prior thereto was Los Angeles Manager for Shearson Hammill & Co.

Join Thomas Jay Winston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Charles K. Godfrey, Idell H. Lea and Ernst Platschek are now affiliated with Thomas Jay Winston & Co., Inc., 9235 Wilshire Boulevard.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Alan E. Adams has become connected with Dempsey-Tegeler & Co., 210 West Seventh Street. He was formerly with Binder & Co. Inc. and Alkow & Co. Inc.

Now With Dean Witter

BOSTON, Mass. — Andrew A. Mantineo has become connected with Dean Witter & Co., 125 High Street. He was formerly with H. L. Robbins & Co.

Cerro dePasco Corporation—World Miner and Fabricator

By Dr. Ira U. Cobleigh, *Enterprise Economist*

A brief report on the substantial rise in earnings power and total assets of this distinguished miner and fabricator of non-ferrous metals.

There is a noticeable trend among major American corporations today, toward expansion of the percentage of total plant investment in, and sales from, foreign operations. Cerro de Pasco Corporation, however, has been doing a splendid job of profitable expansion by doing the opposite. The decade just ended has seen this well managed metal enterprise effect a major transition from a producer of primary non-ferrous metals, operating entirely in South America, to a more completely integrated mining and fabricating company with about half its assets in the United States. The effect of this major structural change in operations has been to broaden the base of earning power, and to substantially reduce cyclical swings therein.

As illustrative of the impressive changes in corporate dimensions note that, since the end of 1949, total assets have risen from $58 million to $246 million at the 1959 year-end. Today, Cerro de Pasco ranks among the largest producers and refiners of copper, lead, zinc, and silver, and it is believed to own about 5% of the world's known copper reserves.

All of this growth has been achieved in part by plow-back of earnings, and importantly by acquisition and merger. Fairmont Aluminum Company was acquired in 1956. On March 25, 1959, the corporation exchanged 201,333 shares of its common stock and $26,311,700 in new 5½% Subordinated Convertible Debentures, due in 1979, for the assets and business of Consolidated Coppermines Corp. This was a $35 million deal. It brought in two new fabricating companies controlled by Consolidated, and now operated as divisions of Cerro de Pasco. These are Titan Metal Manufatcuring Co., manufacturer of quality brass and bronze rods, wires, forging and castings; and Rockbestos Wire and Cable Co. specializing in heat and flame resistant insulations and the manufacture of electrical wires and cables in a plant at New Haven, Conn. As a result of this merger, Cerro de Pasco now operates seven metal fabricating plants in the United States with a consolidated annual sales volume of about $125 million.

Ten Year Progress

Before touching upon current earnings and prospects generally, we ought to review a few more of the achievements of the past decade, in addition to the asset expansion already cited. The over-all improvement is truly remarkable. In the 1950 decade, Cerro de Pasco was able to increase annual sales from $29 million in 1949, to $158 million in 1959. In the same interval the corporation provided business capital of $206 million, $127 million from retained earnings, depletion and depreciation. Working capital was increased from $22 million to $80 million. To stockholders during the decade there were distributed $20 million in cash dividends and 757,891 common shares (worth $29 million at Dec. 31, 1959) as stock dividends. Thus, within 10 years, in corporate stature, assets, earning power and future prospects, Cerro de Pasco has entered an entirely new order of magnitude.

Peruvian Operations

Major mining operations have been in Peru, and the operating subsidiary there includes one of the low cost copper mines of the world. Seventy million dollars have been spent there in the past decade, in capital improvements including mine mechanization and additions and improvements to concentrating mills. As a result, the rate of mining and milling has more than doubled, and profitable treatment of leaner ores has been made possible. The Peruvian subsidiary not only mines and concentrates its own ores for export, but also smelts and refines ores purchased from other mine operators in Central Peru. Partly due to a 14-day strike, Peruvian production was 10.7% lower in 1959 than in 1958. The total aggregate production, even under those circumstances, was impressive — 257 million pounds of all commercial grades of copper, lead and zinc.

In addition, to its own mining properties in Peru, Cerro de Pasco owns a wire and cable fabricating subsidiary, a refractory and an explosive-making plant. It also owns a 16% interest in South Peru Copper Corporation, an amazingly efficient new producer which has only recently entered production. Cerro's earnings from its equity in this company may reach an annual rate of about $2 a share, during the present year. Also in Peru, CDP (NYSE symbol for the common stock) has extensive gas and oil concessions in the Eastern Section and has completed preliminary search for prospectively attractive drilling sites.

The political and economic climate in Peru has been among the most favorable to foreign investors of all the Latin Republics There was some weakening in the Peruvian currency (the SOL) during the first half of 1959 but, with the entry of a new Cabinet in mid-summer, strenuous and effective steps were taken to stabilize the international rate of currency exchange, aided by borrowings from the International Monetary Fund and from Import-Export Bank.

Further down in South America, CDP owns a 17% interest in Rio Blanco Copper Corporation, Ltd. which has the option to purchase, good till Oct. 1, 1960, the Rio Blanco Copper mining property in Anconcagua and Santiago Provinces, Chile. Development work here has already proved up about 87 million short tons of commercial grade ore reserves.

Position of the Common Stock

But enough of this corporate catalog. What about CDP stock? Is it a good value or isn't it? What are some of the reasons to prompt its purchase by prudent investors in today's market?

By historical standards the stock displays much current merit. CDP sold at 77¾ in 1956 and, by most criteria of comparison, it is a far better equity today, although it is selling at less than half of its (then) price. At around 31 the shares are within 1½ points of the 1960 low, although 1959 earnings were decidedly on the favorable side. For 1959, per share net before depletion was $3.65 against $2.28 for 1958. The dividend, rate $1 a year, provides over a 3% current yield in cash, and corporate policy has been to declare 5% in stock in each year since 1950 (except in 1956 when the distribution in stock was 10%). This dividend policy has been favorable to long-term holders, and stockholders retaining all stock dividends since 1951 would have benefited by a 70.6% expansion in their share holdings. CDP has further achieved a considerable stability in its earning power with average net income (before depletion) of $9 million during the entire 1950 decade. This stability has been further buttressed by the expansion in finished product fabricating operations already outlined.

For those seeking to enter the CDP picture on a more conservative basis there is available an interesting convertible 5½% debenture (created to finance the Consolidated Coppermine merger). It sells at around 102 (NYSE) yielding 5.25% to maturity. It enjoys a long conversion (until Dec. 31, 1968) into CDP common at $49.43 a share. While that conversion figure is about 18 points above the present market on the common, it should be recalled that, on a similar conversion basis in 1956, these debentures would have sold at 155. And you have over 7½ years of conversion time at your disposal, during which period a substantial advance in CDP would not seem incredible. In 1956 the stock earned $9.76 a share.

The foregoing is in no sense to be regarded as any recommendation or endorsement of CDP securities. It was merely designed to paint, with a broad brush, a picture of substantial corporate improvement in a company producing vital metals in our modern economy.

New Edwards Branch

TUSCALOOSA, Ala.—A. G. Edwards & Sons have opened a branch office at 409 Twenty-fourth Street under the direction of Thad W. Matkin, Jr.

With Lee Higginson

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Michael A. O'Bannon has become affiliated with Lee Higginson Corporation, 231 South La Salle Street.

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

The following summary of general business and financial conditions will appear in the April issue of the Federal Reserve Bulletin.

Industrial production and retail sales in March remained close to the February high levels while employment declined and unemployment increased. Inclement weather early in the month limited some activities. In late March and early April, there was a marked pickup in auto and department store sales. Total bank credit declined further in March, but on a seasonally adjusted basis the money supply increased. Yields on fixed income securities generally continued to decline until late March when yields on Treasury securities turned up and then rose sharply in mid-April.

Industrial Production

The Board's seasonally adjusted index of industrial production in March was 109% of the 1957 average — 1% below the February figure and 2% below the January high. Production curtailments in March, as in February, were primarily among consumer goods. Activity in business equipment lines was maintained at peak rates, and output of materials was substantially unchanged from the February level.

Among consumer goods, seasonally adjusted auto assemblies declined further in March to a level 15% below the January high but 10% above a year earlier. Schedules for April indicate little change in assemblies from the March rate. Output of apparel, furniture, and some appliances also was reduced further in March, while production of consumer staples was maintained.

Steel mill operations slipped further to 92% of capacity in March, and dropped to a scheduled rate of 80% in mid-April. While output of construction materials and mineral fuels also declined in March, production of nonferrous metals recovered somewhat further. Over-all production of nondurable materials was maintained.

Construction

Private nonfarm housing starts were unchanged in March at a seasonally adjusted annual rate of $1.1 million units. The seasonally adjusted value of new construction put in place, after rising for three months, declined in March to an annual rate of $52.9 billion. Nearly every type of construction activity registered some decrease.

Employment

After reaching a new high in February, seasonally adjusted employment in nonfarm establishments declined 214,000 in March. Bad weather was an important influence in reducing employment in construction and trade. In manufacturing industries, employment declined slightly and average weekly hours and weekly earnings decreased further. Government employment rose considerably, mainly because of hiring of Census enumerators. Unemployment rose substantially, with the seasonally adjusted rate increasing to 5.4% of the civilian labor force from 4.8% in February.

Distribution

Retail sales in March remained at about the January-February level. In late March and early April, department store and auto sales rose considerably as the weather became more favorable. In some lines, sales-production relationships improved and the rate of inventory accumulation slowed considerably.

Commodity Prices

Industrial commodity prices on the average changed little in March and early April. While price declines occurred for some materials, prices of other materials advanced. Prices of finished products for the most part were stable. Meanwhile, average prices of farm products and foods rose further, mainly reflecting increases in some fresh foods, and the combined index of wholesale prices advanced to about the year-ago level.

Bank Credit and Reserves

Commercial bank credit continued to decline in March as a further reduction in bank holdings of U. S. Government securities exceeded a rise in loans. While the expansion in total loans was moderate, loans to business rose substantially. On a seasonally adjusted basis, the money supply increased $400 milion after having declined more than $1 billion in the first two months of the year. The seasonally adjusted rate of turnover of bank deposits declined somewhat followng a sharp rise in February.

Member bank borrowings from the Federal Reserve averaged $640 million and excess reserves $440 million during the four weeks ending April 13. Over the period, required reserves declined, despite a mid-March increase associated with credit and deposit expansion around the tax date. Reserves were absorbed primarily by an outflow of currency, a decline in float, and a reduction in Federal Reserve Sys-

Continued on page 32

TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

After several days of a very quiet and slightly easier market, as measured by secondary offerings, the tax-exempt market sprung into considerable new issue activity on Tuesday. Three sizable, general market, highly rated issues were bid for by dealers in a highly competitive fashion, at rates slightly below the prevailing new issue level.

Recent Issues Go Well

Cleveland, Ohio bonds have usually been in general demand by institutions and other investors when priced at better than average yields. Its offering of $13,275,000 (1961-1980) of issues seemed to fit existing demand better than any other recent tax-exempt offering, excepting of course, the Triborough Bridge issue marketed last week. The high bidding group for the Clevelands was headed by The First National Bank of Chicago and included the Bankers Trust Company, The First National City Bank of New York and the Chemical Bank New York Trust Company and others. The interest cost bid was 3.38% and bonds were priced to yield from 2.50% to 3.60%. At this writing there are less than $1 million bonds remaining in account and a highly successful underwriting is reported by managers.

The $15 million State of Tennessee (1961-1980) issue has also met with an unusually good investor reception. The successful group was headed by The Chase Manhattan, the Harris Trust and Savings, the Bankers Trust and Blyth and Company. The bid was the equivalent of a 3.318% interest cost. Scaled to yield from 2.40% to 3.35% the managers reported a balance of $6 million as of yesterday morning. In the past, State of Tennessee issues have been sold with shorter maturities. This is the second longer term serial issue that the state has sold and, like its predecessor, has been welcomed by certain institutional buyers.

The $16 million Los Angeles, California School District issue (1961-1985) was awarded to the group managed by the Bank of America and included The First National City Bank of New York, the Bankers Trust, The First National Bank of Chicago, Blyth and Company and many others. This good grade, high yielding issue also met with a congenial reception. The bid was the equivalent of a 3.87% interest cost and bonds were priced from 2.40% to 101½ for 4% bonds. The balance is reported at less than $4.5 million.

Another interesting tax-exempt issue award that received the complete approval of investors involved the $8 million Louisville and Jefferson Counties, Kentucky Metropolitan Sewer District (1978-2000). The bid was equivalent to an interest cost of 3.99%. The managers were Blyth & Company and Smith, Barney & Company and the group included Lehman Brothers, Goldman, Sachs & Company, Merrill Lynch, Pierce, Fenner & Smith and Drexel & Company, as well as many others. Priced to yield from 3.60% to 4.00%, the issue is reported as virtually a sell-out.

Yesterday morning, the City of New York awarded $75 million serial (1961-1990) bonds to a combined group headed by The First National City Bank of New York and The Chase Manhattan Bank on their bid of the equivalent of 3.856% interest cost. The several issues involved bear coupons varying from 3½% to 3.90%. The yields on all the issues run from 2.65% to 3.90% depending on the length of issue. It would appear that the bonds are attractively priced and may meet with considerable investor interest.

Although dealer bidding for new State and Municipal bond issues has continued at a highly competitive rate during the past week, general investor interest in these new offerings has not been as great as it was earlier in the year, when yields were generally 20/100's to 25/100's higher. As a consequence, dealer inventories have been building up and, although moderately heavy, they are still by no means an unwieldy carry for dealers.

Good Pricing Judgment

The successful underwriting of the $100 million Triborough Bridge and Tunnel Authority issue was stimulating to the new issue market. Although the market follow-up has been somewhat disappointing, the issue seems well placed, without the benefit of a premium bid. The market price on April 27 was at 99¾-100. In this instance, the market would seem to have been precisely judged both by the Triborough Bridge Authority and by the underwriters. In a market as thin as the current one, placing this quantity of the bonds without benefits of a premium bid might indicate good luck or genius or a combination of both. It does indicate a good selling ob.

Secondary Market Easy

The secondary market during the past week, has not kept abreast of the new issue market. This was the case, too, during the previous week. *The Commercial and Financial Chronicle's* yield index for high grade twenty year average state and municipal bonds drifted to 3.47% on April 27 from 3.45% last week (April 20). However, this would indicate that on the basis of current secondary market offerings, the market is down an average of less than ¼ of a point. This would seem to point up again the fact that many dealers are willing to buy new issues at a higher level than exists for current offerings, without regard to the apparently trendless secondary market with its scarcity of large, attractive blocks of bonds.

In order to get appropriate blocks of bonds for portfolio, some of the banks have found it necessary to bid progressively higher for new issues. Thus many of the recent new issues have been well taken, while issues bought at the same relative level, without appeal for the banks, have met with but little demand as a general offering.

Not a "Bull Market"

Although the market has risen several points since the first of the year, underwritings have not been consistently profitable. Were new issues less scarce, and were competition less cut-throat, profit margins might indeed be more consistently realized. A year ago with considerably heavier new issue volume, our industry was accomplishing a formidable job of merchandising; recently, a generally good job of merchandising has not been accomplished, despite the fact that the headlines generally infer a bull market.

Inventory Mounting

The "Blue List" total has increased substantially in the past week. Yesterday's total of $351,373,500 is higher by about $50 million than the total of a week ago. While the current aggregate is not close to being a record high amount, it has reached a point beyond which it becomes technically a negative factor to the market. There are at least forty new issue accounts listing substantial balances in the "Blue List," not including this week's issues, evidencing a slowdown in sales subsequent to initial offering. This sort of thing has brought about price cutting but has not appreciably diminished new issue bidding ardor.

The relative scarcity of high grade marketable issues, a better stabilized Treasury Bill and Bond market, an erratic stock market and credit conditions difficult to consistently comprehend, impel dealers to reluctantly stay with the market. It is for these reasons and perhaps others that investors in tax-exempt bonds have been reluctant to buy in volume, although yields are still fairly satisfactory to most types of investors.

The Dollar quoted municipal revenue issues have been quiet recently as is usually the case during a period of new issue activity. The Smith, Barney and Company Turnpike Index has remained about unchanged from the April 14 level. On April 21, the Index stood at 3.97%. This general yield average has prevailed for a month or more. There have been no unusual individual issue fluctuations to report during the past week. There have been no important new issues added to the calendar of negotiated type issues since reporting a week ago.

Early New Financing

The Calendar of scheduled new issues is only moderately heavy for this season of the year. The only sizable issues up for sale during the coming week, are $30 million Sacramento Municipal Utilities District, California revenue bonds scheduled for today (April 28); $48.8 million State of Minnesota bonds set for May 3; and $133 million New Housing Authority bonds to be offered May 4. It would appear that these issues as well as many less important ones scheduled during the same period will appeal to institutional and other investors. However, at the current market level dealers might well note that investors are cautious and extremely sensitive to upward price revision although they may not have satisfied their current tax-exempt bond requirements.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	4.00%	3.85%
Connecticut (State)	3¾%	1980-1982	3.50%	3.35%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.45%	3.35%
New York (State)	3%	1978-1979	3.35%	3.20%
Pennsylvania (State)	3⅜%	1974-1975	3.25%	3.10%
Vermont (State)	3⅛%	1978-1979	3.25%	3.10%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.55%	3.40%
Los Angeles, Calif.	3¾%	1978-1980	3.90%	3.75%
Baltimore, Md.	3¼%	1980	3.65%	3.50%
Cincinnati, Ohio	3½%	1980	3.40%	3.25%
New Orleans, La.	3¼%	1979	3.80%	3.70%
Chicago, Ill.	3¼%	1977	3.85%	3.70%
New York City, N. Y.	3%	1980	3.95%	3.85%

April 27, 1960 Index=3.470%

J. I. Magaril Opens

BROOKLYN, N. Y.—Jacob I. Magaril is engaging in a securities business from offices at 80 Ocean Parkway. He was formerly with Bache & Co. and Walston & Co. Inc.

Now Nast Co.

Maurice H. Nast is continuing in the investment business from offices at 17 East 48th Street, New York City, under the firm name of Nast Co. He was formerly a partner in Nast-German Co.

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set.

Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.

April 28 (Thursday)			
Abilene Ind. School District, Texas	2,000,000	1961-1985	2:00 p.m.
Harris County, Texas	7,000,000	1961-1980	10:30 a.m.
Hidalgo County, Texas	1,000,000	1961-1990	10:00 a.m.
Oyster Bay & Babylon Union Free School District No. 22, New York	6,966,000	1961-1989	11:30 a.m.
Sacramento Municipal Utility District, California	30,000,000	1966-1999	11:00 a.m.
Southgate Community S. D., Mich.	2,100,000	1961-1985	8:00 p.m.
Union City, New Jersey	2,873,000	1961-1985	11:00 a.m.
May 2 (Monday)			
Cascade County S. D. No. 1, Mont.	3,100,000	--------	7:30 p.m.
Douglas County, Nebraska	1,000,000	1962-1990	4:30 p.m.
May 3 (Tuesday)			
Cook County, Illinois	9,500,000	1961-1980	11:00 a.m.
Excelsior Union High School Dist., California	1,165,000	1961-1980	9:00 a.m.
Harper Creek Comm. Sch. Dist., Michigan	1,585,000	1962-1989	8:00 p.m.
Minnesota	48,820,000	1961-1979	10:00 a.m.
New Rochelle School District, N. Y.	1,270,000	1961-1980	Noon
Pearl River Valley Water Supply District, Mississippi	8,800,000	1964-1999	10:00 a.m.
Rocky Mount Admin. Unit, North Carolina	1,000,000	1961-1985	11:00 a.m.
Walla Walla County School District No. 140, Washington	1,700,000	1962-1980	10:00 a.m.
Wheatfield, New York	2,750,000	1961-1989	11:00 a.m.
May 4 (Wednesday)			
Dumont School District, N. J.	3,000,000	1961-1983	8:00 p.m.
King County, Shoreline Sch. Dist. No. 412, Washington	1,000,000	1962-1975	11:00 a.m.
Lincoln-Sudbury Regional School District, Massachusetts	1,000,000	1961-1980	11:00 a.m.
Public Housing Authorities	133,410,000	--------	--------
Roseville, Minnesota	1,000,000	1962-1981	7:30 p.m.
May 5 (Thursday)			
Central Contra Costa San. District, California	2,900,000	--------	11:00 a.m.
Dayton, Ohio	4,380,000	1961-1983	Noon
Montgomery, Crawford Central School District No. 1, New York	2,250,000	1961-1980	2:00 p.m.
Washington Toll Bridge Authority, Washington	3,500,000	2009	--------
May 6 (Friday)			
Arkansas State Teachers College, Arkansas	1,090,000	1961-2000	10:00 a.m.
May 9 (Monday)			
Florida Development Comm., Fla.	4,850,000	1962-1989	11:00 a.m.
South Euclid-Lynhurst City School District, Ohio	1,000,000	1961-1980	1:00 p.m.
May 10 (Tuesday)			
Jacksonville, Fla.	30,000,000	--------	--------
Neenah, Wisconsin	1,070,000	1961-1980	2:30 p.m.
Newport News, Virginia	3,000,000	1961-1990	2:00 p.m.
Parma, Ohio	3,445,730	1961-1970	1:00 p.m.
Rock Island County, Illinois	1,120,000	1961-1978	Noon
State Teachers' Colleges, Board of Regents, Texas	1,401,000	1962-1999	10:00 a.m.
Suffolk Co. Water Authority, N. Y.	5,500,000	--------	--------
May 11 (Wednesday)			
Colorado Springs, Colorado	6,000,000	1961-1975	11:00 a.m.
Colorado State University, Colo.	2,000,000	1961-1998	2:00 p.m.
Hamilton County, Tennessee	3,500,000	1961-1984	11:00 a.m.
Indianapolis, Indiana	1,110,000	1962-1991	11:00 a.m.
Southeastern Oakland Co., Mich.	1,250,000	--------	2:00 p.m.
May 12 (Thursday)			
Fairview City School Dist., Ohio	1,100,000	1961-1980	Noon
May 16 (Monday)			
Chillicothe School District, Ohio	1,000,000	1961-1980	Noon
May 17 (Tuesday)			
Bridgeport Comm. Sch. Dist., Mich.	2,200,000	1961-1989	8:00 p.m.
Cincinnati, Ohio	9,515,000	--------	--------
Green Bay, Wisconsin	1,055,000	1961-1978	11:00 a.m.
Hot Springs, Arkansas	1,300,000	1963-1990	2:00 p.m.
Lawrence Township School Dist., New Jersey	1,188,000	1962-1981	2:0[illegible] p.m.
Phoenix, Arizona	9,000,000	--------	--------
Pittsburgh, Pennsylvania	3,750,000	--------	--------
Terrebonne Parish Con. Sch. Dist. No. 1, Louisiana	1,000,000	1962-1985	10:00 a.m.
May 18 (Wednesday)			
Princess Anne County, Virginia	2,500,000	1962-1985	--------
Mississippi	5,000,000	--------	--------
May 19 (Thursday)			
New Baltimore, Michigan	1,290,000	1962-1989	8:00 p.m.
May 24 (Tuesday)			
Detroit, Michigan	9,325,000	--------	--------
Detroit School District, Mich.	10,000,000	--------	--------
May 25 (Wednesday)			
Bunkie, Louisiana	1,558,000	--------	11:00 a.m.
June 1 (Wednesday)			
Harlingen Consolidated Independent School District, Texas	2,285,000	--------	--------
June 7 (Tuesday)			
Memphis, Tennessee	15,000,000	--------	--------
Memphis Bd. of Education, Tenn.	2,700,000	--------	--------

Interest Exempt from present Federal and New York State Income Taxes

New Issue April 28, 1960

$75,000,000
City of New York

Serial Bonds

AMOUNTS, MATURITIES* AND YIELD**

(Accrued interest to be added)

$6,330,000	1961	2.65%
6,330,000	1962	2.90
6,330,000	1963	3.15
6,030,000	1964	3.30
6,030,000	1965	3.40
3,710,000	1966	3.50
3,710,000	1967	3.55
3,710,000	1968	3.60
3,710,000	1969	3.65
3,710,000	1970	3.70
2,960,000	1971	3.70
2,960,000	1972	3.75
2,960,000	1973	3.75
2,960,000	1974	3.75
2,960,000	1975	3.80
960,000	1976	3.80
960,000	1977	3.80
960,000	1978	3.85
960,000	1979	3.85
960,000	1980	3.85
960,000	1981	3.90
960,000	1982	3.90
960,000	1983	3.90
960,000	1984	3.90
960,000	1985	3.90
200,000	1986	3.90
200,000	1987	3.90
200,000	1988	3.90
200,000	1989	3.90
200,000	1990	3.90

*Descriptive Circular upon request.

**Where the coupon rates and the yields are the same, the Bonds are offered at par.

$36,600,000 3.90% Bonds, due: $3,280,000 1961-65, incl.; $960,000 1966-85, incl. and $200,000 1986-90, incl.

$37,500,000 3.80% Bonds, due: $2,750,000 1961-70, incl. and $2,000,000 1971-75, incl.

$900,000 3½% Bonds, due $300,000 1961-63, incl.

Dated May 1, 1960 **Due May 1, as shown**

Principal and semi-annual interest (November 1 and May 1) payable in New York City at the office of the City Comptroller. Coupon bonds in denomination of $1,000, convertible into fully registered bonds in denomination of $1,000 or multiples thereof, but not interchangeable.

Legal Investment for Savings Banks and Life Insurance Companies in the State of New York and for Executors, Administrators, Guardians and others holding Trust Funds for Investment under the Laws of the State of New York

These Bonds, to be issued for School Construction and Various Municipal Purposes, in the opinion of counsel will constitute valid and legally binding general obligations of the City of New York, all the taxable real property within which will be subject to the levy of ***ad valorem taxes*** to pay the Bonds and interest thereon, ***without limitation as to rate or amount.***

The above Bonds are offered when, as and if issued and received by us, and subject to prior sale and approval of legality by Messrs. Wood, King, Dawson & Logan, Attorneys, New York, N. Y.

The Chase Manhattan Bank — The First National City Bank of New York

Chemical Bank New York Trust Company — Bankers Trust Company — Manufacturers Trust Company — Morgan Guaranty Trust Company of New York

Lehman Brothers — Smith, Barney & Co. — Blyth & Co., Inc. — The First Boston Corporation — Lazard Frères & Co. — Harriman Ripley & Co. Incorporated — Barr Brothers & Co.

R. W. Pressprich & Co. — The First National Bank of Chicago — Merrill Lynch, Pierce, Fenner & Smith Incorporated — C. J. Devine & Co. — Eastman Dillon, Union Securities & Co.

Salomon Bros. & Hutzler — Bear, Stearns & Co. — Continental Illinois National Bank and Trust Company of Chicago — The Northern Trust Company — Kidder, Peabody & Co.

Harris Trust and Savings Bank — Phelps, Fenn & Co. — Equitable Securities Corporation — White, Weld & Co. — Drexel & Co. — W. H. Morton & Co. Incorporated

The Philadelphia National Bank — Hornblower & Weeks — Carl M. Loeb, Rhoades & Co. — Ladenburg, Thalmann & Co. — Wertheim & Co. — Hallgarten & Co.

A. G. Becker & Co. Incorporated — Blair & Co. Incorporated — Federation Bank and Trust Company — Hemphill, Noyes & Co. — The Marine Trust Company of Western New York — Mercantile Trust Company

F. S. Moseley & Co. — Paine, Webber, Jackson & Curtis — Wm. E. Pollock & Co., Inc. — Shields & Company — Swiss American Corporation

B. J. Van Ingen & Co. Inc. — Weeden & Co. Incorporated — Bache & Co. — Baxter & Company — Dean Witter & Co. — First of Michigan Corporation

First National Bank in Dallas — Gregory & Sons — Hirsch & Co. — E. F. Hutton & Company — Kean, Taylor & Co. — National State Bank Newark — Reynolds & Co. — Bacon, Stevenson & Co.

Braun, Bosworth & Co. Incorporated — Clark, Dodge & Co. — Coffin & Burr Incorporated — Dominick & Dominick — Francis I. duPont & Co. — Estabrook & Co. — The First National Bank of Oregon

Geo. B. Gibbons & Company Incorporated — Hayden, Stone & Co. — Ira Haupt & Co. — Lee Higginson Corporation — Roosevelt & Cross Incorporated — L. F. Rothschild & Co. — Shearson, Hammill & Co.

F. S. Smithers & Co. — Robert Winthrop & Co. — Wood, Struthers & Co. — C. F. Childs and Company Incorporated — Dick & Merle-Smith — R. S. Dickson & Company Incorporated — Eldredge & Co. Incorporated

Fitzpatrick, Sullivan & Co. — W. E. Hutton & Co. — Laidlaw & Co. — Spencer Trask & Co. — James A. Andrews & Co. Incorporated — Bacon, Whipple & Co. — Boland, Saffin, Gordon & Sautter

J. A. Hogle & Co. — Rand & Co. — Trust Company of Georgia — Tucker, Anthony & R. L. Day — G. H. Walker & Co. — Chas. E. Weigold & Co. Incorporated

J. Barth & Co. — Fabricand & Co. — Goodbody & Co. — Green, Ellis & Anderson — Hannahs, Ballin & Lee — D. A. Pincus & Co. — Scudder & German

Sterling National Bank & Trust Company of New York — Stern, Lauer & Co. — Stroud & Company Incorporated — Tuller & Zucker — Henry G. Wells & Co. Incorporated — R. D. White & Company

Wood, Gundy & Co., Inc. — Baker, Weeks & Co. — Courts & Co. — Cruttenden, Podesta & Co. — Shelby Cullom Davis & Co. — G. C. Haas & Co. — Chester Harris & Co.

McDonnell & Co. Incorporated — Newburger, Loeb & Co. — Schwabacher & Co. — Singer, Deane & Scribner — John Small & Co., Inc. — Starkweather & Co. — Talmage & Co.

Tilney & Company — Wallace, Geruldsen & Co. — Winslow, Cohu & Stetson Incorporated — Byrd Brothers — Dreyfus & Co. — Granbery, Marache & Co. — Van Alstyne, Noel & Co.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Bank Stocks—Quarterly comparison of leading banks and trust companies of the United States — New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Burnham View—Monthly Investment Letter—Burnham and Company, 15 Broad Street, New York 5, N. Y. Also available in current **Foreign Letter.**

Chemical Stocks — Bulletin — Goodbody & Co., 2 Broadway, New York 4, N. Y.

Japanese Imports — Review and outlook in April issue of "Investor's Digest" — Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. In the same issue are analyses of the **Heavy Duty Electric Equipment Industry and Automobile Sales.** Also available are reports on **Mitsubishi Shipbuilding and Engineering Co., Ltd., Sumitomo Chemical Industry Co., Kawasaki Steel Corp., and Tokyo Electric Power Co. Ltd.**

Japanese Warehousing Industry—Survey with particular reference to **Mitsubishi Warehouse Co., Mitsui Warehouse Co.** and **Sumitomo Warehouse Co.**—Daiwa Securities Co., Ltd., 149 Broadway, New York 6, N. Y.

New York City Banks—Bulletin comparing earnings for the first quarter of 1960—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

New York City Bank Stocks—Comparative figures at March 31, 1960—The First Boston Corporation, 15 Broad Street, New York 5, N. Y.

Offshore Drilling Industry — Review — Calvin Bullock, Ltd., 1 Wall Street, New York 5, N. Y.

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Portable Power Tools Industry—Analysis — Butcher & Sherrerd, 1500 Walnut Street, Philadelphia 2, Pa.

Steel Industry — Bulletin — H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available are bulletins on **Opelika Manufacturing Corp., Crouse Hinds Company** and **Tax Exempt Obligations.**

Tobacco Industry—Detailed study — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is an analysis of the **Hertz Corporation.**

Understanding Put & Call Options — Herbert Filer — Crown Publishers, Dept. A-7, 419 Park Avenue, South, New York 16, N. Y.—$3.00 (ten day free examination).

* * *

American Chicle — Data — Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available are data on **Canada Dry, Chemical Bank New York Trust Co., General Public Utilities, National Biscuit, Norfolk & Western, Ohio Oil, Hanover Bank, Southwestern Public Service,** and **Southern Co.**

American Hospital Supply—Analysis—Cohen, Simonson & Co., 25 Broad Street, New York 4, N. Y.

American Viscose Corporation — Annual report—American Viscose Corporation, Philadelphia 3, Pa.

Angelica Uniform Company — Analysis—Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo.

Anglo Canadian Telephone — Memorandum — Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y.

Anglo Canadian Telephone Company—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Arkansas Louisiana Gas Co.—Review—Orvis Brothers & Co., 15 Broad Street, New York 5, N. Y. Also in the same circular are reviews of **Clevite Corporation, Colgate Palmolive Co., Ferro Corporation, General Tire & Rubber Co., International Telephone & Telegraph Corp., Mack Trucks, Owens Illinois Glass** and **Stauffer Chemical Co.**

BarChris Construction Corp. — Memorandum — Darius Incorporated, 90 Broad Street, New York 4, N. Y.

Big "C" Stores—Memorandum—First California Company, Inc., 300 Montgomery Street, San Francisco 4, Calif.

Branson Instruments — Review — Cooley & Company, 100 Pearl Street, Hartford 4, Conn. Also available are data on **Universal Match, General Cable, and Decca Records.**

Burroughs Corp.—Memorandum—Merrill Lynch, Pierce, Fenner & Smith, Inc., 70 Pine Street, New York 5, N. Y. Also available is a memorandum on **Chrysler Corp.**

H. M. Byllesby & Co.—Memorandum Freehling, Meyerhoff & Co., 120 So. La Salle St., Chicago 3, Ill.

C I T Financial Corp.—Review—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y. Also in the same circular are data on **Colgate Palmolive, Ferro Corporation,** and **Magnavox.**

Cadre Industries—Memorandum—Simon, Strauss & Himme, Savoy Hilton Hotel, New York 22, N. Y.

Canadian Breweries Ltd.—Survey —Ross, Knowles & Co., Ltd., 25 Adelaide Street (West), Toronto, Ont., Canada.

Chesebrough Pond — Analysis — Hallgarten & Co., 44 Wall Street, New York 5, N. Y.

Cook Coffee Company—Report—The Milwaukee Company, 207 East Michigan Street, Milwaukee 2, Wis. Also available is a report on **Bank of America.**

Cooper Jarrett—Bulletin—Bache & Co., 36 Wall Street, New York 5, N. Y.

Crompton & Knowles—Report—Simmons, Rubin & Co., Inc., 56 Beaver St., New York 4, N. Y. Also available is a report on **Big Apple Supermarkets.**

Diamond Alkali Company — Review—Courts & Co., 11 Marietta Street, Atlanta 3, Ga.

Electrographic Corporation — Analysis — Carreau & Company, 115 Broadway, New York 6, N. Y.

El Paso Natural Gas Company — Annual report — El Paso Natural Gas Company, El Paso, Texas.

Fair Lanes, Inc.—Memorandum—R. S. Dickson & Co., Inc., Wachovia Bank Building, Charlotte 2, N. C.

Ferro Corporation—Bulletin—Hill Darlington & Co., 40 Wall Street, New York 5, N. Y.

First Charter Financial Co. — Memorandum—Piper, Jaffray & Hopwood, 115 South Seventh St., Minneapolis 2, Minn.

Foster Grant Company—Report—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available is a memorandum on the **American Telephone & Telegraph Co.**

Frito Co.—Memorandum—Austin, Hart & Parvin, U. S. A. A. Building, San Antonio, Tex. Also available is a memorandum on **Longhorn Portland Cement Co.**

General Dynamics — Analysis — Penington, Colket & Company, 70 Pine Street, New York 5, N. Y.

Illinois Toll Highway—Review—The Illinois Company, Incorporated, 231 South La Salle Street, Chicago 4, Ill.

International Utilities — Bulletin — Osler, Hammond & Nanton, Ltd., Nanton Building, Winnipeg, Man., Canada. Also available is a bulletin on **Instalment Finance.**

Jones & Laughlin Steel Corp.—Review — Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also in the same circulars is a review of **San Diego Gas & Electric Co.**

Leeds & Northrup—Memorandum —Ingalls & Snyder, 100 Broadway, New York 5, N. Y.

Leitch Gold Mines Limited — Analysis—Thomson Kernaghan & Co., Ltd., 67 Richmond Street, West, Toronto 1, Ont., Canada. Also available is an analysis of **Canadian Natural Gas Companies.**

Long Island Lighting Company—Review—Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y.

Magnavox Company — Review — Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Manhattan Shirt—Memorandum—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available is a memorandum on **Hilton Hotels.**

Marine Petroleum Trust—Memorandum—Carothers & Co., Mercantile Bank Building, Dallas 1, Tex.

McNeil Machine & Engineering—Memorandum—Winslow, Cohu & Steson, Incorporated, 26 Broadway, New York 4, N. Y.

Minerals Engineering—Memorandum—Quail & Co., Inc., Davenport Bank Building, Davenport, Iowa.

Mountain Fuel Supply Company —Annual report—Mountain Fuel Supply Company, Secretary, P. O. Box 989, Salt Lake City 10, Utah.

National Cleveland Corporation—Analysis — Vilas & Hickey, 26 Broadway, New York 4, N. Y.

Northfield Precision Instrument Corp. — Analysis — Robert Edelstein Co., Inc., 15 William Street, New York 5, N. Y.

Pacific Gas & Electric Company —Annual report—Pacific Gas and Electric Company, K. C. Christensen, Vice-President, 245 Market Street, San Francisco 6, Calif.

Pennsalt Chemical Corp.—Analysis—A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also in the same circular are data on **North American Car Corp.** and **Wright Line Inc.**

Phillips Petroleum — Report — Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Pioneer Finance Co. — Memorandum — Watling, Lerchen & Co., Ford Building, Detroit 26, Mich. Also available is a memorandum on **Winkelman Brothers Apparel.**

Plough Inc. — Analysis — W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y.

Purolator Products Inc.—Analysis —Hill Richards & Co., 621 South Spring Street, Los Angeles 14, Calif.

Purolator Products Inc.—Analysis Dempsey - Tegeler & Co., 723 Houston Club Building, Houston 2, Tex.

Ruberoid—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Ryder System, Inc.—Annual Report—Ryder System, Inc., Corporate Relations Department, P. O. Box 33-816 Miami, Fla.

Salem Brosius, Inc. — Report — Blair & Co., Inc., 20 Broad Street, New York 5, N. Y.

O. M. Scott & Sons Co.—Memorandum—Ohio Company, 51 North High Street, Columbus 15, Ohio.

Seaboard Airline Railroad—Analysis—L. F. Rothschild & Co., 120 Broadway, New York 5, N. Y.

Seligman & Latz, Inc.—Review—Globus, Inc., 660 Madison Avenue, New York 21, N. Y.

Shop Rite Foods, Inc.—Analysis—Russ & Company, Incorporated, Alamo National Building, San Antonio 5, Tex.

Simplicity Manufacturing Company—Review—Loewi & Co., Inc. 225 East Mason Street, Milwaukee 2, Wis. Also in the same circular is a review of **Central Louisiana Electric Co.**

Singer Manufacturing—Memorandum — Josephthal & Co., 120 Broadway, New York 5, N. Y.

Sperry Rand Corporation—Analysis—Bregman, Cummings & Co., 74 Trinity Place, New York 6, N. Y.

Standard Pressed Steel Co. — Review—Montgomery, Scott & Co., 120 Broadway, New York 5, N. Y.

Tappan Co.—Memorandum—Kidder, Peabody & Co., 17 Wall St., New York 5, N. Y.

Texas Consumer Finance Corp.—Memorandum—Southern Brokerage Co., Tower Petroleum Building, Dallas 1, Tex. Also available is a memorandum on **Whitehouse Plastics Corp.**

Thompson Ramo Wooldridge—Review—Van Alstyne, Noel & Co., 40 Wall Street, New York 5, N. Y. Also in the same bulletin is a review of **Stewart Warner Corp.**

United Artists Corp.—Bulletin—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also available are reports on **Beneficial Finance Co., British Industries Corp., American Broadcasting Paramount, George A. Fuller Co.,** and a bulletin on **Growth Situations.**

U. S. Industries—Memorandum—Filor, Bullard & Smyth, 26 Broadway, New York 4, N. Y.

Western Pa. IBA To Hold Outing

PITTSBURGH, Pa.—The Western Pennsylvania Group of the Investment Bankers Association will hold their annual outing at the Rolling Rock Club in Ligonier, Pennsylvania, Friday, May 20th. Guests of honor will be James J. Lee, W. E. Hutton & Co., New York, President of the Investment Bankers Association of America, and Murray Hanson, managing director and general counsel of the I. B. A.

The Association has also announced that in the fall a ten-week course will be given covering the problems of salesmanship as it applies to the industry.

Phila. Secs. Men to Hear

PHILADELPHIA, Pa. — C. J. Thomson, Vice-President of Control and Finance of Texas Instruments, Inc., will address a joint luncheon meeting of the Philadelphia Securities Association and the Financial Analysts of Philadelphia on Thursday, May 5, at Kuglers Restaurant.

Henry McK. Ingersoll of Smith, Barney & Co., is in charge of arrangements for the Securities Association.

Improving the Evaluation Of Stock and Bond Yields

By Dr. Robert M. Soldofsky, *Associate Professor of Finance, State University of Iowa, Iowa City and Author of "Lectures in Financial Management"*

Author attempts to obtain a more realistic, usable computation of dividend yields by discounting a conservatively rising dividend-stream. The results of this are compared to the traditional ways of capitalizing past dividends which implicitly projects dividends at their present levels. The shortcomings of this proposed approach are pointed out as are its advantageous use in, for example, utility cost comparison with industry or in portfolio analysis. The author concludes with a modest request for research funds for his University's study of dividend and earnings yields. The thing that puzzles the writer is the application of sophisticated methods to capital budgeting and to computing the rate of return on investment but not to the cost of finance. Thus, he finds that some associate the cost of finance with the cost of a new bond issue, and hold common stock has no cost when dividends are not paid.

In September 1958, the yield on bonds became greater than the dividend yield on common stock. The yield on bonds has been rising sharply for several months and the dividend yield on common stocks, measured on the Dow-Jones Industrial Average, has been falling since the third quarter of 1957. Not since early in 1936 had the bond yield been greater than the dividend yield.[1] After the great breakthrough of September 1958, the yield on high grade industrial bonds continued to rise to 4.70% by early October 1959. At that date the dividend yield on the D-J Industrials stood at 3.10%.

Robert M. Soldofsky

The return to bondholders was 1.60 percentage points greater than the dividend yield on common stock! At the date of this writing (March 24, 1960), even after the sharp drop in the stock market, the bond yield is still slightly above 1.00 percentage points greater than the dividend yield on the D-J Industrials.

In these remarks I will not argue whether the stock market is high or low, or whether it is likely to go higher or lower within some specified period of time. I will not attempt to predict bond yields, dividend yields, or stock averages. I will contend that the dividend yield correctly computed is higher than the bond yield.

First, the methods of computing bond yields—yield to maturity—and dividend yields will be reviewed. Second, some of the limitations of the dividend yield computation will be pointed out. Third, an alternative method of computing dividend yields will be described. Fourth, some of the uses of this alternative method will be suggested. Finally, an experiment under way at the State University of Iowa to prepare dividend yield tables based upon our method of computation will be reported.

1 The exact date of the "cross-over" depends upon the series used to represent stock and bond yields. On the basis of other stock and bond series there was even a brief "cross-over" in 1957, and again in 1958. See A. Wilfred May, "Observations," *Commercial and Financial Chronicle*, March 10, 1960, p. 5.

Methods of Computing Yields

The familiar yield to maturity calculation for computing the return on bonds is based upon the discounting process. The rate of discount that equates the present value of the contractual interest payments over the remaining life of the bond and the present value of the principal to be paid at maturity with the market price is the rate of interest. Corporate bonds issued in the United States have fixed maturity dates. Public issues of corporate bonds typically have 20- to 30-year maturities.

If a bond issue had no maturity its yield would be the rate of discount which equated the present value of the income stream with its market price. For purposes of computing the rate of return a perpetual bond and a preferred stock could be treated alike. The rate of return from a very long term obligation or a preferred stock is usually computed by dividing the periodic income by the market price. If a preferred stock paying $4 per year is selling for $80 per share, it is selling to yield 5%; income is being capitalized at 5%.

Limitations of Dividend Yield Computation

What does the capitalizing process imply? It implies that if the income from the preferred stock were discounted at 5% per year forever, the present value of the income stream would be $80. This amount may be calculated by either the well known rule of thumb method of capitalizing income, or by discounting each year's income separately and summing the present values. At a discount rate of 5% about 91% of the ultimate value of the perpetuity would be recovered in 50 years and about 99% in 100 years. There is little practical purpose in being concerned with income to be received more than 100 years in the future. The higher the rate of return, the sooner this practical limit of concern is reached. Table I shows some representative computations. The capitalizing process implies both a perpetual income stream and a constant amount to be received per unit of time. If either of these conditions is not met, it is improper to use the rule of thumb capitalizing process to approximate the rate of return for income earning securities or other property. If the deviations from either of these conditions is small, the consequences of using the rule of thumb process of capitalizing income may be unimportant. If the deviations are large, the fundamental discounting process itself should be used rather than a short-cut process.

The dividend yield on a single share of common stock is usually computed by dividing the annual dividend payment by the market price. In the case of a representative average of stock prices such as the Dow-Jones Industrials, the dividends on these shares are divided by the Average itself. The stocks now included in the D-J Average have been paying dividends regularly but the amount paid each year has been increasing. Certainly this increase in amount has not been steady, but it has been very substantial. The dividends on the D-J 30 Industrials rose from $6.11 for 1939 to $20.00 for 1958. Over this 20-year period the rate of growth in dividends paid has been approximately 6.25% compounded annually. The dividends were $20.74 for 1959, and they have been as high as $22.99 (1956).

Dividend payments on the 30 common stocks now included in the Dow-Jones Industrials have been remarkably steady. Three of the common stocks have been paying dividends continuously since before 1900; 18 of the 30 have paid dividends continuously since 1926; and all but one have paid dividends continuously since 1940. This final company has paid dividends each year since 1946.

It may be reasonably expected that these 30 common stocks—or any other representative list of common stocks of large, well-managed industrial companies, will continue to pay regular and increasing dividends in the long run. The dividend yield calculation on the D-J Industrials implies that dividends will be received indefinitely into the future; there is no way of avoiding the projection. The dividend yield calculation projects the most recently past 12 months dividends indefinitely into the future. The relevant question is whether it is more realistic to project past dividend levels into the future, or to project dividends rising into the future at a rate based upon both past experience and considered judgement. In my opinion, the rising dividends stream should be projected into the future. Few people would contend that dividends per share will not be rising during the next generation or more.

Industrial bonds are typically issued for 20-30 years. The prices that are paid for industrial stocks and the yields that are accepted indicate a high degree of confidence in the ability of the corporations to pay dividends for at least an equally long period.

Another limitation or consideration in dealing with the long run record of dividends and earnings of American corporations is the changes in accounting practices that have affected reported net income. Accounting for depreciation was not generally accepted until after the income tax amendment was ratified just before World War I. In 1939 the internal revenue code permitted firms to adopt the last-in first-out (LIFO) method of accounting for inventory and the cost of goods sold. Most large industrials have adopted this method. General Electric adopted LIFO in 1955; Westinghouse Electric in 1956; and Chrysler in 1957. The common stock of each of these companies is included in the D-J list of industrials.

In 1954 the internal revenue code provided for "accelerated" depreciation. The effect of using both LIFO and "accelerated" depreciation during a period of rising prices is to report net income as less than they would be if the first-in, first-out (FIFO) inventory method and straight line depreciation were used for accounting for income. Dividend payments of major industrial corporations are highly correlated with net income. In some instances reported net income may be reduced as much as 20% by using LIFO and "accelerated" depreciation as compared with FIFO and straight line depreciation. The lower reporting of net income has probably reduced dividend payments also. It is quite probable that further

Continued on page 27

TABLE I

Present Worth of $1 Per Year For a Given Number of Years As a Percentage of the Value of a Perpetuity‡

Years—	3% Discount	6% Discount	9% Discount	12% Discount	15% Discount	20% Discount
5	13.8%	25.3%	35.0%	43.3%	50.3%	59.8%
10	25.6	44.2	61.3	67.3	75.3	83.8
15	35.8	58.3	72.6	81.7	87.7	93.5
25	52.2	76.7	88.4	94.1	96.7	99.0
50	77.2	94.6	98.7	99.6	99.9	---
100	94.8	99.7	---	---	---	---

‡ Computed by dividing the value of present worth of $1 per year for each given year by the reciprocal of the discount rate.

Latin American Free-Trade And American Industry

By Seymour L. Linfield, *Attorney at Law, and President, Development Assistance Corp. (DAC), New York*

Consultant and analyst in the field of international operations, management and trade, provides details regarding Latin America's newly established free-trade area, which he finds inexplicably under-reported by most of our financial press. Mr. Linfield summarizes what the Montevideo Treaty does and does not do, the reasons for this evolutionary step toward a common market, the solutional direction of the payments controversy, and Treaty's significance to U. S. business.

A seven-nation agreement for the establishment of a free-trade area in Latin America was signed in Montevideo, Uruguay, on Feb. 18, 1960. Its signatories embrace 70% of Latin America's population, including Argentina, Brazil, Chile, Mexico, Paraguay, Peru and Uruguay.

The almost total silence, at least until now, of the financial press of this country with respect to this Treaty, is almost inexplicable. Its text, which has recently arrived in New York, merits careful consideration by American industry.

The "Latin American Free-Trade Association" (LAFTA) represents the nucleus of a future Latin American common market. It is an important step towards the economic integration of Latin America, towards eliminating the economic limitations which flow from the political fragmentation of this sub-hemisphere.

The Montevideo Treaty is important for what it says, as well as for what it does not say. Perhaps most important, at the moment, is a clear understanding of the economic and political realities which underlie the Treaty. The following initial observations are therefore in order:

I

What the Treaty Says

The Montevideo Treaty creates a free-trade zone covering 10 million square miles. It expressly aims to expand and diversify intra-regional trade—now amounting to nearly $800 million, approximately only 10% of the region's total foreign trade—and to promote the complementarity of the economies of the area.

It provides for a gradual, progressive reduction of trade restrictions, on a non-discriminatory basis, by periodic multi-lateral negotiations. Its obligations are directed to the liberalization of current trade, now consisting chiefly of primary commodities. Its objective is to eliminate all intra-regional import duties and charges now hampering trade—whether fiscal, monetary or exchange—within a period of not more than 12 years. It becomes effective 30 days after three nations have ratified it—with present indications that at least Argentina, Chile and Uruguay will ratify well before the end of the year.

II

What the Treaty Does Not Say

The Treaty does not establish a common schedule, and does not irrevocably commit each signatory to include all of its goods within the common schedule. It does not apply to existing contracts relating to oil or its derivatives. It does not expressly apply to "new" products — although the door is wide open for the use of this preferential instrument, if the signatories so desire, for the development of such trade. It does not establish intra-regional convertibility or a uniform system of trade payments. It does not establish a uniform code for foreign investment in the area.

III

The Political Consideration Which Generates a Latin American Free-Trade Area

LAFTA is powered by the increasing realization throughout Latin America that the major economic problem of the region is its massive poverty; that countries with primitive techniques can become powerful industrial complexes; and, that poverty can be eliminated in generations by such rapid industrialization. The problem of increasing the per capita rate of economic growth exists within the frame of a Latin America which will have in 1975 close to 300 million people (probably exceed 450 million by the turn of the century), as against 193 million today. (The 1975 market, incidentally, will be as large numerically as the present aggregate population of the United Kingdom, France, the Federal Republic of Germany, and the Benelux and Scandinavian countries.)

IV

The Economic Necessity for a Latin American Common Market

The 1945-1955 growth of the Latin American per capita product was 2.7% annually; between 1955-1959, no more than 1.2%. There is widespread and growing recognition that a 2.7% annual rate of per capita growth cannot be maintained (let alone increased)—if the process of industrialization is carried out within the bounds of one country, and if each country is to seek agricultural self-sufficiency.

This would be true even if advanced agricultural techniques were introduced, industrialization were resolutely developed in all countries, capital investment were sharply increased, and extensive technical training developed at every production level. Moreover, it is recognized that a 2.7% annual rate of per capita growth does not compare with the recent experience of other countries which are rapidly industrializing — and many seriously question whether, even if achieved, it would meet the economic and social demands of Latin American development.

Generally speaking, there is today no Latin American country with a domestic market sufficiently broad to take full advantage of economies deriving from large-scale production techniques, specialization, and the grouping together of productive activities—although specific and isolated sectors of an economy may be able to do so. The biggest country market in Latin America, Brazil, has an annual purchasing power of $13.2 billion. This could be contrasted with a passenger-car market in the United States representing an annual purchasing power of $7.2 billion. In Latin America, only three countries—Brazil, Argentina and Mexico—have a total annual purchasing power exceeding this figure.

Feasibility of Import Substitution

The process of import substitution *within individual country markets* is economically feasible with respect to consumer industries. It cannot develop soundly with respect to capital goods industries — machinery, equipment, intermediate products particularly in the chemical and petrochemical industries. This is because of their technical complexity and the need for specialization. With respect to such intermediate and final goods, this specialization can only occur within a broad market, if efficiency and lower costs are to be realized. The same advantage applies to agricultural commodities.

Today's annual production of capital goods in Latin America totals approximately $240 million. In order to maintain an annual average per capita growth of 2.7%, the 1975 requirements (at 1958 prices) would be $6,500 million. By that time, even granting the most optimistic estimates with respect to Latin American exports and the capital financing of the necessary imports, 60% of its annual requirements for capital goods would have to be supplied by the industries of the region.

It may be noted in passing that the UN Economic Commission for Latin America (ECLA) estimates that if Latin America's gross product is to sustain its post-war rate of growth until 1975, the gross fixed investment would have to increase from the $8,650 million annually registered in 1954-1956 to $31,550 million in 1975. Similarly, passenger-car demand would rise from the 150,000 imported yearly to 1.8 million; steel consumption from the 6.6 million tons of 1955-1956 to 37.6 million tons; copper consumption from 70,000 tons a year to 540,000 tons; petroleum (and its derivatives) and coal consumption from the 47 million tons in 1955 to 201 million tons; chemical product consumption from $2.3 million in 1955 to $8.2 million; paper and paperboard consumption from $370 million in 1955 to $1,540 million; and cotton textile production from the current 634,000 tons annually to 1.6 million tons.

V

Payments and Credits

The Montevideo Treaty was preceded in January, 1960 by a meeting of Government representatives of the central banks of the signatory powers. Agreement was there reached that, with respect to payments, the objective was to move to free monetary convertibility; that the co-existence of different payments and credits systems would not prevent the free functioning of the free-trade area; that the free-trade area should avoid the discriminations which might result from such different systems; and that the fullest use of appropriate credits to finance intra-zonal trade should be facilitated. Studies would be instituted with respect to the best possible systems of payments and credits to achieve these ends.

Public reference was avoided with respect to the sharp disagreement at the conference between the International Monetary Fund and the UN Economic Commission on Latin America—whose membership, incidentally, in addition to the Latin American countries, includes France, The Netherlands, the United Kingdom and the United States—concerning the best way to achieve a free payment system. The former—while taking no position on the contemplated treaty, inasmuch as it represented a trade agreement—strongly argued (with the support of Peru, Paraguay and Bolivia) for a single exchange rate convertible currency, for convertibility of the area's earnings for purchases outside the area. It registered its opposition to any restrictions on payments (including bi-lateral payments agreements), its objection to any arrangement which would introduce currency discriminations or special arrangements for neighboring countries.

ECLA, strongly supported by Brazil and Uruguay openly and by Chile and Argentina privately, urged a highly-non-convertible payments system, in order to compel its members to purchase within the area. It criticized the IMF position as being based upon a theory of multi-lateral trade at variance with reality, in that foreign purchases from Latin America depend fundamentally on demand and on trade policy.

The matter was shelved for further discussion—with the date of the next central banks meeting to be considered during the current meeting in Montevideo, which started on April 1, of the Provisional Committee for the Establishment of the Latin American Free-Trade Association. The results were thus viewed as a victory for IMF, which had already furnished the signatory Governments with over $463 million in stabilization credits.

At this time, the nub of the dispute does not appear to be a significant problem. The Montevideo Treaty, completed within a month of the meeting of the central banks' representatives, was signed without any conditions being attached by the signatories. All, with the exception of Brazil, have *de facto* convertibility. Most are committed to the gradual elimination of bilateral payments arrangements. Within no more than a couple of years, assuming that LAFTA starts to function effectively, it may be reasonably expected that intra-zonal payments will be on a convertible basis.

Under such circumstances, it is understandable that the discussion has begun to shift from consideration of special credits arrangements in the region towards consideration of the most suitable form and *modus operandi* of regional credits—and all this within an environment of increasing convertibility. The establishment of such a regional credit arrangement would act as a bridge from the existing bilateral payments schemes (with their reciprocal credit arrangements) towards multi-lateral trade and convertible settlements within the free-trade zone.

VI

LAFTA and the World Economy

Whatever the foreseeably-new problems for American industry, it would be short-sighted to view LAFTA primarily as an expression of the increasing division of the world into regional markets—including the European Economic Community, the European Free Trade Area, the countries of the Communist bloc. Although nearly all Latin American nations at present follow a protectionist policy, they all view closer intra-regional economic association and complete integration as contributing to the development and expansion of the world economy. The Montevideo Treaty specifically seeks to place itself within the compass of GATT. Significantly, it does not, and is not intended to, preclude or replace broader multi-lateral arrangements.

VII

The Timetable of LAFTA

The 12-year timetable may well be accelerated. Originally, the establishment of a free-trade area was only intended to address itself to urgent trade problems affecting the southern countries of Latin America. The four southern countries—Argentina, Brazil, Chile and Uruguay — considered with favor a multi-lateral instrument, conforming to the provisions of GATT, which would utilize customs policy as a major means of maintaining and developing trade among the states concerned, so as to replace the existing practice of bilateral agreements with their trade, customs and exchange limitations.

The adhesion of Mexico—which has but little trade with, and trade problems different than, the other signatories — transformed the Treaty into the nucleus of a common market arrangement. Two chapters of the Montevideo Treaty —Chapter III ("Expansion of Trade and Economic Complementarity") and Chapter VIII ("Measures in Favour of Countries at a Relatively Less Advanced Stage of Economic Development")—represent steps towards the permanent objective of a common market.

There is prospect that Colombia, Ecuador and Panama may soon join the Treaty. If the special treatment (which the Treaty expressly permits) is provided, the opposition of Venezuela can quickly melt. Finally, it may be stressed that the considerations pressing for acceleration of the timetable of the European Common Market exist with equal force within the economy and politics of Latin America. This is equally true irrespective of whether the Latin American Governments decide that the best means of achieving a common market is *via* a new general treaty or *via* utilization and development of the facilities provided by the Montevideo Treaty.

Conclusion

In assessing the significance of LAFTA, and the emerging Latin American common market, American industry may well consider the words which the London "Financial Times" addressed to British industry on the subject on Feb. 4, 1960:

"The lesson in all this for British industry is clear. Although there will be a strong demand for heavy capital equipment in Latin America over the next ten years or so, it will subsequently be more and more difficult to export any manufactured goods to the area. Therefore, if the UK is to retain a stake in the area, it must follow the example of her German and Japanese competitors and establish, or share in establishing, manufacturing industries within Latin America.

". . . The pace of change in Latin America, both political and economic, is rising rapidly, and unless more attention is paid by British industry to Latin American investment within the very near future, it may be too late to start."

Investment, high rates of growth and rapid industrialization cannot but bring to the forefront such matters as the distribution of income, as well as active consideration of the social conditions under which such development takes place. American industry, no less than other industry, must give careful consideration not only to this matter of timing, but also to the conditions under which it seeks to participate in future Latin American economic development.

These two factors will determine its future role in Latin America.

Newbury Director Of National Secs.

Frank D. Newbury has been elected to the Board of Directors of National Securities & Research Corporation it has been announced by Henry J. Simonson, Jr., Chairman and President. Mr. Newbury has been associated with National as Consultant on Economic Conditions since 1952 except for a period of almost four years when he served as Assistant Secretary of Defense for Research and Engineering. He is a retired Director and Vice-President of Westinghouse Electric Corporation for whom he directed economic forecasting activities and made original studies of industry cycles.

The author of "Business Forecasting" and "The American Economic System," Mr. Newbury is a member of The American Economic Association, American Society of Mechanical Engineers and Fellow, American Institute of Electrical Engineers.

Mr. Newbury succeeds the late Beardsley Ruml on National's Board of Directors.

Twin City Investment Women to Meet

Twin City Investment Women's Club will hold a meeting at The Normandy Hotel, Minneapolis, Minn., May 18th. Mr. Osman Springsted, President of Moody Springsted, St. Paul, will be the speaker.

Short-Term Market Impact Of Secondary Distributions

*By Philip M. Hubbard, Jr.**

The methods secondary distributions can and do take, and the market impact of typical distributions over the short-term are analyzed by Mr. Hubbard in his survey of 111 distributions. In ascertaining the validity or invalidity of the popular view that secondaries have a definite bearish market influence, the author is able to impart information to both investors and security dealers helpful in gauging the problems posed and in meeting them. Thus, his findings cover large and small distributions as well as SEC registered, volatile and stable stocks, and he computes their day-by-day price changes over a ten day period.

Beginning late in the 1930's and continuing through the present time, the secondary distribution has become an increasingly common and important factor in the marketing of large blocks of securities. After the enactment of the Securities Act of 1933 and the Securities Exchange Act of 1934, markets for common stocks became increasingly thin and sales of these issues in large amounts were more difficult. Often they could not be completed through the normal stock exchange "auction" method. The increasing importance of institutionl factors in the market who were constantly dealing with large amounts of single issues made the offering of these blocks even more common. As in most cases where a system is needed for dealing with market situations of this kind, a method was quickly found and came to be known as the secondary distribution. A secondary distribution is an over-the-counter offering of a large block of securities, usually common stock, by one or more dealers on a net basis after the close of the nation's stock exchanges. This type of sale has increased in frequency from as few as 37 in 1942 to well over 100 in 1959.

With the rapid increase in popularity of this method, there have been many misconceptions as to just exactly what steps are used in the sale, how public feeling changes, and what the market impact of such a distribution over the short term is. This paper is an attempt to fill the gap and answer the above questions. As such, it can be broken down logically into three sections dealing with (1) Distribution methods, (2) Public feeling on announcement and, (3) Market impact.

SECTION I

Distribution Methods

A secondary distribution originates with the decision of the holder of a large block to liquidate. This large holder may be an institution such as an investment or insurance company, or even a large private individual or corporate treasury. The sale is often the result of the liquidation of a large estate for the purposes of payment of inheritance taxes and distribution of assets. In other situations such as the recent offering of 2,000,000 Ford shares, it simply reflects the desire of a large foundation to diversify its investments. In any case, the seller has four principle channels open to him:

(1) Direct sale on the over-the-counter market to a sizeable institution.

(2) Direct sale through a member firm on the floor of the Stock Exchange.

(3) Sale through a secondary distribution by a syndicate of non-member or Stock Exchange member firms.

(4) Sale through a Stock Exchange member firm in a special offering, off-board transaction or exchange distribution.

Any one or more of the above may become impossible or at least inadvisable depending on the size of the block and its marketability. Alternative 1 is not often used, either because of lack of knowledge of this type of market, or inability to find a large enough purchaser for the particular security at the particular time. Alternative 2 is also rarely used primarily because of the additional time needed and the price risks of depressing the market with a large offering. Alternative 4 represents the comparatively recent attempt of the New York Stock Exchange to handle large blocks of securities within its own facilities, but still represent a small proportion of the total. In practice, it has been estimated that 90% of all large block business in New York Stock Exchange listed shares is marketed through alternative 3 [1]. (From this point on, we will deal entirely with corporate shares listed on the NYSE both because of ease in obtaining data and because these comprise by far the largest percentage of such activity. Thus, secondary distributions assume the dominant role in the business of resale of large numbers of shares and represent probably $500 million a year in market value at the present time.

[1] *The Over-the-Counter Securities Markets*, Friend, Hoffman and Winn, p. 439.

Steps in the Transaction

After deciding to liquidate, the seller will usually approach a dealer (either exchange member or non-exchange member) with whom he is acquainted, and question him about the possibility of effecting the transaction. Depending upon the market experience of the seller, he may or may not be the first to suggest a secondary distribution. A process of negotiation and conference then ensues in which the terms of the transaction are finally worked out. The following are usually decided in this bargaining process:

(1) Approximate date on which the shares will be offered.

(2) Selling concession or commission which the dealer will be allowed.

(3) Indication of approximate price which the seller is interested in.

(4) Arrangements for Securities and Exchange Commission registration if necessary (registration is often required in the case of major stockholders or corporate treasuries where the securities were not originally acquired on the open market.).

(5) Commitment as to whether the dealer is willing to assume full risk for the success of the distribution through an underwriting or whether the sale will be conducted on a "best efforts" basis (the best efforts method is by far the more common usually used, with underwriting only on the larger issues).

It must be remembered that during these negotiations, the objectives of the two parties are quite different, and in many cases, opposite. It is in the interests of the seller to obtain as high a net return as he can by giving a low commission and to lower his chances of loss in case of failure. It is the objective of the security dealer to obtain a high selling concession, lower his risk, and, in many cases (especially in institutional work) keep negotiations on an equitable basis so as to obtain continuing business from the same client.

Before the end of these actual negotiations, the principal dealer will begin to make arrangements for the actual sale. These are often made in consultation with other exchange member or non-member firms and include the following decisions:

Distribution

Depending on the size of block, marketability and nature of the securities being offered, the principal dealer or syndicate head must make several decisions on the type of selling effort and distribution needed. If the dealer is a large one with wide national distribution, he may not need to call on others to help "move the stock." However, if he is small, he may be forced to contact others to obtain the needed selling effort. If the securities are a very stable preferred stock or income security, a New York investment banker with large institutional customers would be desirable. On the other hand, with a popular listed stock of a well known corporation, wide distribution throughout the nation by a large wire house with many offices might be more desirable and less expensive. As the other members of the selling group are being selected where needed, indications must be given to them of the number of shares which will be allocated to each firm.

Commissions and Concessions

As agreements are reached with any other participating syndicate members, one of the major decisions is that of the relative split of the commission which the selling institution or individual has

Continued on page 30

Sputters and Sizzles in The Economic Outlook

By Dr. Paul W. McCracken,* *Professor of Business Conditions, School of Business Administration, University of Michigan, Ann Arbor, Mich.*

Plusses and minuses in the economy and a more relaxed Federal Reserve policy add up to a good year of orderly expansion according to Dr. McCracken's diagnosis. The former Council of Economic Advisers' member indicates where the economy has sputtered instead of sizzled and notes how evenly balanced are today's economic forces. This, he says, makes proper policy actions critically important, and permits, with the abating inflation now occurring, a more expansive monetary policy than we had in 1959 to minimize the risk of a downturn.

The subject which has been assigned to me is one which I think most of us have been thinking about with more than ordinary concern in the last few weeks. It is undeniably true that after the exuberance with which the "Sizzling Sixties" were supposed to have been ushered in about three weeks ago, the recent weeks have been very disappointing. With the economic forces seeming to be at surprising close balance, this is really quite a change. If you go back to the turn of the year, I think you will all remember there was a wave of almost exhilaration with which this new year and new decade was being greeted, and the only question was the fear that we wouldn't be able to contain this enthusiasm and keep it on a somewhat orderly basis.

Dr. P. W. McCracken

Well, the fact of the matter is, one might say the so-called "Sizzling Sixties" have settled down more on a sputtering note than a sizzling note. Take the statistics just being released on the recent developments in business activity. Industrial output in February was down slightly from January, and the earlier estimate of what was happening in January came down just a little bit.

Industrial output, in other words, the physical volume of things being turned out, is now only very slightly above what it was in mid-1959. [Ed. Note: The FRB's seasonally adjusted index in March was 109% of 1957—1% below last February and 2% below the January high.]

Incomes are following very much the same kind of pattern, with there having been virtually no change in January and February.

Somewhat the same pattern is reflected in retail trade. Aggregate retail sales apart from seasonal changes have been stalled on about an $18 billion plateau, month after month, since about the middle of 1959. As a matter of fact, the high water mark occurred in July of last year, about $18.3 billion per month and that level has yet to be exceeded, at least on the basis of the preliminary estimates. And there was a very slight decline from January to February, although I must emphasize, of course, that these figures are still somewhat preliminary. [Ed. Note: March retail sales remained at about the January-February level.]

Bright Spot

The brightest spot is that the employment picture has definitely improved and the ratio of unemployment to the labor force has now fallen down below 5%. It is down to where it was in the better part of last year. And in February there was a substantial strengthening of the employment picture. Employment was up almost a half a million, and the number of long-term unemployed—that hard core unemployment problem of people who get into this unemployment role and have difficulty getting out of it again—was actually declining. The employment picture was one of the most hopeful elements of this months' business news.

Now this essentially sidewise movement of business activity and business play, after the exhilaration with which we were anticipating what was going to happen this time of year, has of course raised some question as to what seems to be shaping up. Is it a year like 1957, which of course contained a downturn? It is certainly true as one examines carefully the evidence of what is going on at the present time, that there are some disturbing aspects. Auto sales are not quite up to the expectations at the turn of the year. The most frequently cited estimate for 1960 was in the neighborhood of about seven million cars. Clearly, the current sales—and other evidence such as what is happening to used car prices and used car stocks—does not suggest that the year is building up to anything like a seven million year. A short fall to perhaps 6 to 7% from that seven million looks likely at the present time.

However, another aspect of the retail trade picture which I think is rather interesting and which I am rather puzzled about is the fact that retail sales in recent months have not been responding to the rise in people's income. Indeed, had retail sales marched along apace with the rise in consumer incomes during the last six months, sales in February would have been about 4% higher than they actually were.

This is a phenomenon which raises the question as to whether a rather bearish consumer psychology is going to become one of the drags on the situation in the current year. I will have more to say about that later.

Now a third rather disturbing development, in the last couple of months particularly, is that businesses have been accumulating inventories at a very substantially more rapid pace than had been anticipated. The inventory accumulation had been expected to be one of the strong elements, one of the important plus factors, not only in the very early part of 1960, but also carrying at least into mid-year and possibly beyond. I would be frank to say about two or three months ago I myself was expecting this factor was going to be a sustaining element in the picture, in settling the economic problem.

Now the fact of the matter is, this restocking or building up of inventory on the part of businesses has been moving along at an almost uncomfortably rapid pace. For example, in January, manufacturers alone built up their inventories about $750 million, which is an annual rate of $9 billion. Anything like that rate of expansion, of course, cannot be sustained very long. It looks as though one of two things is going to have to happen; either basic demand is going to have to strengthen in order to validate these high production schedules or we are going to have extensive cutbacks in production schedules in order to avoid inventories getting out of line. Of course, there are some segments of industry where the cutbacks have already occurred.

The final minus element in the picture, which has been running for some time and with which we are all familiar, is the fact that residential construction has been displaying its usual adverse movement relative to the economy. Ceilings on FHA and VA mortgages result in residential construction being a contra-cyclical type of industry. As business activity strengthens, interest rates push up above these ceiling levels, enlarging discounts begin to be a real drag on residential construction.

We have now had a significant decline in this industry and the movement from January to February is a further decline.

Business Spending Looks Good

Now if we stop our discussion at this point, we might regard this as a quite pessimistic review of developments. But before we are overly impressed with the minus elements in the current scene, we do need to remind ourselves that there are still some very important plus elements in the picture, and these must be recognized.

One of these is that there continues to be evidence of substantial further expansion in what is a critically important segment of industry at the present time, namely, the prospects for business expenditures for the expansion and improvement of their productive facilities. These so-called capital expenditures are one of the important plus elements in the picture. This still looks good.

Last fall very preliminary estimates indicated that these expenditures in 1960 would probably be about 10% over 1959. Now our experience has demonstrated that as we get closer to a period, particularly when we are in a upswing stage, that the magnitude of this expansion over the preceding year is apt to grow. And in a survey which the Department of Commerce just released last week, the evidence suggests these increases will be about 14% above last year. So for many reasons, there is still a considerable amount of strength in this extremely important sector of the economy. I could hardly exaggerate the importance of this. If the evidence suggested that this area of the economy was going to exhibit a decrease this year, we would have cause for some real concern.

Now a second bright spot in the picture, curiously, it seems to me, is precisely in this inventory picture. While inventories have been accumulated too rapidly, the fact of the matter is that businesses generally have their inventories under much firmer control than say through 1956 and 1957. As a matter of fact, inventories at the present moment would have to be six to eight billion dollars more to get up to the same relationship relative to business activity as prevailed back at that time.

Now this is rather reassuring because it does strongly suggest that we are not going to have in this inventory picture the volcanic source of weakness which hit us in the latter part of 1957 and the early part of 1958. In fact, it was this fact that inventories had been on the high side and then turned about that directly accounted for over half of the decline from 1957-58.

Consumer Attitude Good

There are at least three more plus factors worth mentioning. One of these is that there does now seem to be scattered evidence that consumer psychology is developing in a reassuring way. The consumers are becoming a little more optimistic about their situation and a little more inclined to buy than seemed probable a couple of months ago.

The University of Michigan Survey Research Center is now in the process of concluding some survey materials and those results will be available shortly. But just from scattered impressions, consumer sentiment looks strong but not exuberant.

Now another point is that after the rather poor showing for the last couple of years, there does seem to be now some evidence that our export markets are going to strengthen.

This is a new item for us to watch. In fact, I think most of us are only vaguely aware that we have such a thing as our balance of payments. This is something people in a small country have been quite aware of for a long while because they always have to keep one eye on their balance of payments.

As far as the United States is concerned, until recently we have been living in an era of dollar shortages. While our balance of payments was out of balance, it was out of balance on the "right" side as far as we were concerned.

Export Market Strengthening

In the last couple of years, we have had a deficit in our external balance of payments, and this has been a cause of substantial concern. Now it seems for a variety of reasons, there is some reason to hope that 1960 is going to witness a significant strengthening of our export market and at least a tendency for this gap in the balance of payments to narrow. The reasons for that optimism, I think, are fairly substantive. One of them is that the expansion in business activity abroad is going to have a desirable effect on our export market. In other words, as their economy grows, their purchases from us will tend to enlarge. Also, some of these countries are moving rapidly towards removing some of their special restrictions against their purchases from us. The automobile industry, for example, has been the recipient of at least its share of criticism—we don't produce the kind of products that have a chance to sell in the foreign market, etc.—so let me give you a little illustration of the kind of thing I am talking about.

I spent part of last summer in Japan. Very frequently the question was asked, "When is the United States going to have to devaluate the dollar?"

Well, now, is our balance of payments really unbalanced? Let's look at the automobile situation. Japan can sell all the Japanese cars they can persuade people in the United States to buy, subject to the 9% tariff. Now look at it the other way round. In the Japanese market there is a progressive excise tax, such that it is 15% on their cars and up to 50% on American cars. In addition to that there is a 60% tariff on imports of American cars. Finally, there is a flat prohibition on importing American cars anyway.

Now how can you look at sales of Japanese cars in the United States and compare it with the sale of American cars in Japan and draw any conclusion as to whether our balance of payments are out of line or not?

Well, these restrictions are gradually being worn down, and it must be said that in these countries there is a great deal of sentiment that they ought to come down, simply because it would be good for the domestic industries to be subject to American competition.

Money and Capital Markets

Well, the final element in the picture I want to mention on the plus side of the picture here today is that the money and capital markets are developing in a way that is more conducive to orderly economic expansion. You are all familiar with the facts, with the rather dramatic declines in interest rates. As for the reasons for this change in pressures in the money and capital markets, I really don't have anything particular to add to what is generally known.

One of them is the marked change in the Federal budget picture a year ago. A year ago Uncle Sam himself was a major claimant in the market. This time the budget position has gotten into much better shape. Incidentally, this is another illustration of how excess of expenditures over receipts on the part of the Federal Government is not necessarily a wholly expansive factor to the economy because it produces these adverse repercussions in the capital markets. I think, myself, that a good deal of significance must be attached to the general abatement of inflationary sentiment, with the resultant effect that that has had on the common stocks and fixed obligations.

Federal Reserve Policy Easing?

In recent days another question has emerged: "Do these easier conditions in part reflect a change in Federal Reserve policy?"

You may recall about four weeks ago the so-called net borrowed reserve position, the excess of member bank borrowings from the Federal Reserve over excess reserves, dropped rather significantly. Well, no one paid much attention to this because this was another one of these violent snowstorms. This had a technical effect on float that inevitably eased reserve positions. The next week net borrowed reserves returned to the old level of $450 million.

Then the next week it came back down again, but once again it was another snowstorm. This could have been another statistical freak. But last week when the statistics came out, the reserve position was still easier, and this time it was pretty hard to explain it away on the basis of statistical freaks. One would have to say that the question is raised very strongly as to whether or not Federal Reserve has relaxed a bit its rather stern policy of the last year. [Ed. Note: Weekly average for April 20 was $153 million.]

If this is the case, then it seems to me that 1959 and 1960 may well go down in history as a particularly good episode in money matters. There was a very stern policy pursued in 1959, as you well know. There was virtually no expansion of bank credit through the year. This, it seems to me was desirable, both because of the large credit expansion of the previous year and also because of the inflationary sentiment which was a problem during that year.

Now that the inflationary psychology has abated considerably, and the pressures in the market place are more evenly balanced than was true last year, an easing of credit policy seems appropriate. If the Federal Reserve is relaxing its stern policy, then we will have a real chance that the current expansion is going to continue and be a fairly orderly one.

This would be almost exactly the reverse of the tactics which were pursued last time. In 1955 and 1956, when Federal Reserve policy was too easy, a disorganized boom developed. Then they clamped down hard and held on too long in 1957, giving us a somewhat harder readjustment. This time it seems to be working out very well.

Conclusions

Well, in trying to balance these plusses and minuses in the picture here, I would come to these conclusions. First of all, we must certainly recognize that economic developments have been disappointing in the last eight or ten weeks, but we also need to recognize that they have been disappointing heavily in terms of what was expected rather than what has actually occurred. For instance, 6½ million car sales in the year is below seven million, but would represent a significant increase over last year.

Now we must recognize that economic forces have been in a very close state of balance recently, but in my judgment, the forces making for expansion still have the slight edge. With the abatement of inflationary psychology there is a chance that we can have an extension of the expansion in business activity on a more orderly basis than seemed probable as recently as about three months ago.

And my third point would be that with this more evenly balanced state of market forces, policy actions have become correspondingly much more important, with an error causing more serious results than would have been true earlier.

It would be my view that we shall need this year a more expansive monetary policy in 1960 than we got in 1959 in order to minimize the risk of an actual downturn in business activity. My own hunch is that we are going to get it, and may already be getting it. Therefore, I would continue to array myself on the side of those who feel that though 1960 may not be an exuberant year, nonetheless it may be a good year of orderly expansion.

*An address by Dr. McCracken before the National Instalment Credit Conference sponsored by the Instalment Credit Commission of the American Bankers Association, Chicago, Ill., March 23, 1960.

Harold Smith on Hawaiian Trip

Mr. and Mrs. Harold B. Smith are on a two weeks' trip to Hawaii for a well-earned vacation. Mr. Smith, who is associated with Shearson, Hammill & Co., in Newport Beach, California, sends greetings to all his friends in the National Security Traders Association, which he served so well for many years as National Advertising Chairman.

Harold B. Smith

New Putnam Branch

TORRINGTON, Conn. — Putnam & Co. has opened a branch office at 30 Mason Street, under the management of Charles L. Bowman.

Winston Industries Corp.

WINSTON SALEM, N. C.—Winston Industries Corporation is engaging in a securities business from offices at 2080 Beach Street. Peter F. Smitherman is a principal of the firm.

Forms Granoff Co.

ASBURY PARK, N. J. — Irving Granoff is engaging in a securities business from offices at 1004 Main Street under the firm name of Granoff & Co.

To Form S. Freedman Co.

Samuel B. Freedman, member of the New York Stock Exchange, and Robert P. Freedman will form Samuel B. Freedman & Company with offices at 45 Wall Street, New York City, effective May 1st.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

The naming of Chester Bowles as Chairman of the Democratic platform committee assures a rip-snorting leftist platform. Bowles is one of those men who made millions out of the advertising business and is now trying to keep occupied in his advancing years. There is no worse kind of a liberal than a millionaire.

Bowles is a darling of the Americans for Democratic Action. He was Governor of Connecticut. Last year he sought the Senatorship but he and his older partner in business, another bleeding heart millionaire, William Benton, split the vote and both lost. Bowles then tried for a House seat and won.

He is being mentioned now as a dark horse Presidential candidate, God forbid. However, he has obtained a prominent place in the convention and the lightning may strike him. There will be plenty of his stooges at the convention working for him.

The only consolation that the conservatives have is that the Liberals run the conventions and the Southerners and conservative Congressmen and Senators run Congress.

All sorts of pressure is being put upon Nixon to run as a conservative and as a liberal. The conservatives took a setback in the outcome of the New Jersey primary, despite rather strenuous efforts to defeat the incumbent Clifford Case. The latter won by more than one-hundred-thousand votes in face of the fact that only about 300,000 votes were cast.

This made a profound impression on Nixon and the rest of the Republicans, particularly those who are trying to get him to go right.

A private poll, released by the Nixon people, has just shown that Nixon would win over all Democratic candidates in Indiana, but that Kennedy would be the hardest man to beat. The poll shows Nixon running 52% ahead of Kennedy while the result over Humphrey, Stevenson and Johnson would be as much as 57%.

Nixon and Kennedy are to meet in a primary contest in Indiana next Tuesday. The private poll shows that Kennedy will win this contest which will add to Nixon's troubles before he gets started campaigning.

There will be more voices raised that he cannot win and that the Republican party should draft Rockefeller. Harold Stassen, who, since he was Governor of Minnesota at an early age, has dropped down from running for the Presidency to Mayor of Philadelphia, has now joined the anti-Nixon howlers. He is circulating an anti-Nixon letter.

Stassen tried to head off Nixon in 1956 for the Vice-Presidency on the ground that the latter would be a drawback to the ticket. When he saw he was defeated, Stassen asked for and was granted permission to place Nixon in nomination. The party leaders should have turned him down and gotten rid of Stassen then and there.

Kennedy is undoubtedly the strongest in the Democratic field. However, he is in a neck and neck struggle with Humphrey in West Virginia. If Kennedy should win there, it will show that his religion is not working against him. West Virginia is about 95% Protestant. If Kennedy makes a good showing there, it is going to be difficult for the party to turn him down at Los Angeles. The Kennedy family, headed by father Joe, is quite a family. It is an unusually attractive, also extremely wealthy, family and when it starts out after anything, it is hard to deny them.

Form LSL Investors

LSL Investors Corporation has been formed with offices at 542 East 14th Street, New York City, to engage in a securities business. Officers are Theodore Lehman, President; Joseph Sadow, Treasurer, and Morton Lutzker, Secretary.

Form Corporate Securities

TEMPLE CITY, Calif.—Corporate Securities, Inc. has been formed with offices at 5816 Temple City Boulevard to engage in a securities business. Officers are John L. Shaw, President; Roy Walter Shaw, Vice-President and James W. Corcoran, Secretary-Treasurer.

Financial Div. in Fund Appeal

Orie R. Kelly of G. H. Walker & Co. has accepted the general Chairmanship of the Financial Division of the Cardinal's Committee of the Laity for the 1960 Fund Appeal of the New York Catholic Charities. Serving with Mr. Kelly as general Vice-Chairmen are William A. Coleman of Adler, Coleman & Co., and Edward F. Hayes of Glore, Forgan & Co.

Orie R. Kelly

Committees serving under these general Chairmen include:

Member Firms Committee: Joseph C. Nugent of Mabon & Co., Chairman; Joseph Gimma of Hornblower & Weeks, John B. Maher of Carlisle & Jacqueline, and Walter T. O'Hara of Thomson & McKinnon, Vice-Chairmen.

Commodities Committee: Edward J. Wade of Wade Bros. & Co., Chairman; Charles B. Crofton of Crofton Grain Co., and Harold A. Rousselot of Francis I. du Pont & Co., Vice-Chairmen.

The Cardinal's Committee is composed of Catholic laymen grouped into committees according to their business or profession. They solicit special gifts from individuals in their particular field or in allied industries.

Dahl & Diehl To Visit N.Y.C.

Ralph M. Dahl, Evans MacCormack & Co., Los Angeles, and President of the Security Traders Association of Los Angeles, and Robert D. Diehl, Paine, Webber, Jackson & Curtis, Los Angeles, a past president of the National Security Traders Association, are in New York City to attend the dinner of the Security Traders Association of New York, April 29. They may be reached at the Waldorf-Astoria Hotel in New York.

Harold Connolly Opens

Harold T. Connolly is conducting a securities business from offices at 135 Broadway, New York City.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Insurance Stocks

HARTFORD FIRE INSURANCE COMPANY

Hartford Fire Insurance Company, which this year is celebrating its 150th anniversary, is not only one of the oldest property insurance underwriters in the nation but, on a consolidated basis, is among the largest organizations. The month of April is a remunerative one for its stockholders, since they received a 46.7% increase in dividends brought about in effect by a 4-for-1 stock split. Stockholder approval also paves the way for payment of one month salary bonuses to 12,000 staff members of the Hartford Fire Group to make the 150th anniversary a memorable occasion.

Organized in 1810, the company now represents a well balanced fire-casualty operation. By way of the acquisition route it gained entrance into the life insurance field in 1959 through a seven for ten share exchange of the stock of Columbian National Life Insurance Company of Boston. Thus the Hartford Fire Group has readied itself for "one stop selling" of a complete insurance package.

Licensed in all states, Hartford Fire has six fire-casualty subsidiaries: Hartford Accident & Indemnity Co., Hartford Live Stock Insurance Co., Citizens Insurance Co. of New Jersey, New York Underwriters Insurance Co., Twin City Fire Insurance Co. and London-Canada Insurance Co. In order to more closely identify Columbian National Life as a member of the Group, a name change to Hartford Life Insurance Company will become effective before mid-1960.

Home-based in Hartford, Conn., the Group has departmental office headquarters at Hartford, New York, Chicago, San Francisco, Dallas, Minneapolis, Atlanta, Cincinnati, and Toronto, Canada. In recent months management has announced the construction of several new buildings to house its expanding network. Its Central (states) Department, which opened this month in Cincinnati in temporary headquarters, will move into its new office building this fall.

New buildings also include those in Dallas and Chicago. The Chicago $20 million modern office building is scheduled for completion in early 1961 and represents the company's largest construction project since the building of its Home office at Hartford. Contingent plans have been revealed for a new building at San Francisco which would increase the company's present space facilities by 500%. The increased physical expansions should have a marked effect on future operations.

Net premiums written in 1959 registered a gain of 12.2% to $478.3 million, and underwriting profit margins improved to 2.28%. The company is noted for careful selection of risks and its better than average underwriting results. In the words of James C. Hullett, President, ". . . 1959—though not a good year for us insurance-wise did produce a much improved situation . . . growth has been accomplished without any relaxation of this organization's traditional underwriting standards." Fire lines account for approximately 44% and casualty line about 56% of the classes of insurance written. The more important fire lines include Fire, Auto Physical Damage, and Extended Coverage. Auto Bodily Injury, Workmen's Compensation, Other Bodily Injury and Auto Property Damage account for the leading casualty lines. Hartford is among the select few underwriters who were able to underwrite at a profit during the recent adverse cycle; it reported a loss only for 1957. Life policies are expected to fit easily into the existing sales force, which approximates 36,000 agents.

The additions of new life insurance for 1959 totaled $166.7 million, a good increase over 1958 and larger sales were represented in every class of life insurance activity. New ordinary insurance totalled $45.5 million which represented a 38% gain over 1958. Total life insurance in force at the end of 1959 was $647 million, compared with $541 million at the end of 1958. An estimated $0.7 a share was contributed to consolidated earnings by life insurance operations.

Management of the fire-casualty-life segments of the business are working very closely on a program of planned expansion, and consolidation of the group insurance activities of the Columbian National (Hartford Life) and the Hartford Accident and Indemnity Company into a single integrated group department is proceeding along carefully worked out lines.

No significant change in investment policy occurred during 1959 with the continued emphasis being primarily in tax-exempt bonds and to a lesser degree in common stocks. The investment portfolio is approximately 58% and 42% for bonds and stocks respectively. The rates of return on average investment assets at book value and before Federal income tax were 3.40%, 3.32% and 3.29% for 1959, 1958 and 1957 respectively. The estimated tax rate applicable to investment income continues its favorable trend — from 22.9% in 1955 to 12.8% in 1959. Investment policy can be described as sound and conservative and investment income growth is expected to continue above average for the industry.

Assets at the end of 1959 for the Hartford Fire Group surpassed $1 billion for the first time. As one of the nation's outstanding insurance underwriters, its stock tends to sell no lower than book value and frequently the price goes to a premium. As one of the most profitable, oldest and largest concerns its common shares represent a widely diversified insurance and a high quality growth equity.

Dividends, although conservative, have been paid without interruption since 1873 and several stock dividends have been declared, including 33⅓% in 1949, 25% each in 1954 and 1955, and the recent 100% stock dividend this year together with a 2-for-1 stock split. With several consolidation and expansion steps underway and its "all lines" insurance in operation, an expected return to more normal underwriting results supports Hartford Fire Insurance as a sound investment.

Selected Statistics — Growth and Underwriting Control

Year—	—Net Premiums— Written*	Earned*	Admitted Assets*	†Loss Ratio	‡Expense Ratio	Profit Margins
1959	$478.3	$426.2	$1,119.7	61.3%	36.5%	2.28%
1958	426.2	406.9	908.6	60.8	37.7	1.47
1957	388.4	374.3	785.7	62.8	37.7	—0.48
1956	360.7	354.6	770.6	61.6	37.5	0.86
1955	343.4	338.7	754.0	56.4	37.0	6.61

*In millions of $. †Losses incurred to premiums earned. ‡Expenses incurred to premiums written.

Per Share Statistics*

Year—	Approx. Price Range	Investment Income	Consol. Earnings	Avg. P/E Ratio	Indicated Dividend	Approximate Book Value
1960	53 - 47	---	---	---	$1.10	----
1959	51 - 42	$2.33	$2.91	16.0	0.75	$41.54
1958	47 - 32	2.23	2.39	16.5	0.75	42.27
1957	41 - 28	2.09	1.72	20.1	0.75	35.48
1956	45 - 33	1.95	1.77	22.0	0.75	35.33
1955	47 - 35	1.77	2.38	17.2	0.71	36.96
1949	20 - 14	0.84	2.63	6.5	0.30	20.72

*Adjusted for stock dividends and split through 1960. Figures for 1959 are based on 10,694,236 shares, prior years are based on 10 million shares.

Wilbur Hess Is With J. R. Phillips

HOUSTON, Texas—As of April 25 Wilbur E. Hess, formerly a partner of Hess & Company, has been elected a Vice-President of J. R. Phillips Investment Company, Incorporated, Houston Club Bldg.

Shields & Co. to Admit Partner

Shields & Company, 44 Wall St., New York City, members of the New York Stock Exchange, on May 5 will admit Joseph J. Flannery to partnership.

Chicago Analysts Meetings

CHICAGO, Ill. — The Investment Analysts Society of Chicago will have as the subject of their spring meetings, Allis Chalmers, April 21st; National Lead Company, April 28th; Grocery Industry Forum, May 12th; Purolator Products, Inc., May 19th, and Hercules Powder, June 2nd.

Will Khrushchev Save Western Economic Unity?

By Paul Einzig

A truculent Khrushchev can unwittingly restore Western economic unity. One of the reasons for the inability of the "inner six" and "outer seven" to bridge the gap between them, advanced by Dr. Einzig, is the false feeling of security resulting from the absence of a war scare in the past year. A sharp reminder that Communist aggression is still likely is held to be a sure way of making both Western European factions willing to take on major concessions without fear of loss of face. Dr. Einzig notes that both E. E. C. and E. F. T. A. are at an impasse despite opposite prospects entertained a few weeks ago when Western Germany initiated postponement of July 1 European Economic Community deadline.

LONDON, England—A very dangerous situation has developed in Western Europe as a result of the conflict between the two rival trading groups — the European Economic Community and the European Free Trade Association. The spokesmen of the two groups have argued each other to a standstill. It is one of those situations in which both parties are right, viewed from their respective angles. Such situations have the makings of a tragedy, because each side is so firmly convinced that it is absolutely right that it is not prepared to yield to the other side for the sake of a compromise.

Factions Still at Loggerheads

Criticism of the E. E. C. by Mr. Macmillan and other spokesmen of the E. F. T. A. point of view have utterly failed to make a dent in the armor of the E. E. C. Indeed, as a result of the attack from the outside the conflicting interests within the E. E. C., and within each member country of the E. E. C., have closed their ranks. There is today much more support within the E. E. C. for Professor Hallstein's acceleration plan than there has ever been before.

Even within the E. F. T. A. many people are now inclined to favor the idea of an acceleration —if only in order to bring about a showdown at the earliest possible moment instead of deferring it by another 18 months. Industrialists in E. F. T. A. countries want to know where they are. They want to know the worst, in order to be able to make their plans accordingly. Moreover, it is argued even by many people hostile to the idea of discrimination between the two trading groups, there is no reason to suppose that it will be easier to come to terms in 18 months' time than it is today.

It now seems practically certain that the Hallstein Plan will be put into operation, although some minor concessions — such as the deferment of tariff increases by a few months, or their application in two instalments—are conceivable. But as things are the chances of a "bridge" between the two groups are as remote as ever.

The Paradoxical Hope

There is only one remaining hope for a restoration of Western economic unity. Paradoxical as it must sound, it seems possible that Mr. Khrushchev might render this service to the Free World. It is the last thing he would like to see. Indeed a clash between the two rival trading groups—implying as it would a split in NATO—would suit his books perfectly. But all the same there is a chance that unintentionally he will bring about precisely the result he would wish to avoid.

We are on the eve of the Summit Meeting. Although many quarters attach sanguine hopes to that meeting, the realistic view is that it is doomed to failure. The Communists are utterly unlikely to yield on the question of Berlin, and the Western Powers are not likely to go beyond certain limits in the way of making concessions. It seems probable that the Conference will end in a deadlock. And Mr. Khrushchev has repeatedly announced his intention of signing a peace treaty with Eastern Germany and putting the Eastern German puppet Government in control of the approaches to West Berlin, in the absence of an agreed solution. The result would be a sharp conflict between the U. S. S. R. and the Western countries.

Such a deterioration of the international political situation would of course be highly detrimental also from an economic point of view, since war scares are not exactly helpful to trade. But it would certainly have one economic advantage. There would be in such circumstances the maximum of inducement for the Western European countries to close their ranks in face of the common enemy. It is largely because for well over a year there have been no war scares, and because in consequence of their absence most people have been lulled into a false feeling of security, that the split in the Western European camp has come to develop. Since there appears to be no imminent danger of a Communist aggression against the Western world, the Western countries feel they can afford to fight each other over issues which, important as they are, disappear in significance compared with the overriding considerations of security against Communist aggression.

Once Mr. Khrushchev's truculence at the summit meeting provides the Western world with a forceful reminder that the danger of Communist aggression is by no means a matter of the past, the Western Governments are liable to reconsider their attitude towards the E. E. C.-E. F. T. A. conflict. The issues that separate them, important as they are, will then appear as of trifling importance compared with the need to stand firm against the unjustified Soviet demands.

One of the effects of the war scare over the Berlin situation will be that each of the two parties will adopt a more conciliatory attitude in the matter of their trade conflict. For one thing they would be able to make major concessions without fear of loss of face. Considerations of prestige as well as of secondary interests would fade into the background. The situation may best be compared with that of the Vienna Congress in 1813-14, when the participating Governments had been utterly unable to come to terms over a period of months, but the return of Napoleon from Elba soon restored the united front in face of the common danger. Quite possibly history might repeat itself. And Mr. Khrushchev might go down in history as the chief architect of Western European unity.

G. J. Glasheen Opens

NEWPORT NEWS, Va.—Gabriel J. Glasheen is conducting a securities business from offices in the Exchange Building.

We Can Grow a Lot Faster With a Real National Effort

By David Rockefeller,* *Vice-Chairman, Board of Directors, The Chase Manhattan Bank, New York City*

Mr. Rockfeller enunciates a program to accelerate our economic growth, without government encroachment. He projects a growth rate rise from 3.7 to 5 and possibly 6% on the supposition that there is a well-articulated and well-conceived national effort to "enlist . . . support for the many difficult steps that must be taken." Measures to spur growth deal with: increasing investments and savings reforming tax laws, stimulating research, development and marketing, and improving our educational system. Checking the increasing trend toward more leisure is cited as an example of how the taking of a hard choice can result in greater output. Business is called upon to rise to the responsibility of being the architects of our future economic growth. The N. Y. banker cautions that it will take hard and persevering efforts to maintain our dynamic growth and that to accelerate it "will require even harder and more resolute efforts than have been forthcoming to date."

I want to discuss economic growth—a subject that has been much in the news of late. There have been charges that our economy has not been growing as fast as it could or should. More specifically, it has been charged that the Soviets have been outpacing us on the economic front and will surpass us in the near future unless we do better. At the same time, it has been argued that rapid economic growth is possibly only under inflationary conditions, so that we must accept a more modest rate of advance if we are to meet the goal of price stability. And, finally, there are those who say that the nation's major problem is not to produce more, but make better use of what we now turn out.

David Rockefeller

How does one sort out these claims and counterclaims? What do they mean to you as citizens and businessmen? What can individual businessmen do to support growth of the over-all economy and thus provide a more propitious atmosphere for their own businesses?

To my mind, it is vitally important that businessmen be concerned about economic growth and work to spread knowledge about the significance of growth to their own businesses, to their communities and to the nation. Retailers, too, have an important interest in an expanding economy, for sales are closely related to the level of income generated through the nations' production.

In speaking of economic growth, I refer, of course, to an expanding volume of production of the countless millions of products and services provided by the nation's nine million farm and non-farm businesses, and by the more than 100,000 governmental units. I refer to real growth, not to expanded dollar values due to inflation, for I believe there is strong evidence that price stability is the condition under which growth flourishes most vigorously in the long run.

Before turning to a consideration of what could be done to accelerate our real rate of economic advance, I should like to deal with two preliminary questions: Should the nation assign a high priority to encouraging economic growth? Is it realistic to talk about accelerating growth?

Not an End in Itself

In our society, economic growth is not an end in itself. It is valuable only to the extent that it contributes to the broader objective of enhancing individual dignity and providing greater opportunities for individual development. As such, growth is an intermediate objective. It provides a material basis for advances in education, the creative arts, individual freedom, and the moral standards governing individual conduct.

However, as history clearly shows, growing wealth is no guarantee of progress towards these broader objectives. It can provide the opportunity—but how to use growing wealth wisely and constructively is one of the major challenges facing America. It has been said of some ancient and decadent civilizations that: "They sat down to eat, and they rose up to play." We must make sure that such a phrase will not characterize the America of the 1960's.

If we pay proper attention to the development of the broader values of our society, I believe it would be desirable to accelerate our rate of economic advance. If it could be achieved, such an acceleration would accomplish three things:

First, it would enable the nation to meet urgent needs in such fields as schools, urban rehabilitation, foreign aid and defense, while still lifting living standards as fast as, or faster than, the long-term average. More rapid growth would give us the resources to make a greater contribution to the vital task of supporting economic development throughout the presently underdeveloped areas.

Second, a higher growth rate would help check rising prices—with a more rapid increase in productivity, the nation could afford larger annual wage increases without pushing up prices.

Third, if we could accelerate our economic advance, we would demonstrate to the world that a free economy can match the growth record of the Soviets, and provide a far greater measure of individual well-being and opportunity in the process.

Without Government Encroachment

If, then, accelerated growth is desirable, is it a realistic goal? There has grown up in recent years an unfortunate tendency on the part of business leaders to assume a defensive attitude towards proposals to encourage economic growth. This is an understandable reaction, for many of the proposals that have been put forward in the name of growth have been ill-advised and self-defeating. Thus, the cloak of economic growth has been used by some to cover proposals that government assume the central responsibility for promoting rising production through more and more controls, more and more government spending, and easier and easier money and credit. Experience provides ample proof that such measures could only produce the illusion of growth through price inflation.

In their entirely warranted rejection of such proposals, however, many business spokesmen appear to have taken a negative approach which has encouraged the popular belief that business is against growth. Thus, business is thought to be opposed to the aspirations to which modern societies are deeply committed and to which the hearts of people everywhere respond.

Such accusations are for the most part unwarranted, but I believe business must take a positive approach to growth. Business can justly point to a solid record of accomplishment. Our total national production, measured in dollars of constant purchasing power, increased at an average annual rate of 3.7% in the period since 1839. Thus, total output doubled every 19 years. No other nation can match that record of sustained growth. The vigor, imagination, and confidence in the future of America displayed by business leaders has played a most significant role in producing this phenomenal result. By investing in new plants and equipment, supporting research and development, and devising more effective production and management techniques, businessmen have underwritten our past growth.

A Challenge to Business

Thus, I believe businessmen should be vigorous proponents of effective policies to maintain or increase our real rate of economic growth. Business should not stand by and let left wing elements claim credit for a growth record which was really achieved by measures other than those they advocated. What I am urging is that the business leaders of America should rise to the responsibility of being the architects of future economic growth as they were of the proud tradition of America's past economic advance.

Moreover, there are realistic reasons for believing that past growth rates can be matched or bettered. Our labor force will increase 1¾% a year in the 1960's as against 1¼% in the 1950's. Industry's effort in the field of research and development is of an entirely new dimension as compared with the past. We have made progress in moderating recessions and containing inflation. And business is developing new techniques to provide greater challenges and opportunities to individuals in business, and to make more effective use of new scientific and technological developments.

Factors Contributing to Growth

Before turning to the question of what might be done to encourage a more rapid increase in production, it may be useful to review briefly the factors that history shows to have been important in impelling the economy towards growth. A review of the record shows that the real secret of growth is that we have managed to produce steadily more for each hour of work. This increase in our productivity is a result of a combination of factors, including education, technology, capital investment and a generally favorable economic environment. We have developed and invested in new machinery and equipment, which has multiplied manyfold the amount that could be turned out with a given effort. And advances in education have supported technical development and enabled us to use tools effectively.

The educational change in our nation is one of the world's great social revolutions. In 1900, only one young person out of 50 stayed in school past the age of 15; now, virtually everyone goes through high school. Just 50 years ago, one out of every 100 went to college—and this is the normal ratio for Western Europe today. At present, one-third of the persons of college age are in college, and the ratio may reach one out of two in the foreseeable future. While the major purpose of our schools, colleges and universities is to contribute to a better and a fuller life for individuals, their efforts have also supported the advances in technology and productivity.

A second factor making for growth has been the developments in science and technology. Steam and internal combustion engines, electricity, new metals, new chemicals, new methods of food processing—all of these developments have advanced our level of living. Expenditures on research and development have multiplied six-fold in the postwar period, and estimates are that they may reach the huge sum of $12½ billion this year. Thus, we may be on the verge of a significant acceleration in the rate of technical progress.

If you have doubts about the future of technology, remember the story about the official in the United States Patent Office who submitted his resignation in the year 1880. In his parting letter, he explained that with the steam engine, the telephone and the telegraph, nearly all inventions that could possibly be made, had been made, so that he was sure the Office would have to close soon for lack of business. How little did he understand what the future would bring!

A third and very important factor is that America has a tradition that favors growth. The heritage of the frontier still plays an important part in shaping our national attitudes. The existence of the frontier lent a note of adventure to the lives of all Americans—even if the individual never went West, he was influenced in his thinking and his behavior by the knowledge that this alternative was open to him. This atmosphere bred an acceptance of new ideas, a willingness to adapt to change, and a desire for individual self-development. In addition, the American character reflected an unwillingness to accept conditions that implied any stratification of social classes or restrictive limitations upon the horizon of individual opportunity for advancement. These attitudes are extremely important, for growth is, in large part, the result of the state of mind of a society. It is the so-called traditional society—one that opposes change—which has no growth.

Our growing population is a fourth factor making for growth. Our current population of 180 million is almost 50% larger than that 30 years ago. In our economy, a growing population provides opportunities to expand markets.

The fifth major factor supporting growth has been the tremendous increase in the amount of capital in use. On the average, the efforts of each U. S. worker are supplemented by an investment of more than $10,000 in plant and equipment, and the figure is even higher in such industries as chemicals, petroleum and steel. The total amount of capital goods per worker has doubled since the turn of the century. Estimates are that it would cost the vast sum of $750 billion to replace all the machinery, equipment and building now being used by businesses of all sorts.

Key Role of Capital Investment

While all of these factors have been important in the growth of our economy, it seems to me that capital investment occupies a central role in the process. Experience around the world shows that nations which take the steps necessary to produce a high rate of investment will usually meet the other requirements for growth.

In the postwar period, our nation invested about 11% of each year's production in new plant and equipment. This annual investment supported an increase of almost 4% per annum in the total

Continued on page 24

THE MARKET . . . AND YOU

BY WALLACE STREETE

The stock market had to contend with more selling this week that carried prices back down to the levels of a month earlier and in position to test the early March low. But the list was in no rush to stage such a test and, in fact, the business news was cheerful enough to leave wide open the question of whether any such action was necessary.

* * *

Technicians were cautious, however, particularly those who have already gone on record as predicting that both the high and the low for this year have already been posted. From the all-time peak in early January in the Dow industrial average, to the March low, this index has already carved out a range of around 90 points to give enough latitude so that such predictions have a good chance of working out.

Prospect of Market Dawdling

The range for all of last year ran only slightly more than 100 points with the low posted in February and the peak on the year's final session. The Dec. 31 peak, which bettered the earlier high posted on Aug. 3, indicated mostly that the list coasted for the final five months of the year, weighed down by the steel strike. So there is precedent for a market that dawdles until some basic questions are answered. The imposing one at the moment is how healthy the economy will prove to be once the spring upturn after a hard winter is spread on the records.

The steel operating rate was being watched closely as one indicator of how business is faring, but a slight improvement in the rate did little for the market or the steel stocks. The predictions here were that the rate would fall to around 75% as the pipelines filled. But so far the rate has only dipped to 78.5%, and then rebounded almost a point. The handsome earnings reports for the first quarter, which started to emerge this week, aren't expected to do much for the market since good results had been anticipated generally.

Motors Subdued

In the absence of clearcut indications that auto makers were starting to clean up their excessive inventory, auto shares were subdued. Ford was the exception, showing on volume and on setbacks that carried it to a new low for this year. Like the case with the steel shares, the excellent first quarter earnings report of Ford served mainly to bring profit-taking into the issue.

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The demand that was around centered on special issues such as Polaroid, Minnesota Mining, Universal Match and Texas Instruments, the first two appearing at highs for the year in stark contrast with a general market that was well below the peaks.

* * *

The restrained section, even in the face of some favorable comment from brokers, was the tobaccos. Despite a split and a higher dividend in the works, American Tobacco has held all year in a range of only a shade over seven points. The split shares, trading on a when-issued basis, have wandered over a range of only 1¼ points.

American Tobacco's yield on the indicated new rate runs better than 5%. The market price is less than 11-times last year's earnings and around 10-times anticipated results for this year where price/earnings ratios for the glamor stocks run 40 or more times results.

Despite all the cancer scares that have come along, per capita consumption of cigarets has been increasing steadily since 1954 and at a rate that runs ahead of the population increase, reaching record levels. The health question has run out of its efficacy with smokers, although not with investors.

Oils Ignore Good Earnings News

Oils are similarly neglected, despite some good earnings reports, and a cluster of them appears regularly on the new lows lists when any general selling is around. New unrest in Venezuela which is so vital in the plans of a giant like Standard Oil of Jersey obviously was no help to the companies involved in that country. Phillips Petroleum, however, is the "domestic" company in that by far the bulk of its needs are produced in this country. The company is prospering in the face of all the problems that face the oil industry, having posted record earnings last year and projections indicating new peaks this year. Yet for all this year the stock of Phillips has had a range only a shade over seven points and since the shares were split in 1956 a total range of only about a score of points, hovering currently about in the middle of the range.

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The neglected item in the rubber section is U. S. Rubber which is available currently at about the same price it sold for five years ago. It offers a yield of above 4% and sells at slightly less than 10-times the earnings of last year. It also is considered a candidate for dividend improvement in addition to the moderate increase in the payment in the final quarter last year. Even the new rate is covered more than twice over by the profit reported on the shares for 1959.

U. S. Rubber's fate in the market generally is tied in with the fortunes of new car sales. This isn't completely logical since only half its sales are from tires and about two-thirds of the tire sales are replacement casings. So new car orders are the smaller part of the overall picture. The other half of its business, chemicals and other rubber goods, is an expanding one with foreign operations playing a big role and supplying about a fifth of its earnings. Its capacity in producing polyester resins for plastic boats, for instance, was increased nearly a third last year and is being expanded by half again this year.

Utilities Perk Up

The better-acting, although far from sensational, section in recent markets has been the utility stocks, the demand highlighted by the first quarter reports of the funds that showed them shifting to defensive utility issues in volume. The above-average yields in this area are the gas stocks despite the fact that their business has been prospering in the recent, uncertain general business climate. Consolidated Natural Gas, for one, offers a 5% return. Consolidated has a million retail customers and supplies wholesale to such important industrial cities as Cleveland, Youngstown and Pittsburgh. Its business has been expanding steadily and the holders have shared in the increase since the dividend has been increased each year for the past six years.

An Electronics Sleeper

The electronic shares' big play is well known. The chore in this area that has kept the market analysts busy is finding neglected ones that participate in this rapidly growing industry. One such might be Rheem Mfg., a company that changed management four years ago and set out on a broad plan of lopping off unprofitable sections of its business and expanding into new and more promising lines. One such was a subsidiary, Rheem Semi-Conductor Corp., which last month started production of transistors.

The net results of all the moves by Rheem is now a company with interests that vary from steel shipping containers, to water heaters which are perhaps best known in connection with the company, to handling equipment and heating and air-conditioning equipment, plus electronics. The task wasn't easy and earnings didn't show a turn until last year. Until the turn, holders were dealt a token 10-cent dividend per year for 1958 and 1957. Last year two payments of 15 cents were made in the final two quarters of the year, so the management seems assured that the progress is now sizable and solidly-based. Per share net for last year was $1.44 which gives solid shelter to the new dividend payout, but still leaves room for improvement in time as Rheem's fortunes continue to improve.

[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.]

Proposed Changes In Officials of United Fd. Groups

Dudley F. Cates, general partner of Kidder, Peabody & Company, will become President of Continental Research Corporation, the investment advisor employed by the United Funds, Inc. group of mutual funds, and one of five voting trustees of the Fund's principal underwriter, Waddell & Reed, Inc., under a management realignment outlined in a proxy statement filed with the Securities and Exchange Commission.

The 200,000 shareholders of the Fund, which has total net assets in excess of $730,000,000, are asked to approve a new contract with Continental Research Corporation. If the proposal is approved by shareholders, Cates will become President and a director of Continental and a director of Waddell & Reed.

It is proposed that the voting of Waddell & Reed, Inc. be placed in a six-year voting trust to become effective July 1. To establish the trust, the principal shareholders—Cameron K. Reed, Kansas City, President of United Funds and Waddell & Reed, and Chauncey L. Waddell, New York, Waddell & Reed chairman, and President of Continental—are depositing all of their holdings of class B common stock (voting)—72,580 shares—under the voting trust. There are 104,420 shares outstanding. Minority holders of the class B stock will have the right to deposit their shares also.

Reed and Waddell propose to sell privately 25,000 shares of voting trust certificates to a group of six persons, including Cates and the other voting trustees and grant Waddell & Reed, Inc. an option to buy 19,080 shares.

The proposed voting trustees are Reed, Waddell, Cates, B. A. Tompkins, New York, former executive Vice-President of the Bankers Trust Company; and Joe Jack Merriman, Kansas City mortgage banker. A. W. Hillmond, Kansas City, Waddell & Reed national sales director, will become President of Waddell & Reed.

With headquarters in Kansas City, Waddell & Reed maintains a sales force of nearly four thousand registered representatives in 48 states and Puerto Rico.

Messrs. Reed and Waddell have announced that they will continue their full activity in the affairs of United Funds, Inc., Waddell & Reed, Inc. and Continental Research Corporation.

Mass. Life Fund Assets Increase

Massachusetts Life Fund at March 31, 1960 reported total assets of $57,645,543 as compared to $51,743,151 at March 31, 1959, a gain of 11.4%. This compares to $57,702,319 at December 31, 1959. Common stock holdings were reduced to 58.66% at March 31st from 65.01% at the year-end with the proceeds invested in short- to medium-length bonds. During the quarter, a major acquisition was made in Eastman Kodak. Net asset value per share March 31, 1960 was $20.61. Shares outstanding amounted to 2,797,408, a new high, and an increase of 16.5% over the shares outstanding at the same time the year before.

A new source of energy, steam from natural geysers, is being harnessed at a 12,500 kilowatt electric plant north of San Francisco.

P·G and E· 54th ANNUAL REPORT-1959

Excerpts from 1959 Annual Report

The year 1959 brought to a close a decade of exceptional growth and prosperity in the area served by our Company. The surge in population, the expansion and diversification of industry and the mechanization of agriculture all combined to increase demands for electricity and gas which required an expenditure for plant and facilities over this ten-year period of $1.7 billion.

Today our Company is the Nation's largest gas and electric operating utility from the standpoint of assets, which now total about $2.4 billion. Ten years ago the Company had 2,259,000 customers; today it has 3,568,000. Only six other corporations have more stockholders.

HIGHLIGHTS OF OPERATIONS

Operating Revenues and Other Income	$ 584,879,000
Taxes and Franchise Payments	$ 141,243,000
Natural Gas Purchased	$ 135,933,000
Operating Payroll	$ 74,893,000
Other Expenses and Charges	$ 148,073,000
Net Income	$ 84,737,000
Total Assets	$2,387,411,000
Construction Expenditures	$ 158,693,000
Sales of Electricity to Customers (KWH)	21,513,141,000
Sales of Gas to Customers (MCF)	335,926,000
Total Customers	3,568,388
Number of Employees	18,023
Number of Stockholders	225,623

We have now crossed over the threshold into the Sixties. Ahead is another decade of opportunity and challenge. By any measurement—population growth, family formation, new housing, industrial expansion—the ten years which lie ahead hold promise of an ever increasing demand for the power and fuel the Company supplies.

To meet the growing demands on its system in the decade ahead, the Company must continue to make large additions to its plant. This growth will continue to be financed in a sound manner so as to preserve the investment quality of the Company's securities and to protect the interests of its customers and stockholders.

« »

Perhaps in no other year in the Company's history did climatic conditions have such a material impact on its operations. The net result was to distort our normal sales patterns, increase expenses, and reduce earnings somewhat from normal expectations.

1959 was a dry year, which reduced our hydroelectric generation, requiring us to make up that deficiency in our steam-electric plants, with consequent increases in fuel costs. On the other hand, sales of electricity for agricultural pumping were greatly stimulated by the lack of precipitation. It was also a warm year, which materially reduced gas sales for space heating with an associated loss of many millions of dollars in revenues.

« »

Expenditures for construction, amounting to $159 million in 1959, were well below the levels of the two preceding years, but nevertheless amounted to over half a million dollars each working day. No new capacity was added to our electric generating resources in 1959, due to completion in the previous year of two steam units and of a large hydro construction program. The next major increments to our electric generating resources will be two 325,000 kilowatt steam units at our Pittsburg Power Plant, one of which will be placed in operation in 1960 and the other in 1961.

The Company is continuing its activity in the nuclear power field. It plans to start construction this year on a 60,000 kilowatt nuclear plant to be located in the northwestern part of its system, near Eureka.

« »

Of immense importance to our customers, and to the future growth and development of our service area, is an adequate supply of natural gas. To this end we have been working diligently for a period of more than three years on a project to transport natural gas from the Province of Alberta in Canada to the California market. The project has been the subject of a succession of hearings before governmental agencies in both countries, and it is hoped that all necessary authorizations will be obtained soon so that construction can get under way by the middle of this year. Few undertakings have exceeded this in long-range significance to the Company and its customers.

« »

Summing up, we believe the past year was one of real accomplishment and that the Company now stands on the threshold of another great period of growth and development. It is a source of satisfaction to your management, as it must be to stockholders, that the Company enters the decade of the Sixties with greater financial strength than at any time in its history.

FOR THE BOARD OF DIRECTORS

Chairman of the Board — *President*

PACIFIC GAS and ELECTRIC COMPANY

245 MARKET STREET, SAN FRANCISCO 6, CALIFORNIA

For more information on this dynamic company write K. C. Christensen, Vice President and Treasurer, 245 Market St., San Francisco 6, for P. G. and E.'s 1959 Annual Report.

Helpful Equity Financing For Electronics Companies

By Richard T. Silberman, *Executive Vice-President, Electronics Capital Corp., San Diego, Calif., and President, Electronics Corporate Advisers*

Experienced in technical marketing and financial management of small- and medium-size electronics companies, the author outlines what proper financing can do for growth company progenitors. Mr. Silberman explains various sources of capital available, including a run down on how small business investment companies work, and he discusses the determining differences between an ordinary investment and a great investment.

As important as tunnel diodes, parametric amplifiers, electrostrictive hydrodynamics, and other advances in our electronics technology will be to the growth of our industry in the 60's, so, too, will sympathetic capital be of more than casual significance. Before one can discuss capital banking for the electronics industry, I believe it is important to establish the perspective from which the problem is approached. Our viewpoint and posture have been created from our staff's combined experiences in electronics industry operating positions. This is not an approach based on knowing exactly what to do for optimum sales and profit return on invested capital. More clearly, this concept is based on a repertoire of mistakes which, in total, represent experience. I am reminded frequently of one of the cartoons in "the Wall Street Journal"—the annual parody of the New York investment community which describes the slogan of a less fortunate brokerage firm: "If we have learned by our mistakes, we must be the smartest people on Wall Street."

Richard T. Silberman

In order to provide capital banking for an electronics company, I believe you must have executives that have gone through the problems of over-runs, low bids, winning production contracts to build equipment to competitor specifications (which even they haven't achieved), and trying to meet this Friday's payroll with next Monday's receivables. If one is to be a true long-term investor, it is my belief that a technical or industry-oriented approach can be more valuable than a pure statistical analysis.

A new source of long-term, sympathetic equity capital must:

(1) Maintain the founders' operating position.

(2) Maximize the growth of the founders' estates through the establishment of sound public markets.

(3) Provide financial policy, advice, and capital geared to the level of the electronics company's requirements so that the company's management can plan on the basis of a solid financial foundation.

(4) Provide an over-all industry perspective to take full advantage of the electronics company's "time and technical leadership."

It is important to bring the present sources of capital into context by viewing these sources in the light of their activities in the past decade. Such a look is very important in view of the fact that the public interest in electronics securities, particularly in the last few years, has disillusioned many managers. Frequently, they have found themselves mistakenly taking the public market value of their stock as the true value of their company. In many instances it has turned out that quoted stock prices could not be converted into bank balances for paying vendors and payrolls.

Outlines Sources of Capital

Commercial banks are not chartered to provide equity capital. They provide short-term funds on a "secured in fact" or "secured by lack of need" basis. The commercial bank plays an important role. Most of the disparaging comments about the commercial bankers result from a lack of understanding of their true purpose rather than from lack of support that the banks provide. Since few electronics companies—at least in the early stages of their development — have significant assets, the commercial bank is not in a position to provide funds except against Government contracts, receivables, or on some other secured basis.

Insurance companies are generally not interested in providing accomodations of less than $1,000,000 and seldom go below $500,000. The insurance company is principally interested in long-term commitments to organizations with a "track record" or history of profitable performance and can generally be considered in a secondary financing domain.

Accounts receivable financing and factoring is frequently misunderstood and can be quite valuable when properly applied. First of all, it is important to establish a definition between the two. Accounts receivable financing involves borrowing against receivables, either by a direct assignment of individual receivables or where the company has a good collection experience, assigning groups of receivables. Banks or receivable specialists in this manner will grant 75% to 80% loans against the face amount or receivables. Factoring, on the other hand, involves the sale of receivables at a discount to a factor, who, in turn, collects the receivable from the customer. Rates vary from 10% or 11% simple to as high as 25% to 30% in certain instances on factoring. If accounts receivable financing is used for seasonal business or to handle an abnormal increase in sales, it generally proves quite satisfactory. Difficulties can be encountered when this type of financing is used in low-profit business for growth.

Equity financing by private, non-bank groups has been very popular during the last few years. These vary from the local groups of doctors, dentists, and merchants to private groups brought together by investment banking houses on a special situation basis. The private group is generally organized for one investment and does not provide an institutional relationship. While many private groups have truly understood the risks involved in providing equity capital in special situations, many others have actually strived for significant short-term gains which have not been possible; and, frequently, when additional funds are needed before the company can justify a good public underwriting, the bankers are "out to lunch." The real costs in private underwritings are sometimes quite high when options, warrants, and expenses borne by the company are taken into consideration. Public underwritings of less than $1,000,000 are generally quite costly, and it is difficult to obtain a group of first-line underwriters unless the company is highly seasoned.

The Securities and Exchange Commission has issued a regulation under the '33 Act known as Regulation A. The so-called "Reg A" underwritings are exempt from certain filing provisions where the amount of the issue is less than $300,000. A large number of electronics companies have been brought to market through the "Reg A" in the past several years. These are usually performed on a best efforts basis, as contrasted to a firm underwriting, wherein the underwriter agrees in advance to buy the entire issue for distribution. The cost in these "Reg A's" can be very expensive when options, warrants, and other costs are considered.

Cost of Fast Rising Stock

Frequently, these issues come out at $1, quickly rise to $4 or $5 a share; and, on a public market value, management really should be happy. Unfortunately, by the time the stock gets to $15, the stock rise has created quite a burden on management.

The man that buys the stock at $15 a share has high expectations and believes the company should have a profit performance proportional to this market price when, in fact, management only had $1 per share proceeds to develop such profit growth and expansion. Basically, problems in such issues have been that the thin distribution, combined with the short-term market interest of the underwriters, have created market situations which generally cannot be justified on the actual net capital proceeds to the company. Public underwritings are ideal when good market support is justified and where a small percentage of the company can be sold to the public to enhance or consolidate it at the second and third stages of growth.

Inter-business financing, trade extensions, or ordinary delayed payments on accounts receivable have provided a tremendous source of capital to the electronics industry. There are many estimates of the actual capital supplied in this way, but I have heard it frequently said that the short-term credit extensions of electronics companies in Southern California alone has ranged from three to four times the total paid-in capital and earned surplus of these firms. In an expanding business environment, this has generally worked out all right. However, most of us remember the 1957-1958 stretchouts and cutbacks. I suppose it is fortunate that the credit managers of all suppliers don't simultaneously draw a balance sheet on the short-term credit extension versus the total capital of their customers.

Of course, in this same category, occasionally we have found companies that have taken broad license and borrowed on their taxes—a practice, at least for any extended period of time, that has not been very satisfactory. Government progress payments and special considerations as a part of Government contracts have also been frequently employed.

Finally, the classic source of capital in most industries has been expansion from profits. There have been some outstanding examples of how, even in the electronics industry, this has been a very useful source. Unfortunately, profits are not always sufficient to provide an orderly development at a pace that will allow the company to keep abreast of the state of the art and its competitors. This is particularly so where a company is striving to develop is proprietary product line and for a good reason is striving to minimize Government contract sponsorship or support of its R & D programs. One can see in retrospect why securing Government CPFF contracts has been a first-priority task to many new electronics companies. The ready availability of commercial banking support for Government contract assignments, and, in essence, the built-in insurance has been an attraction to many.

Government Small Business Aid

The Congress has provided the administrative branch of the Government through the years with special legislation to support small business. The first, of course, was the RFC program enacted in 1932 which provided long-term capital for small business. The controversy regarding RFC will probably never end, but I feel a great deal can be learned from reviewing the history of its activities. Under this program many millions of dollars were lent to small businesses. Congress in 1954 replaced the RFC loan program with the Small Business Administration legislation which allowed the SBA to provide secured loans as "lender of last resort." This program, I feel, has also been quite successful and experience gained in administering it clearly developed the need among small businesses for long-term equity capital.

In 1958 the Small Business Investment Act was passed. This Act provides very important tax incentives in order to attract private, long-term investment in small business. While it is still too early to record history, I, for one, am confident that it will come to be recognized as the fourth banking system—the first being the land banks; the second, home loan banks; the third, commercial banking as we know it today; and the fourth, the small business banks. There are, of course, many, many more businesses in the small business category than in any other segment of our economy, and banks specifically designed to the needs of this vibrant section of our free enterprise system can have a profound effect on the continued stimulation and growth of our system in general.

Small Business Investment Companies

Under the Small Business Investment Act the Small Business Administration grants licenses to qualified small business investment companies. These companies by law are required to be true long-term investors. Ideally, the Small Business Investment Company obtains its capital from public sources. The Government stands ready, if necessary under certain conditions, to match funds with the small business investment companies. The small business investment companies can provide long-term capital for privately held companies whose total assets are not more than $5,000,000, whose profits have averaged less than $150,000 net after taxes for the past three years, and which are classed as private companies; that is, having less than 100 public stockholders. Even on these points the law is quite flexible and the Administration is empowered to provide waivers. This is not a direct Government loan program; it is the ultimate in private enterprise capital banking. The Government does not interfere with the operation of the small business investment companies and does not require prior approval of the investments made by these companies, but merely operates on a review basis. The law provides for the small business investment companies to supply capital through the purchase of small business company convertible debentures and through long-term loans. The loans and debentures are required by law to be of five-year minimum maturity.

Specialized small business investment companies, like Electronics Capital Corporation, provide a source of capital with a technical understanding of the industry. They provide a long-term financial relationship which makes planning for orderly growth and development possible. The small business investment company becomes a partner with parallel and identical interests. It can assist the small company in developing good commercial bank accomodations by virtue of the SIBC's long-term investment of funds on a subordinated basis. The capital banker becomes a buffer between the company and the public underwriters and can use its resources and experience to obtain good public underwritings when broad public support is justified.

The small business investment company that is really interested in its client company's long-term growth is naturally interested in capital appreciation and not short-term profits. Once a relationship is established on a convertible debenture basis, subsequent financing is generally provided on a straight, loan non-equity basis.

Determining Electronics Company's Value

This brings up the question, "What is the real value of an electronics company?" because the key to the convertible debenture negotiation is always the percentage of equity into which the debentures can be converted. There are probably at least three different times in a company at which values might be established. One, of course, would be the liquidating value. Bricks, mortars, and buildings, which, as some who have foreclosed on electronics companies have found out, are pretty low, particularly when they tried to use or sell the inventory or work-in-process without the people who put it there in the first place.

At the other end of the line, there is public value, a value which an underwriter might place on the company for purposes of selling a small percentage — 5% or 10% — to the public.

In between these two I believe there is a "time-technical advantage value," that fair market value which takes into consideration the technical leadership, the products, the sales image, the momentum, and the human values in a company that are always the difference between an ordinary investment and a great investment.

The establishment of values is not by any means a science, but more specifically, an art. The important point to be realized by both parties is that there are no magic equity percentages. The major consideration to the key personnel is the absolute dollar appreciation of their estates that can be made possible through the timely presence of sympathetic capital. To the investor the major issue is the appreciation in his investment that can be obtained through the operational use of this growth catalyst — money — when combined with advanced human technical and management skills. Frequently, you hear carte blanche that we will not invest unless we have control of the company, and, conversely, we will never give up control of our company for money. Generally, the two parties that make such statements and act accordingly are the ones that end up keeping control of their company, small as it may be, and the investors having all of their money in the bank phlegmatically compounding interest.

One only has to cast about this industry to know that if the axiom was ever true that the people and the management are the key to a small company's growth and development, it surely is the law in our field. Management has no greater control over its destiny than its own abilities and, more importantly, its presence. If you will forgive the pun, there have been enough "shocking" transistor companies formed recently in the California Bay area to prove that regardless of the percentage of equity that management may have, management is and will always be in control of small electronics companies.

Capital programs tailored to the technical needs of the electronics industry will play an ever-increasing role in the 60's. Competition for contracts, orders, and brains has never been greater. Sympathetic long-term capital, knowledgeable in the pitfalls of the industry, can be an important partner for growth company progenitors in the decade ahead. The technique of bridging capital that I have described provides management with the financial posture for patience which will ultimately lead to the maximum public market appreciation of their estates. Money engineering which maintains the initiative and vigor of technical management will have a profound effect on the growth of electronics companies in the decade ahead.

NYSE Studies 1960 Expansion

Keith Funston, President of the New York Stock Exchange, has anonunced that expansion of the trading floor is being studied with an eye to further growth in the sixties.

Keith Funston

He also disclosed that a new electronic quotation device has been approved for use in member firm offices.

In his report for the first quarter of 1960, Mr. Funston said that the Board of Governors—looking forward to the need for expanded facilities—has authorized "architectural studies to aid in a decision on whether the trading floor should be extended into the 20 Broad Street building within the next few years."

The 20 Broad Street building is the three-year-old skyscraper adjoining the Exchange, where Bond Room and Exhibit Hall space is now leased. The Exchange has an option to enlarge the trading floor there. The building was specially constructed to allow for expansion of the trading floor.

Mr. Funston also said that the "imaginative" Downtown Manhattan Association plan for a new Exchange building in a redevelopment project at the foot of Wall Street also "merits careful consideration."

The new quotation device can be attached to the Exchange's ticker circuits and its electronic memory records each transaction transmitted over the ticker network. When alphabetical keys corresponding to a stock's symbol are pressed, the device prints its own tape with the last sale or sequence of sales in the issue.

Mr. Funston took note of the development in connection with the latest automation step taken by the Exchange itself—the addition of 48 stocks to the 252 for which recorded quotations had already been given automatically by the Exchange's telephone quotation service. About half of the telephone quotes are now given automatically.

Other highlights of the first quarter report include:

The Exchange has won its fourth Freedoms Foundation Award—the George Washington Gold Medal for leadership in economic education—for its 26-week series of half-hour radio broadcasts, "The Art of Investing."

A total of 212.4 million shares were newly listed during the quarter, including those of 14 companies admitted to Big Board trading for the first time. The Exchange list passed the six billion-share mark on Feb. 24, a 20% growth in the 14 months since the 5 billionth share had been listed.

The Exchange went on record in opposition to proposals for a withholding tax on dividends and cooperated with the business community and the Treasury Department in an educational campaign aimed at voluntary declaration of income from dividends and interest.

A record 108,500 persons visited the Exchange during the first three months of the year.

Average daily volume was 3 million shares, down from 3.1 million in the previous quarter and from 3.8 million in the first quarter of 1959.

As a result of increased revenues from listing fees (which more than offset a decrease in member charges based on a lower trading volume), gross revenues were greater than for the first quarter of 1959. However, net revenues after taxes were $350,000, about $100,000 less than in last year's first quarter, due to increased expenditures, principally for salary and wage adjustments made in 1959.

Two With Fulton, Reid

(Special to The Financial Chronicle)

CLEVELAND, Ohio — Wilvert V. Maurer and Gary R. Smith have become associated with Fulton, Reid & Co., Inc., Union Commerce Building, members of the Midwest Stock Exchange. Mr. Maurer was previously with Green, Erb & Co.

Met. B'dcast Debens. Sold

An underwriting group headed by Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co. on April 22 offered and sold $6,000,000 of Metropolitan Broadcasting Corp. (New York, N. Y.) 6% convertible subordinated debentures due 1975. The debentures were priced at 100% and accrued interest from April 1, 1960.

Metropolitan Broadcasting believes that it is one of the ten largest independent broadcasting organizations in the United States in terms of broadcasting revenue and also conducts an outdoor advertising business in four far western states through its Foster and Kleiser Division which was acquired on March 1, 1960 from W. R. Grace & Co. Foster & Kleiser is believed to be the second largest outdoor advertising company in the United States and the largest in the four states (California, Oregon, Washington and Arizona) in which it operates.

Net proceeds from the offering of debentures will be used to the extent of $5,000,000 to repay a temporary bank loan incurred to provide part of the funds for the recent and pending acquisitions. The balance of the proceeds will be added to general corporate funds.

Form Investors Security

BRONX, N. Y.—Investors Security Corp. is engaging in a securities business from offices at 2145 White Plains Road.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

The Bank of Montreal, Montreal, Canada, has announced two executive appointments at its head office. James M. Jackson, Senior Assistant General Manager since last September and Manager of the main Montreal branch from '55 until '57, becomes Deputy General Manager of the bank. Walter A. Hotson, Assistant to the General Manager since November, '58, becomes an Assistant General Manager and will continue to be responsible for all personnel aspects of the bank's operations.

J. M. Jackson

Mr. Jackson has served extensively at the bank's branches in Western Canada, including senior posts in Winnipeg, Calgary and Vancouver. On completion of two years as Manager of the main Montreal branch in 1957, he moved to Vancouver as Assistant General Manager in charge of the bank's British Columbia division. This was the post he left to return to Montreal as Senior Assistant General Manager last September.

* * *

Frederick W. Gehle, 78, a former Vice-President of the **Chase National Bank, New York,** died April 24. Mr. Gehle joined the old **Mechanics and Metals National Bank** in 1916 as Publicity Manager and became a Vice-President in 1922 and was appointed a Second Vice-President of the **Chase National Bank** after its merger with the **Mechanics & Metals** in 1926, becoming Vice-President in Charge of the Public Relations and Business Development Depts.

* * *

Paul A. Kemmerer has been appointed Assistant Secretary, mortgage loan department of **Chemical Bank New York Trust Company, New York,** it was announced Apr. 28 by Chairman Harold H. Helm. Mr. Kemmerer is located at the bank's 30 Broad Street office.

Four Assistant Managers of the metropolitan division of the bank have been promoted, Mr. Helm also announced. They are: Carl R. Palmer and Henry L. Pittman, who are appointed Assistant Treasurers, and Robert L. McMahon and George C. Schneemann, who are named Managers.

* * *

John M. Robert, Vice-President and Secretary of **Union Dime Savings Bank, New York,** has been elected a Trustee of the bank.

Mr. Robert, who is in charge of general operations and of personnel, joined the staff in 1916. He was elected an Assistant Secretary in 1943 and an Assistant Vice-President in 1949. In 1954 he was made Secretary, and in 1956 Vice-President. He was elected to the additional post of recording secretary of the board in 1959.

* * *

The Farmers and Manufacturers National Bank of Poughkeepsie, New York increased its common capital stock from $200,000 to $300,000 by a stock dividend effective April 11. (Number of shares outstanding 3,000, par value $100.)

* * *

The First National Bank of Lewiston, Lewiston, Maine has changed its title to the **First National Bank of Lewiston and Auburn,** effective April 15.

* * *

William J. Miller has been appointed Assistant Vice-President in the operating department of **Mellon National Bank and Trust Company, Pittsburgh, Pa.,** Frank R. Denton, Vice-Chairman of the bank, announced.

Mr. Miller started his banking career with the **Braddock National Bank** in 1921. He joined Mellon Bank in 1947 when the Braddock National became an office of Mellon National Bank and Trust Co. In March of 1958, Mr. Miller was appointed Assistant Cashier.

* * *

Robert E. Jordan has been appointed Vice-President in charge of Operations in the Trust Department of **National City Bank, Cleveland, Ohio,** John S. Fangboner, President, announced, April 20.

* * *

By the sale of new stock the **Merchants National Bank of Michigan City, Indiana** increased its common capital stock from $485,000 to $630,000 effective April 15. (Number of shares outstanding 63,000, par value $10.)

* * *

The Northern Trust Company, Chicago, Illinois, announced April 20 the election of Stuart Hamilton as Auditor. He succeeds Donald J. MacDonald, auditor since 1952, who is retiring at the end of the month after 28 years service with The Northern Trust.

Mr. Hamilton, who has been with the Chicago bank since 1946, moves up from the post of assistant auditor.

Mr. MacDonald joined the staff of The Northern Trust in 1933. He will retire from The Northern Trust on April 29 under the provisions of the bank's pension plan.

* * *

The common capital stock of **The Old National Bank of Centralia, Illinois** was increased from $150,000 to $300,000 by a stock dividend effective April 13. (Number of shares outstanding 15,000, par value $20.)

* * *

The Fort Knox National Bank, Fort Knox, Hardin County, Kentucky was issued a charter on April 8. The President is Thomas J. Howard and the cashier Ducat McEntee. The bank has a capital of $200,000 and a surplus of $300,000.

* * *

Security National Bank of Greensboro, Greensboro, North Carolina, with common stock of $2,875,000; and The Guilford National Bank of Greensboro, Greensboro, North Carolina, with common stock of $1,000,000 consolidated effective as of April 8. The consolidation was effected under the charter and title of "Security National Bank of Greensboro," with capital stock of $3,875,000, divided into 775,000 shares of common stock of the par value of $5 each.

* * *

The Florida National Bank at Apa-Locka, Apa-Locka, Dade County, Florida was issued a charter on April 13. The President is Ernest J. C. Doll and the Cashier, S. U. Mitchell. The bank has a capital of $300,000 and a surplus of $200,000.

* * *

By a stock dividend the common capital stock of the **First National Bank of Bozeman, Montana** was increased from $250,000 to $350,000 effective April 11. (Number of shares outstanding 3,500, par value $100.)

Another Far East branch of **Bank of America, San Francisco, Calif.,** opened April 25 in Naha, capital city of Okinawa, Ryukyu Islands, President S. Clark Beise announced.

It will be headed by Guy W. Wharton, veteran banker with sound experience at Bank of America branches in the Orient.

* * *

The Bank of Belmont Shore, Long Beach, California, has changed its title to **Coast Bank** effective March 15.

* * *

The election of M. M. Walter as Chairman and President of **The Royal Bank of Canada, Montreal, Canada,** succeeding the late James Muir who died on April 10, was announced April 26 by the bank's board of directors. Mr. Walter has been a Vice-President and member of the board since 1955.

He commenced his banking career with **The Royal Bank of Canada in Oshawa, Ont.,** in 1912.

In 1928 he was appointed Assistant Manager of Montreal main branch, being named Manager of the same branch ten years later. In 1942 he was transferred to Toronto as a member of the supervisor's department there and four years later moved to head office, Montreal. He became an Assistant General Manager of the bank in 1944 and his appointment as a Vice-President and election to the board of directors followed in '55.

Melville Shoe Debs. Offered

An underwriting group headed by Merrill Lynch, Pierce, Fenner & Smith, Inc., on April 27 offered $12,000,000 Melville Shoe Corp. 20-year 4⅞% debentures due 1980 at 99½% and accrued interest, to yield 4.91% to maturity.

Proceeds from the sale of the debentures will be used for the repayment of outstanding short-term bank loans which amounted to approximately $10,000,000 on April 21, 1960, for increased working capital required by expansion and for other general corporate purposes.

A sinking fund starting in 1963 is designed to retire at least 85% of the debentures prior to maturity. The company may not prior to April 15, 1965 redeem, other than for sinking fund purposes, any debentures from or in anticipation of funds borrowed at an interest cost of less than 4⅞%. The debentures are otherwise optionally redeemable at 104⅜% through April 14, 1961 and at decreasing prices thereafter. Sinking fund redemptions will be made at par, plus accrued interest.

The company retails and is one of the largest manufacturers of shoes in the United States. There are three retailing divisions with chains of stores under the trade names "Thom McAn," "Miles" and "John Ward." Over 96% of sales were made through those stores in 1959. The first John Ward store was opened in 1896, the first Thom McAn store in 1922 and the first Miles store in 1924. The company also sells shoes to other companies for resale under their private brand names and distributes some of its brand-name shoes in several foreign countries. Steeltoe industrial safety shoes are sold directly to plant accounts as well as through many of the stores of the company and subsidiaries.

Net earnings of the company, adjusted for deferred taxes, for the year 1959 were $6,164,138, compared with $5,493,639 a year earlier.

Form M. A. Peters Co.

BROOKLYN, N. Y. — Sheldon Bernstein and Stanley Schleger are engaging in a securities business from offices at 2965 Avenue Z under the firm name of M. A. Peters and Company.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The Government market, in addition to digesting the recently floated new money raising securities, is in the process also of trying to figure out what the Treasury will offer to the owners of the May 15th maturities. The old method under which the owners of the maturing obligations were given rights to buy the refunding securities is evidently going to be used in this operation. The Treasury was going to abandon the procedure in this venture but changed its mind after holding conferences with bankers and dealers.

The rapid up and down swings on light volume which have been taking place in the Government market are being attributed to the shadows which overhang the business pattern. The level of economic activity is going to determine whether or not interest rates will stay where they are, decline, or go higher.

Bulk of Maturing Debt Privately Held

The coming refunding operation of the Treasury had the Federal money and capital markets at pretty much of a standstill since it is evident that not a few of those who are interested in Government obligations have retired temporarily to the sidelines. All but approximately $400 million of the $6,400,000,000 of securities which come due on May 15th are held outside of the Federal Reserve System and Treasury investment accounts.

It was thought that the Treasury in the impending operation would not have to offer issues that would appeal directly to the present owners of the maturing obligations since the new offerings could be tailored for those who would be buyers of the new refunding securities.

The Treasury had indicated that the new way of taking care of refundings would be used in the future but there was nothing definite about whether or not it would be used in the May 15th venture. However, it appears as though the Treasury, based upon published reports, will give notification ahead of time if the new system for the handling of refundings is to be used.

This uncertainty as to how the Treasury would operate in the May 15th refunding created a cautious attitude in the money market, particularly in the areas in which the new issues that might be involved in the refunding could fall. It has been the opinion of most money market specialists that the refunding issues will be confined to maturities of five years or less.

In other words, the long-term sector of the Government market is not likely to be used in this instance even though some talk had been heard in the past that the Treasury's desire to extend maturities would result in long-term issues being offered whenever it was possible to do so. It was believed that token amounts would be quite acceptable. However, after the recent new money raising debacle of the Treasury, it is not likely that a long-term bond will be used in connection with the May 15th refunding.

Prospective Refunding Terms

As usual, there are the various guesses as to what the Treasury will offer in the way of an issue or issues to provide the means in which the middle of next month's maturities are taken care of. The best informed followers of the money market believe that the Treasury will most likely use a combination of offerings, with one of them in the one-year maturity range and the other in the four or five year area. The rate might go as high as 4¾%.

In this refunding, if the new plan were used, the Treasury would not have had to cater to the owners of the maturing issues as in the past, but could have used obligations that would meet the demands of the present open market buyers of Government securities. Additionally there would be no attrition, since the offering of new securities and the complete pay-off of the issues coming due, would do away with the usual cash payouts of the past.

Underwood, Neuhaus Names Reg. Reps.

HOUSTON, Tex. — Underwood, Neuhaus & Co., Inc., 724 Travis Street, members of the New York Stock Exchange, have announced that Matthew A. P. Schumacher and James Harrison Neuhaus have been certified registered representatives.

Both have been associated since 1959 with the 53-year-old investment banking firm, Texas' oldest. Mr. Neuhaus is the son of the late Hugo V. Neuhaus who founded the company in 1907.

Thomas Smith Joins Kidder, Peabody Co.

SAN FRANCISCO, Calif.— Thomas Smith has joined the investment firm of Reynolds & Co., 425 Montgomery Street, as Sales Manager, James L. Murphy, resident partner, has announced..

Prior to his new post, Mr. Smith served for five years as a registered representative with Francis I. duPont, brokerage firm.

With H. M. Byllesby

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Arthur S. Bowes, Jr. has joined the staff of H. M. Byllesby and Company, Incorporated, 135 South La Salle Street, members of the Midwest Stock Exchange. Mr. Bowes was previously with Cruttenden, Podesta & Co.

Alaska Opens the Door to Mutual Savings Banks

Head of Mutual Savings Banks Association hails passage of act permitting chartering of mutual savings banks in Alaska. This marks the first extension of savings banks geographic area in past 35 years.

The enactment of enabling legislation to permit the establishment of mutual savings banks in Alaska doubles the geographic area served by the mutual savings banking system, it was pointed out by John deLaittre, President of the National Association of Mutual Savings Banks, and President of The Farmers and Mechanics Savings Bank of Minneapolis, Minn.

John deLaittre

On Friday, April 15, Governor William A. Egan signed into law an act passed by the first Alaska Legislature during its recent second session. Mutual savings banks, unlike almost all other financial institutions in the United States, exist solely under state charters and, at present, can be established only by acts of individual state legislatures. Heretofore, mutual savings banks have existed in 17 states.

The Alaska Mutual Savings Banking Act, based on a model bill prepared by the National Association of Mutual Savings Banks, states that "it is the intent of the legislature to make available the benefits of mutual savings banking, thereby encouraging the practice of thrift and promoting the accumulation of funds for investment to develop the economy."

The provisions of the law are analogous to those governing mutual savings banking in other states. The measure authorizes the chartering of mutual banks, upon application, by the Department of Commerce. Conditions which must be met before a charter may be issued include the expectation of financial success, the good character of the incorporators, and the qualification of the bank as an insured bank under the Federal Deposit Insurance Act. The sum of $50,000 has been set by Alaska as the minimum capital with which a mutual savings bank may be opened.

Mr. deLaittre hailed the Alaska action as one which would be of great benefit to the people of that state. The Association president visited Alaska to advise on the drafting of the law and to answer questions about the operations of the mutual banking system.

"It was most gratifying," he said, "to witness the eagerness and enthusiasm of Alaska business and government leaders to obtain the advantages of mutual savings banking for the citizens of their state. Alaska is still in many ways a pioneer state, and the desire to encourage the practice of thrift is in keeping with our great American tradition."

"Also," noted Mr. deLaittre, "business leaders recognize that the establishment of mutual savings banks in Alaska will help to create the capital they so badly need."

This was the first legislation in 35 years to extend the geographical area served by the mutual system. The last enabling legislation authorizing the chartering of mutual savings banks was passed in Oregon in 1925. The first mutual savings banks in the United States were chartered in 1816 in Boston and Philadelphia. The institutions are concentrated primarily in the New England and Middle Atlantic states, with a few banks scattered through the Middle West and in the Pacific Northwest.

The mutual savings bill was introduced into the Alaska House of Representatives by Speaker of the House Warren A. Taylor and Majority Leader Peter J. Kalamarides and was passed 35-1. Senators George B. McNabb and Thomas B. Stewart introduced the bill into the upper chamber, where it carried 16-3.

Several leading Alaska businessmen have expressed interest in forming a mutual savings bank in Anchorage as a stabilizing factor in the community. Incorporators of such institutions generally receive no profit on their investment other than the same interest paid to depositors.

Mr. deLaittre noted that there is a serious shortage of long-term financing for housing and other construction. Since the nation's mutual savings banks have approximately 65% of their assets in long-term mortgage loans, he expected that establishment of a mutual savings bank would be of major importance in developing this segment of the Alaskan economy, in addition to promoting saving among the people.

Mr. deLaittre said that the National Association would give every possible assistance to incorporators desiring to found a savings bank in the public interest.

Murray V.-P. of Hincks Bros.

BRIDGEPORT, Conn.—The election of Thomas E. Murray, II as a Vice-President and Director of Hincks Bros. & Co., Inc., 872 Main Street, has been announced.

A member of the New York Stock Exchange, Mr. Murray will represent the firm on the floor of the Exchange making his office at Delafield & Delafield, 45 Wall Street. He has been an independent broker since he purchased his membership in 1958.

Prior to becoming an Exchange member, Mr. Murray was employed by the New York Trap Rock Corporation, West Nyack, N. Y. He had also been a customer's broker with the firm of Thomson & McKinnon.

Leon Hellman Opens

BROOKLYN, N. Y.—Leon Hellman is conducting a securities business from offices at 1301 Kings Highway.

A. M. Meadows Opens

HUNTINGTON, N. Y.—Alvin M. Meadows is engaging in a securities business from offices at 251 Main Street under the firm name of A. M. Meadows & Co.

Paragon Mutual

Paragon Mutual Investor's Service has been formed with offices at 33 West 42nd Street, New York City. Arthur I. Berliner and Leon Abramson are partners.

MUTUAL FUNDS

BY ROBERT E. RICH

You Can Bank on It!

As the beloved comic, Jimmy Durante, says: "Everybody wants to get into the act!". The field of investment management has flourished in the years since World War II as an inevitable outgrowth of the affluent society. Of late, it has been getting rather crowded, but there is no end in sight to the number of people who are attracted by the growing opportunities it has afforded.

The new entrant may prove to be the most formidable of all—the savings bank.

Joseph A. Kaiser, president of Brooklyn's big Williamsburgh Savings Bank, has made it clear that mutual investment trusts are very much on his mind. As Mr. Kaiser sees it, inflation is a creeping menace which results in "saved dollars" eventually becoming "shaved dollars." He has told fellow bankers that savings banks everywhere must combat inflation as well as competitive institutions when attempting to increase their share of the savings dollar. Through such organizations as Institutional Investors Mutual Fund, scores of New York State savings banks already have a stake in funds.

Possible methods of attracting new business, according to Mr. Kaiser, are aggressive campaigns for new accounts, increased national and local advertising, augmentation of hours and services, and possibly changes in the banking laws to permit a higher maximum per individual account than the present $10,000, also a possible increase in the amount insured by the Federal Deposit Insurance Corp. to more than $10,000 per depositor. "Good," the mutual fund man might well say. "Thrift should be encouraged, so that people will accumulate the nest egg needed to enable them to buy shares in our fund."

But Mr. Kaiser has other ideas. He has talked to members of the banking fraternity about the mutual savings banks offering their depositors "shares in a mutual investment trust, established and operated by the savings banks." He sees in this "an answer to today's aggressive promotion of mutual funds."

The nation's more than 500 mutual savings banks, incidentally, have assets in excess of $35 billion, roughly twice those of the mutual fund industry.

The trend toward financial department stores is unmistakable. In the instance of the country's savings banks, it is a reasonable assumption that they will move into this field unless state laws intervene. Insurance companies have sought legislation to enable them to sell variable annuities. Their stated reason is pretty much the same as Banker Kaiser's—it's a method of offsetting inflation.

Nor have all mutual fund men been satisfied to stick to their knitting. Channing Corp., the group that won Managed Fund's investment advisory contract in a proxy struggle, has extended its activities in recent weeks. That mutual fund outfit disclosed the purchase of a majority stock interest in the Tower Insurance Group of Battle Creek, Mich. The Tower group operates Federal Life & Casualty Co., Wolverine Insurance Co., Riverside Insurance Co. of America and Secured Insurance Co. The price paid by Channing is put at over $10 million. Diverse Channing's subsidiaries serve as distributors and investment managers of seven mutual funds. One of its subsidiaries is an over-the-counter brokerage business. Channing wants the profits from insurance sold to contractual-plan purchasers—a source of considerable revenue until now for life insurance companies.

For good or ill, we live in a society in which the shoemaker will not stick to his last, even when there are plenty of shoes around that need mending. Textile mills get into (and out of) the pleasure-boat business, flour millers become appliance manufacturers, coal miners take on ladies' underwear and food processors are determined to become chemists.

Banker Kaiser says he is motivated by an inflation which does not seem to disturb the rest of the investment community. It is questionable whether he, or any other banker, would consider moving in on the mutual fund field but for the amazing growth it has shown. And, because this growth shows every sign of continuing, the pioneers in this field may be sure that the competition from newcomers will continue to grow, too.

The Funds Report

Investment Company of America net income for the three months ended March 31 was $1,030,604 or approximately 6.6 cents a share on the average number of shares (15,587,264) outstanding during the period. This compares with a net investment income of $796,157 in the corresponding period last year, equivalent to approximately 5.9 cents per share on the average number of shares (13,420,876) outstanding during that period. Total net assets at March 31 of $158,462,854 were equivalent to $9.64 for each of the 16,438,698 outstanding shares. This compares with total net assets of $162,270,678 on Dec. 31, 1959, equivalent to $10.69 per share on the 15,185,091 shares then outstanding. A capital gain distribution of 39 cents per share was paid during the quarter. Largest industry holdings of stocks as of March 31 were: Public utilities, 10.4%; electrical and electronics, 7.2%; chemicals, 6.4%; transportation, 6.4%; tobacco, 5.9%; oils, 5.7%, and insurance, 5.2%. The largest individual holdings at market at that date were: Philips' Lamp, Pepsi-Cola, Western Union, Unilever, I.B.M., Reynolds Tobacco, and Farbenfabriken Bayer. During the quarter, new holdings added to the portfolio of investments included California Western States Life Insurance, General Cable, Sterling Drug, and Swift. Securities of the following companies were eliminated: Martin, National Bank of Detroit, Southern Railway, Sunray Mid-Continent Oil and Colvilles, Ltd.

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New England Fund reports net assets at March 31 totaled $14,653,534, equal to $10 on each of the 1,460,287 shares. This compares with $15,362,985, $10.86 a share and 1,413,816 shares a year earlier.

* * *

Whitehall Fund, Inc. placed net assets at March 31 at $11,534,152, equal to $12.24 a share on 942,216 shares, against $11,095,048, or $12.96 a share on 855,507 shares outstanding on March 31, 1959.

* * *

Aberdeen Fund reports net assets at the close of 1959 totaled $16,518,464 or $2.25 a share, compared with $13,115,621, equal to $1.94 a share, a year earlier. Shares outstanding rose during the latest year to 7,350,834 from 6,774,451.

National Investors Corp., the growth stock mutual fund of the Broad Street Group, reported to stockholders net assets rose to a quarter-end record of $140,833,304 at March 31. Investors increased their holdings by a net $8,488,221 during the first three months of 1960, and over the preceding 12 months net assets increased by about 37% from $102,917,014. Assets per share declined 1.6% in the first three months of 1960. Asset value of each share at March 31 was $13.20, compared with $13.41 at the start of the year.

National Investors "continued virtually fully invested in common stocks during the past three months," the firm said. New common stock positions were taken by the purchase of 21,600 shares of Georgia-Pacific, 15,000 shares of Ampex, 15,000 shares of R. R. Donnelley & Sons, 15,000 shares of Holt, Rinehart & Winston, and 8,300 shares of McGraw-Hill Publishing. Principal additions to holdings of common shares were 16,000 Tampa Electric, 12,700 Corning Glass Works, 10,000 Parke-Davis, 10,000 Warner-Lambert, 8,500 Black & Decker, 5,300 Florida Power & Light, 5,200 James Talcott, 5,000 Atlantic City Electric, 5,000 Union Carbide, 4,300 Kimberly-Clark, 4,000 Montana Power, 4,000 Southern Co., 3,000 Cummins Engine, 3,000 Texas Utilities, and 1,800 Rohm & Haas.

Common stock holdings were reduced by the sale of 3,000 shares of American Re-Insurance and 7,700 shares of Halliburton Oil Well Cementing. Holdings of 23,500 shares of Jewel Tea and 27,000 shares of Monterey Oil were eliminated.

* * *

Diversified Investment Fund, Inc. declared a second quarter dividend of 8½ cents per share, payable May 25 to shareholders of record as of the close of business April 29. This is the balanced mutual fund's 62nd consecutive quarterly dividend from net investment income.

* * *

Massachusetts Investors Trust reports total net assets of $1,436,847,189 as of March 31. The asset value of the shares was $12.68. When adjusted for a capital gain distribution of 22 cents paid last Feb. 15, the share value was $12.90. A year earlier assets were at $1,449,730,424 and the per share value was at $13.34. At the quarter-end, MIT had 113,318,419 shares outstanding as compared with 108,681,467 a year ago. Shareholders numbered 213,939 as against 203,005 a year earlier. At the quarter-end, nearly half the stocks in the portfolio were those of carefully selected companies having a better-than-average long-term trend in growth of earnings. The balance was divided among stocks with a higher-than-average rate of return and stocks of other companies whose earnings tend to hold up well even when general business conditions may be at lower levels and thus are considered to have above average stability of income.

* * *

Delaware Income Fund has acquired a block of American Radiator & Standard Sanitary common, reports D. Moreau Barringer, Chairman of Delaware Management Company, Inc. in the investment advisory firm's latest semi-monthly Directors' Letter. The fund's management also reports the sale of Electric Storage Battery, describing the stock as an excellent market performer since its purchase over a year ago. At its recent high price, however, the yield has dropped to little more than 3% and "it seems no longer to have a logical place in an income fund's portfolio," the group reasons.

* * *

Institutional Investors Mutual Fund, Inc. showed a net asset value of 208.48 per share on March 31. This compares with $217.52 per share on Dec. 31, 1959, and $210.07 per share on March 31, 1959. In April the fund declared a dividend of $2.50—$1.45 per share from net income and $1.05 per share representing a partial distribution of net capital gains realized in the current calendar year. In April, 1959, the fund declared a dividend of $1.40 from net income. Total net assets on March 31 were $43,820,432, compared with $46,913,619 on Dec. 31, 1959, and $45,614,090 a year earlier. Portfolio changes during the three months period included the purchase of three new common stock issues: Consolidated Natural Gas, Procter & Gamble and Stauffer Chemical Co., and increases in nine issues already represented in the portfolio. Ohio Oil Company holdings were eliminated and reductions were effected in 19 additional issues.

* * *

Massachusetts Life Fund at March 31 reported total assets of $57,645,543, compared to $51,743,151 at March 31, 1959, a gain of 11.4%. This compares with $57,702,319 at Dec. 31, 1959. Common stock holdings were reduced to 58.66% at March 31 from 65.01% at the year-end with the proceeds invested in short- to medium-length bonds. During the quarter, a major acquisition was made in Eastman Kodak. Net asset value per share March 31 was $20.61. Shares outstanding amounted to 2,797,406, a new high, and an increase of 16.5% from the same time the year before.

* * *

Chemical Bank New York Trust Co. has been appointed to act for **The Value Line Fund, Inc.** and **The Value Line Income Fund, Inc.** as custodian for the portfolio securities, transfer agent, dividend disbursing agent, dividend reinvestment agent and agent under investment agreement. It also will act as transfer agent for the outstanding capital stock of both corporations.

* * *

Eurofund reports net assets of $19,956,551, equal to $19.01 a share on March 31. This compares with $18,990,336 and $18.04 a share on June 1, 1959, when the fund started operations.

* * *

Income Foundation Fund, fully managed mutual fund headquartered in Pittsburgh, continued to move funds into high-yielding short-term commercial notes in March. With the purchase of an additional half million of short-term maturity paper last month, the fund's holdings of short-term notes rose to 17.2% of assets on March 31 from 15% at the close of February, 1960. Management began this program last summer when it replaced a substantial portion of its bond portfolio with government bills and commercial discount paper to the extent of 14% of net assets. Since then the fund has rolled over this paper into higher-rate paper as interest rates climbed. The fund reported that the effective yield on this backlog of short-term notes is almost 5½% with this rate locked in for an average maturity of close to six months. During March the fund also added to its common stock investments in Parke Davis, Pitney-Bowes, General Precision Equipment and Insurance Co. of North America. After these purchases, common stock investments amounted to 78% of assets. In the 12 months ended March 31 total net assets showed an increase of 44%.

* * *

Fidelity Capital Fund, Inc. reports total net assets at Feb. 29 amounted to $12,458,232, equal to $12.44 on each of the 1,001,151 shares outstanding. On Aug. 31, 1959, total net assets were $11,795,538, or $12.23 on each of the 964,350 shares then outstanding. On Feb. 28 the figures were $8,776,521, $11.05 a share and 794,064 shares. The company reports the following are its 10 largest individual investments: American Machine & Foundry (4.5% of total investments), Cenco Instruments (4.2% of total), Fruehauf Trailer (4%), International Business Machines (3.9%), Armour & Co. (3.3%), American Photocopy Equipment (3%), Unilever N. V. (2.8%), AMP Inc. (2.7%), Motorola (2.6%) and Philips' Lamp Works (2.5%).

* * *

Net assets of **Madison Fund, Inc.**, closed-end investment trust, amounted to $131,613,965, or $19.39 per share, at March 31, as compared with $142,703,085, or $21.08 per share at Dec. 31, 1959 on the 6,788,390 shares now outstanding. Adjusting for the $1.35 capital gains distribution of March 16, this represents a decline of a little more than 4% during the period. Re-investment of dividends during the quarter increased the number of shares outstanding by 236,491, from 6,551,899 to the current 6,788,390. Net realized gain on investments for the three-month period was $2,000,548. Aside from the Canton Co. of Baltimore, controlled affiliate which Madison Fund has contracted to sell to the International Mining Co., Madison Fund's largest holding is now Atlantic Coast Line Railroad Co., followed in order by Texas Instruments, Philips Incandescent Lamp Works, Orange & Rockland Utilities, and General Public Utilities Corp. These five investments account for slightly less than 15% of Madison Fund's total assets. During the first quarter of 1960, Madison Fund's important new purchases included: American Telephone & Telegraph, 15,400 shares; American Tobacco, 10,000 shares; Dome Mines Limited, 30,075 shares; Homestake Mining Company, 9,100 shares; and Kerr-Addison Gold Mines, Limited, 15,500 shares. Holdings reported increased during the period included: Giant Yellowknife Gold Mines Ltd., 30,000 shares; Grand Union Co., 23,100 shares; United States Freight Co., 7,000 shares; and Universal Match, 9,912 shares. Eliminated from the portfolio were: P. Lorillard 19,500 shares; Schering, 20,000 shares; Tucson Gas, Electric Light & Power, 50,000 shares. Other sales showed decreases in holdings of: Amerada Petroleum, 5,000 shares; Atlantic Coast Line, 4,100 shares; and General Public Utilities, 19,500 shares.

* * *

United States & Foreign Securities Corp. reports a net asset value on March 31 of $106,798,454 equivalent to $32.26 per share on the 3,310,815 shares of stock outstanding. This compares with a net asset value of $118,757,860, equal to $35.87 per share on Dec. 31, 1959 and $121,397,138 or $36.67 per share on March 31, 1959. During the 12 months ended March 31, 1960 capital gain dividends of $1.39 were paid. Common stock holdings at the end of the first quarter represented percentages of total assets as follows: Oil 33.03%, chemical and drug 21.96, metal and mining 14.63, manufacturing and miscellaneous 10.77, electric utility 4.73, merchandising 2.12, natural gas 1.50. U. S. Treasury bills accounted for 10.78%, cash and receivables 0.31% and other investments 0.17%.

Keon & Co. Opens Branch

SHERMAN OAKS, Calif. — Keon and Company has opened a branch office at 4558 Sherman Oaks Avenue under the direction of Joseph J. Keon, Jr.

New Paynter Office

DENVER, Colo. — Paynter and Company has opened a branch in the Denver U. S. National Center under the management of Richard B. Paynter.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Montana Power Company

Montana Power Company serves electricity and natural gas in a 90,000-square-mile area of western and central Montana, comprising 61% of the state in size equal to all of New England plus half of New York. Electricity is supplied to 182 communities and Yellowstone Park was added to the system late last year. Natural gas is supplied to 63 communities and water service in two.

Farming is the major industry in Montana, accounting for about half the total value of production; 1959 established a 14-year high. Oil and gas production and refining, and the lumber industry, are the top steady-growth industries. The 2,500,000 tourists which visit the state yearly contributed $90 million last year. Value added by manufacturers totals about $185 million.

The state is also noted for its mineral operations, and value of mineral products more than doubled in the postwar period (excluding 1959). The 181-day strike which began last August and lasted until mid-February depressed the industry last year, but the strike has now been settled and Anaconda has a contract with the Mine-Mill Union extending to June 30, 1962. Production is rapidly returning to normal both in the mines and at the smelters and refineries. Anaconda's total operations for the remainder of 1960 will be at approximately the same rate of production as they were in 1959 prior to the strike.

The future outlook for Anaconda's Montana operations seems more attractive than at any time in the past. The company has conducted a major program of cost reduction. Poduction of ore in Butte has changed from deep conventional mines to the Berkeley open pit and the Kelley cave mining, and the operation is now considered to be on the soundest competitive basis in its entire history. Montana Power therefore expects to sell Anaconda as much power and gas as it did prior to the strike, plus additional amounts necessary to supply future mechanization and increases in Anacondas operation—perhaps adding as much as 30,000 kw. additional load by 1962.

Montana Power has shown excellent growth in the postwar period. Since 1959 was an abnormal year comparisons have been developed for 1960 vs. 1946: during this period total residential and commercial revenues will have gained 242%, revenues from general industry 218% and from sales to Anaconda 41%. Gas revenues 310% and net income more than doubled. Share earnings, while somewhat irregular in earlier years, have gained steadily since 1954.

Electric generating capacity totals 671,000 kw., including 530,000 kw. hydro power, 66,000 kw. steam, and 75,000 kw. purchased power. The company has 13 hydro plants on the Columbia and Missouri Rivers water-sheds, and a steam generating station at Billings. It has firm purchase contracts for 50,000 kw. of power from Bonneville and 25,000 kw. from the Bureau of Reclamation.

Looking toward the need for additional steam power in the future, the company last year leased from Northern Pacific Railway acreage containing about 60 million tons of sub-bituminous coal in southern Montana, together with the operating properties, which will give it an almost unlimited supply of very low cost fuel. The company is also one of the sponsors for the big high Mountain Sheep Project on the Snake River from which it will receive 150,000 kw. of hydro power if the project is authorized and built.

Montana Power's gas sales contribute about 31% of revenues. Gas reserves totaling 750 billion cf., or about 22 times the 1959 sales, are located in Montana, Wyoming and Alberta, Canada; some 274 billion cf. are under contract from Alberta & Southern Gas Company. The company wants to extend service to new communities, and looking ahead on this basis over a 27-year period, it is estimated that nearly double the present supply of gas will be needed. Hence it is actively seeking new reserves both in the U. S. and Canada, and the program thus far has been quite successful.

At the end of 1959 the company's debt ratio was 47%, preferred stock 12%, and common stock equity 41%. It has been able to maintain a high equity ratio throughout the years without the sale of common stock. With a comparatively modest construction program, expected to average about $12 million annually over the next five years, it does not expect to do any further financing until 1962, and no equity financing in the foreseeable future. (By 1966, it is estimated, the equity ratio will still approximate 46%, well above the industry average.)

Over the past five years Montana Power's common stock earnings have shown an annual average gain of over 10% but some of this gain may be accounted for by inclusion of tax savings from accelerated depreciation. The company is restudying its accounting procedure regarding accelerated depreciation and is considering providing for future taxes on income resulting from its use.

Last year's earnings of $1.36, up four cents over 1958, were obtained despite the depressing effects of the long Anaconda strike. With the strike settled early this year, the outlook for 1960 appears favorable.

In the past five years dividend payout has averaged only 52% compared with the industry average of 70-75%, but President Corette has forecast that the present 80-cent dividend rate may be raised to $1 in July, reflecting a change of policy.

Montana Power's common stock has about quadrupled in price since 1950 (after adjusting for the split) while Moody's average of utility commons increased only 121%. At the recent price around 26½, the stock yields 3% (or 3.8% if the dividend is raised to $1) and sells at about 19.5 times earnings.

Reynolds Branch Mgr.

BERKELEY, Cal.—Fred C. Blumberg has been named resident manager of the Berkeley office of Reynolds & Co., 2030 Milivia Street.

He has been associated with Reynolds & Co. as a registered representative since 1953 and was previously associated with Davies & Co.

International Fund Sales

WASHINGTON, D. C. — The firm name of Officers Investment Plans, Inc., 1625 Eye Street, N. W., has been changed to International Fund Sales, Inc.

Applied Elect. Stock Sold

S. D. Fuller & Co., of New York City and Associates on April 26 offered 200,000 shares of Applied Electronics Corp. of N. J. class A stock (par 10 cents) at $5 per share. Dealer's concession on the issue was 30 cents per share (reallowance 15 cents). This offering was quickly oversubscribed and the books have been closed on the issue.

The net proceeds from the sale of securities offered are estimated at $813,000. The company intends to apply such porceeds approximately as follows: (1) $45,000 for the purchase of stock of Diversified Industries Corp.; (2) $33,000 for the repayment of certain indebtedness owed to certain officers, directors and stockholders; (3) $150,000 for the establishment of laboratory and sales facilities in Dallas, Tex., and sales and service facilities in Los Angeles, Calif.; (4) $200,000 for research and development; (5) $155,000 as a reserve for plant construction; and (6) the balance, estimated at $230,000, to the general funds of the company for working capital.

The company was organized under New Jersey law on Feb. 4, 1959. The company is engaged in the design, development, and production of electronic telemetry instrumentation for use primarily in the Government's missile and space exploration programs. Its principal office is located at 22 Center St., Metuchen, N. J.

Named Director

Irving B. Haass, partner in New York Stock Exchange firm of David J. Greene & Co., has been elected to the Board of Directors of Brown Co., manufacturers of pulp, paper and forest products.

We Can Grow a Lot Faster With a Real National Effort

Continued from page 15

stock of plant and equipment in actual use. This investment, in turn, supported an average annual growth in the nation's total production of goods and services of almost 4% per annum.

Other nations—such as West Germany, Japan, Venezuela and the USSR — have experienced growth rates of 5 to 10% per annum in recent years. But their rate of investment in the crucial field of industrial plant and equipment has been one-quarter to three-quarters larger than that in the U. S., emphasizing again the key role of investment in economic growth.

One other observation from the historical record is worthy of note. There is no evidence in the record for the U. S. or other nations that inflationary policies are necessary for growth. On the contrary, as a recent survey by the New York Federal Reserve Bank shows, the evidence suggests that price inflation interferes with growth.

Making the Effort to Accelerate Growth

This review of the record seems to me to support two conclusions: If present national economic policies are continued, we should, in the future, be able to match or exceed the long-term growth rate of 3.7%; if a national effort to accelerate growth were to be adopted, our Economic Research Department believes there is reason to hope it could lift our annual rate of economic advance to perhaps 5%, or possibly even 6%, assuming policies which emphasized economic growth were pursued with sufficient vigor.

These are exciting possibilities. A continuation of the postwar growth trend would yield a gross national product in 1970 of more than $750 billion in today's dollars, a real advance of almost 50%. If a concerted national effort towards growth yielded a 6% per annum advance, the 1970 gross national product would reach $900 billion, 75% above the figure for this year.

What might such a growth in the over-all economy mean to food chains? If recent relationships of food store sales to gross national product persist, total sales could reach $80 billion in 1970. If food chains, through continued emphasis on serving customers efficiently and well, increase their share of the market in line with performance in the past decade, total food chain sales in today's dollars could approach $40 billion by 1970. Thus, continued growth in the general economy at the postwar rate would provide the opportunity to double food chain sales in a decade. I am not predicting that this **will** happen—my point is that the opportunity could exist, as a real challenge to exert best efforts to make it a reality. If the over-all economy should grow faster—say to the $900 billion in 1970 that I mentioned — opportunities would be similarly enhanced. In a $900 billion economy, sales of food chains could approach $50 billion, almost 2½ times last year's figure. Truly, food chains have a major stake in the nation's economic growth rate.

I should emphasize the fact that I do not cite these figures as forecasts. I use them only to give some concrete measure of what might be possible if the nation were to exert a major effort to maintain and accelerate economic growth. In a free economy, no one can decree a rate of growth at any given figure, and no one can be sure that the electorate will not acquiesce to policies that would enhibit growth. Economic history provides abundant evidence that government action can repress savings and investment, initiative and enterprise to an extent which precludes growth.

One has only to go back to the 1930's to see how investment, enterprise, and growth can be held down by repressive policies. Many of the economic reforms carried out in the 1930's were essential, but hindsight shows that many of these measures slowed recovery from the great depression—more than 8 million persons were unemployed in 1940, and the 1930-40 decade is the only decade in our recorded economic history when the U. S. economy did not grow. Some of the measures which interfered with growth, such as the undistributed profits tax and parts of the Wagner Act have since been repealed or modified.

All of this is another way of emphasizing the fact that growth is not an automatic or easy process. In my opinion, we can increase our rate of economic advance, if we are willing to work at it and to make the hard choices that would be involved.

Increasing Investments

What are some of the things that could be done to step up our growth? Of first importance are measures to increase business investment in new and better plant and equipment. Research has revealed that if we could increase the annual amount of gross national product plowed back into such investment from the 11% average of the postwar period to 13 or 14%, we would provide the stock of capital needed to support a growth rate of 5%, or possibly even 6% in our total production of goods and services. At first glance, it may not appear too difficult to raise the rate of investment from 11% to 13 or 14% of gross national product. However, what is involved is an increase of one-fifth to one-quarter in the rate of business investment and, hence, in the flow of savings into such investment. Business will invest some $50 billion in new plants and equipment this year. Thus, to accelerate over-all economic growth would require lifting this total business investment to more than $80 billion in another 4 or 5 years.

When one looks at the problem this way, it is clear that a major effort would be required to stimulate saving and investment sufficiently. Most business investment today is financed from savings in the form of reinvested earnings and depreciation funds. To increase such business savings, a moderate reform of the tax system would be necessary. More liberal tax treatment of depreciation plus some reduction in the burden the corporate income tax placed on business savings would be needed to increase the rate of corporate investment. At the same time, a general reform of the tax structure could contribute to more wide-spread saving and investment throughout the economy, by individuals and through savings institutions. Without going into details in the complex field of taxation, I believe it would be possible to raise the same total amount of revenue with a tax system that was more equitable and less burdensome on saving and investment than is our present system. Tax reform is long overdue in its own right; but it would also contribute most significantly to the problem of financing the investment necessary for accelerated economic growth. A number of specific suggestions along these lines were contained in a recent policy statement on tax reform prepared by the Committee for Economic Development.

The fact that the tax burden on saving and investment would need to be moderately lessened to achieve this objective need not mean any absolute reduction in the flow of goods and services to consumers or government. In the broad economic sense, accelerated growth could be self-financing in that the increased investment required would come out of the greater over-all growth of the economy. This does not mean that the process would be painless, since some individuals and groups would receive less income than otherwise would be the case. However, once the transition to a higher rate of investment had been achieved, everyone would gain from the more rapid increase in production of goods and services. It would be possible to accomodate all needed government expenditures and still leave room for a substantial rise in private living standards.

The problem of financing accelerated economic growth, while extremely important, is only one aspect of the challenge we face. More rapid growth would require greater efforts to develop and market new products of all sorts. We would need not merely to invest in more machinery and equipment, but to step up the pace of modernization of our factories, and of the adoption of entirely new techniques. To cite only one example, both food chains and banks can do far more to use electronic equipment to handle paperwork more efficiently.

By the same token, it would be necessary to speed the introduction of new products and increase the effectiveness of marketing. In our free enterprise economy, the consumer calls the tune. Our total production of goods and services can be increased only to the extent that individuals are willing to buy more at prices that yield a reasonable profit to sellers. Marketing the greater volume of goods that could be produced under accelerated growth would require great imagination in developing new techniques and great vigor in putting them to practical use.

Since food accounts for one-quarter of all the consumer spending accelerating economic growth poses both great challenges and opportunities to food retailers. Your industry has a notable record of measuring up to such challenges. The new marketing techniques developed over the years in the food field can justifiably be cited as one of the major accomplishments of our civilization. The efficiency of our system of food distribution is unmatched by any other nation. The steady growth in instant foods, prepared mixes, pre-cut meats, frozen foods and dinners testifies to the fact that food retailers, and notably food chains, have been in the vanguard of the move to develop and market new products to fill new needs on the part of individuals.

It once was an accepted premise of economics that food sales would rise more slowly in a growth economy than sales of many other products. In fact, Adam Smith pointed out that: "the desire of food is limited . . . by the narrow capacity of the human stomach." In the postwar period, however, food sales have risen more rapidly than has the gross national product. While there is, or perhaps should be, a limit to the quantity of the food a person should consume, there is seemingly no limit to the improvement in the quality and variety of diet, or the ease of its preparation. Thus, food retailers by imaginative marketing can continue to contribute to, and benefit from, the growth in the general economy.

Basic Importance of Education

To turn again to the broad problems involved in creating a national environment that would be conducive to accelerated economic growth, I should like to stress the basic importance of education. In a very real sense, the general advance of a modern economy depends on advances in education, which is just as much a basic resource as land or capital, and it offers the additional advantage of contributing to the broader values we seek.

While much remains to be done, our nation has been making good progress in meeting the quantitative requirements for education. As I indicated earlier, we have achieved virtually universal education through the high school level, and we shall soon see half of the individuals of eligible age groups in colleges or universities. Yet there is much room for concern over the qualitative aspects of our educational system.

Our goal should be the pursuit of excellence in the sense that each individual should be exposed to a context of values in which high performance is encouraged. We do not seek wide-spread education merely in the totalitarian sense of preparing technicians to serve the state's ends. Rather, we wish to offer individuals a maximum of opportunity for development of all their potentialities. We believe that education is a process that should develop individual values and purposes in the great American heritage of freedom and regard for human dignity. Clearly, the pursuit of excellence in education will contribute to the attainment of our objectives of accelerated economic growth and a more constructive use of the fruits of growth.

Other Critical Problems

Up to this point, I have listed three areas in which I believe we must make greater positive efforts if we are to accelerate economic growth — encouraging saving and investment, stimulating research and development in all fields, including special emphasis on marketing, and intensifying the effort to develop talent through improving our educational system. In addition to positive efforts in these broad fields, we need to remove, or reduce progressively, some of the barriers we have imposed in the path of growth. I refer to such things as our farm program, other government subsidies (such as postal subsidies, irrigation and inland waterway programs), unjustified tariffs and quotas, and practices on the part of both labor and business management which interfere unduly with the adoption of better machines or methods. While I do not propose to dwell on the specific features of these impediments to growth, I believe their removal would furnish a significant impetus to our economic growth and prosperity. Many of these were put into effect during the depression days of the '30s, but they have little justification in our prosperous economy of today when such restrictive practices have a decidedly retarding effect on growth.

The obvious difficulties in doing anything constructive about such growth-impeding features of our economic life as government subsidies, tariffs and restrictive work practices, underline two of the most important points I wish to register here. The first point is that it will take hard and persevering efforts to maintain the dynamic growth characteristics of the American economy. To accelerate our rate of economic growth will require even harder and more resolute efforts than have been forthcoming to date.

Poses Choice of Leisure As an Example

The nation could, if a majority of its citizens wished, increase its physical output immediately by working harder or by working longer hours, as was done under the emergency conditions of World War II. If we, as a nation, merely checked the trend toward greater leisure of the past decade, we could by 1970 be producing $50 billion a year more than would otherwise be the case — that is more than enough to cover the increase in national security expenditures that various experts have held to be necessary. This illustrates one of the hard choices the nation must make if it is to measure up to the challenges of the 1960's. We have long stressed the need for more leisure time, and this was important when workers were toiling 10 and 12 hours a day, 6 or 7 days a week. But have we perhaps now stressed leisure too much, and are we making the best use of what we have?

Clearly, though, we will not succeed in persuading people to work harder or longer hours unless we can develop a greater sense of national purpose than exists today. To my mind, the fundamental requirement for accelerated growth is a well-conceived and well-articulated program which will enlist national support for the many difficult steps which must be taken. Many of the specific policies for growth cut across the immediate interests of various groups and individuals. Thus, it is vitally important that the nation gain an understanding of the problem as a whole, of the manner in which the parts toward a solution fit together, and of the benefits to the entire community from accelerated growth.

In specific terms, the food chain business for example, should work for policies to accelerate general economic growth. In the process, it can contribute to the creation of an expanding horizon of opportunity for the nation and for your industry. By working aggressively and intelligently to speed economic growth, the nation could increase consumption per person almost 50% in a decade—a better prospect than any previous generation faced, and a far better prospect than could be held out if the nation were to fail to realize its full growth potential. If the nation achieved this objective of 50% improvement in the average level of living a decade hence, the food industry would face opportunities for very substantial sales increases.

What can the individual businessmen and citizens, do to promote the general advance of our economy? It seems to me that they can contribute in a number of effective ways. They can work individually in their communities, and jointly through their associations, to broaden the understanding of the challenges and opportunities our nation faces in the period ahead. By continuing to do their own jobs well, they can provide a living demonstration of the ability of a free enterprise system to contribute to the ultimate well-being of society. At the same time, they have a special responsibility to influence national attitudes by words and by actions.

Each one, along with other business leaders, must join in the endeavor of marshalling and directing America's tremendous potential for accelerated growth into appropriate channels. Thus, I urge everyone to take a more active role in spreading an understanding of the significance of economic growth and of the importance of pursuing sound national economic policies which will encourage it.

*An address by Mr. Rockefeller before the Western Association of Food Chains Convention, Las Vegas, Nev., April 11, 1960.

Nesbitt Asst. Cashier For Mercantile Trust

ST. LOUIS, Mo. — Mercantile Trust Company has announced the appointment of Edward H. Nesbitt as Assistant Cashier. Mr. Nesbitt is a sales representative in the Bond Department of the bank, and will continue in sales work, with territories in St. Louis, Illinois and Indiana.

R. M. Stander Opens

BROOKLYN, N. Y. — Robert M. Stander is conducting a securities business from offices at 26 Court Street.

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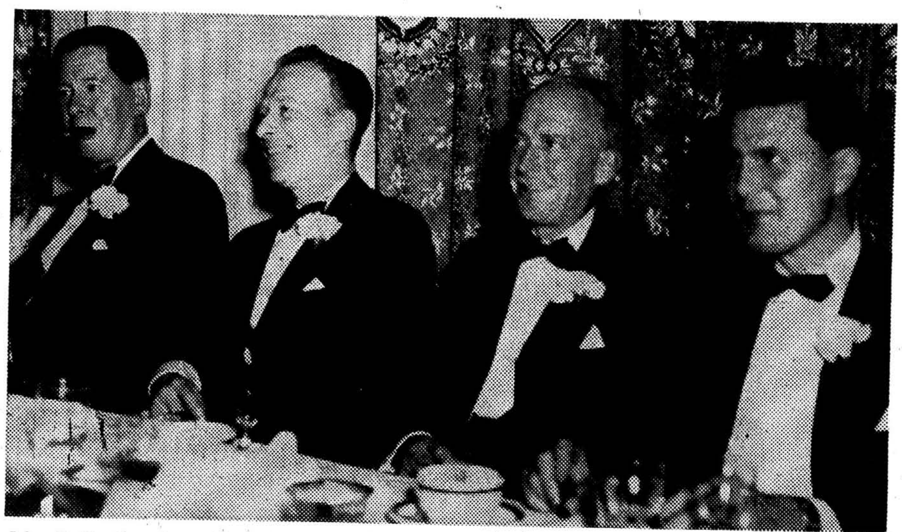

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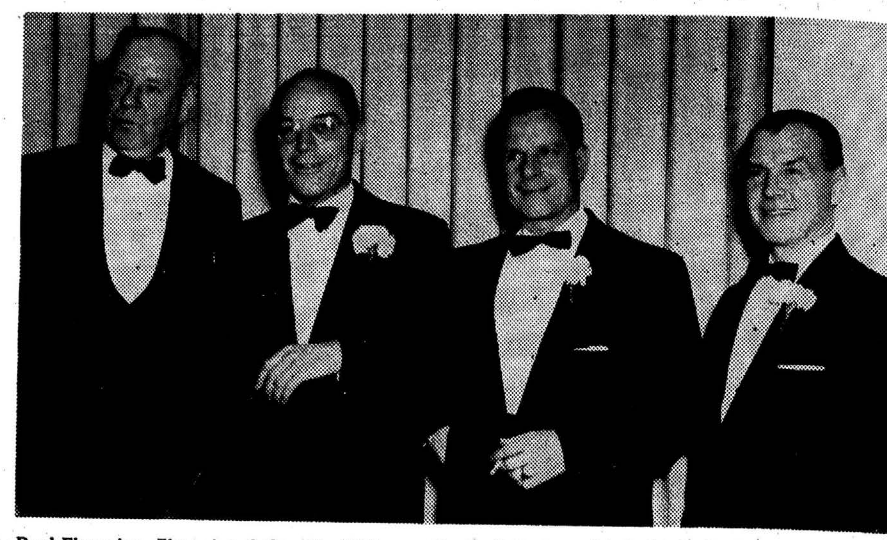

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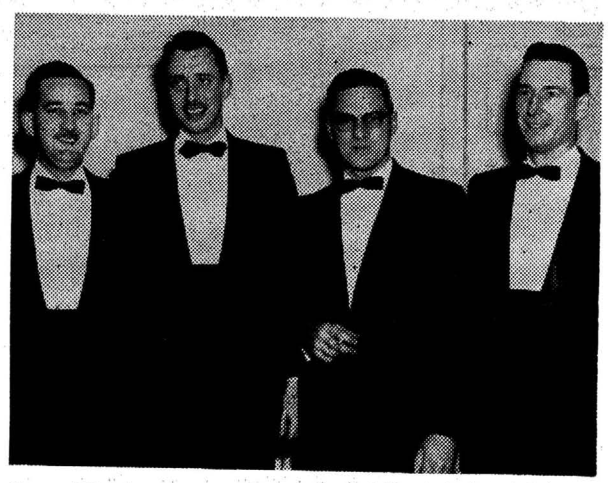

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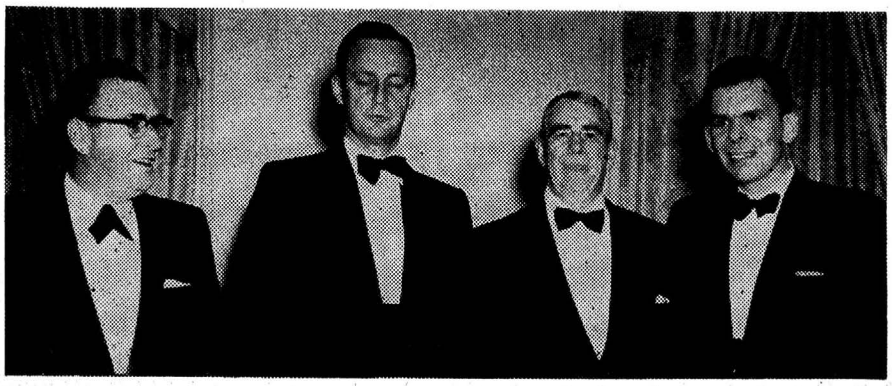

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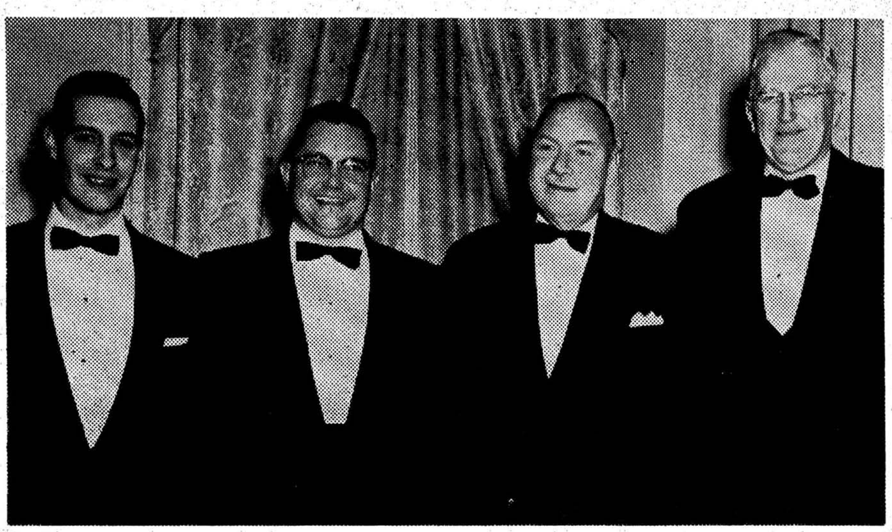

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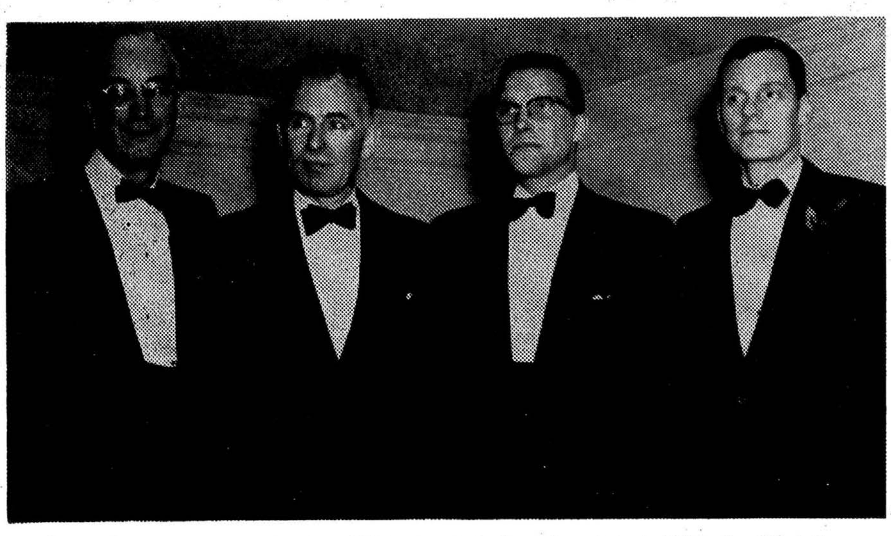

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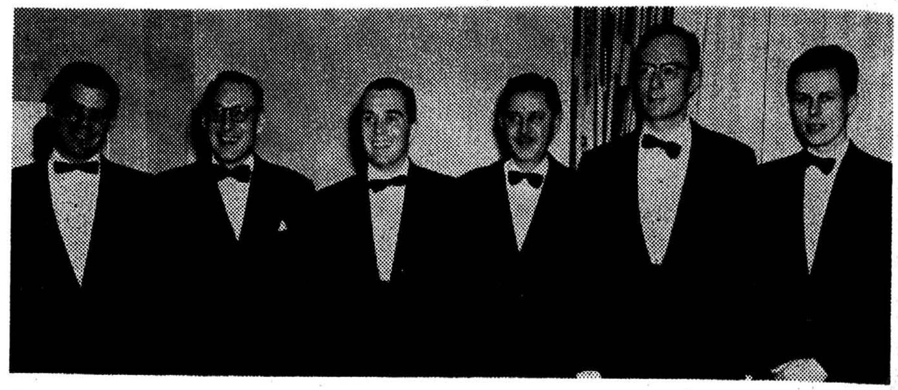

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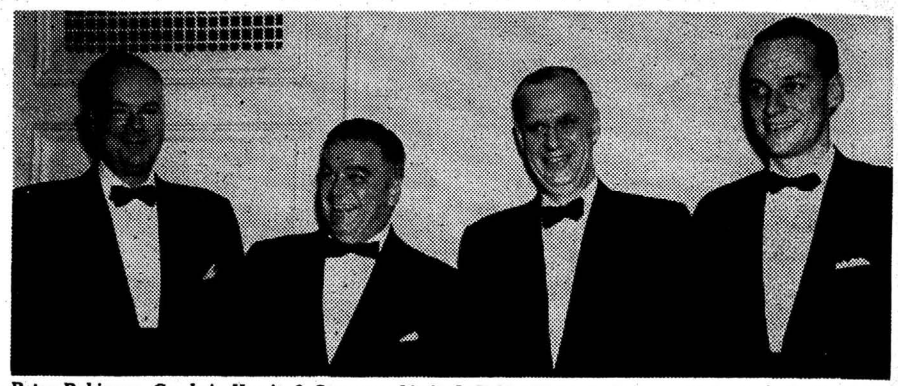

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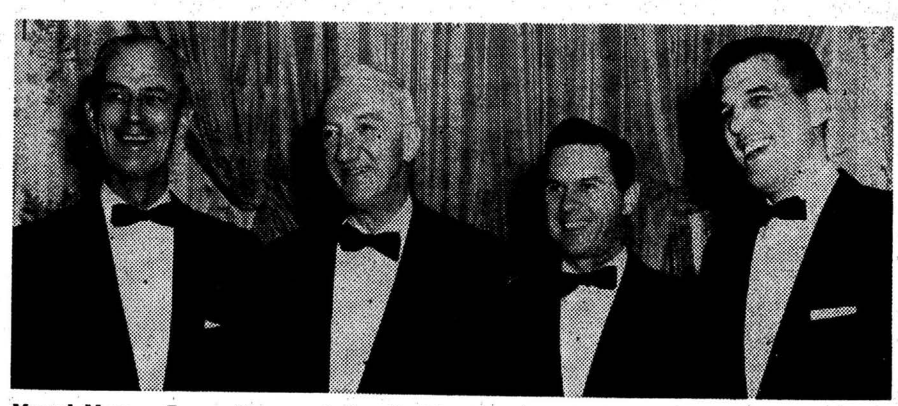

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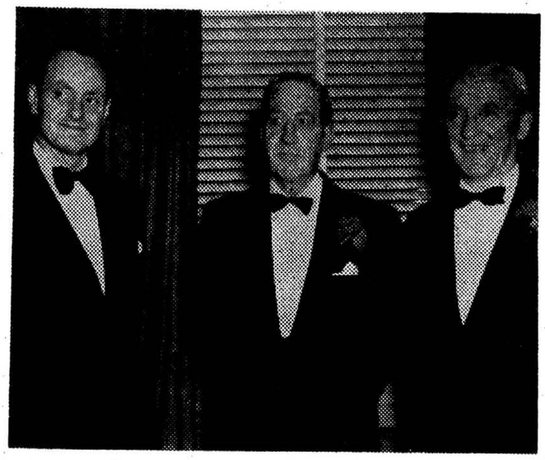

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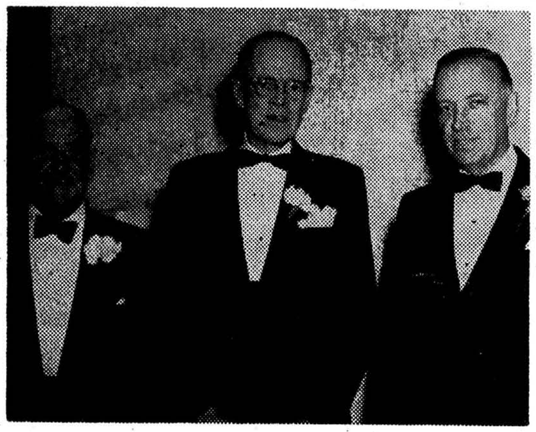

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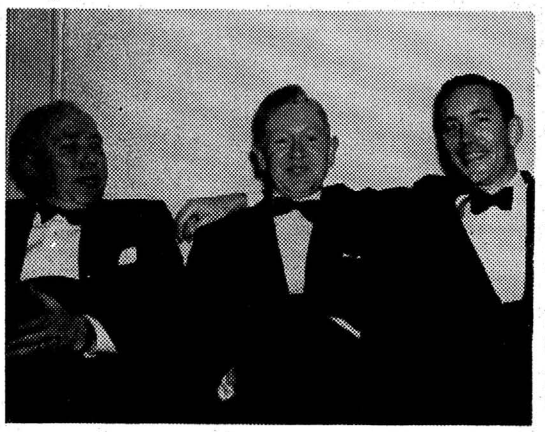

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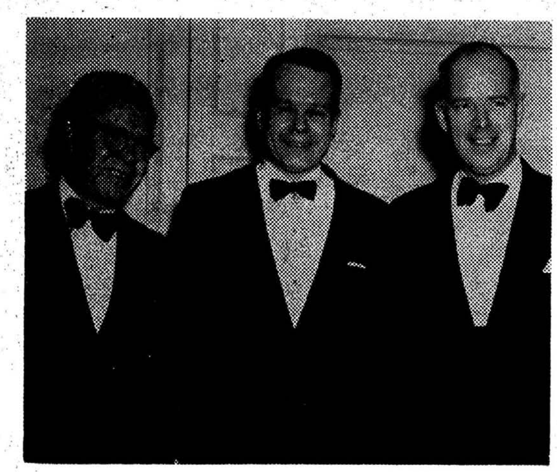

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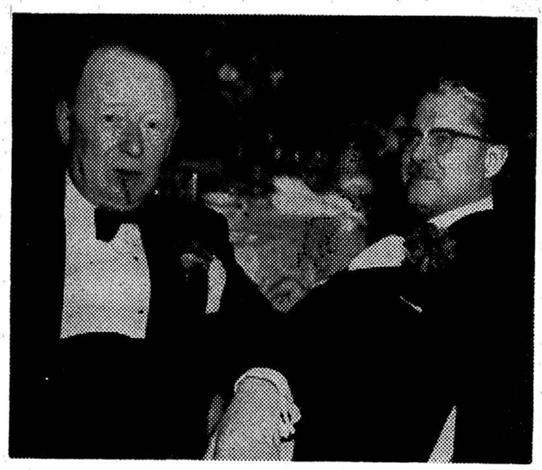

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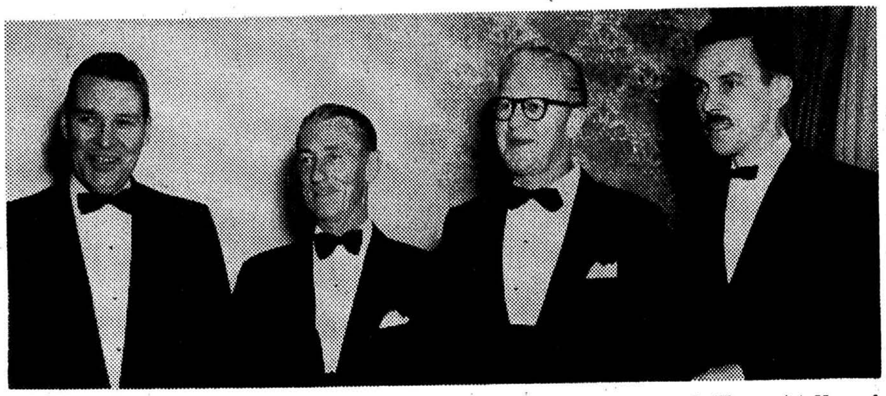

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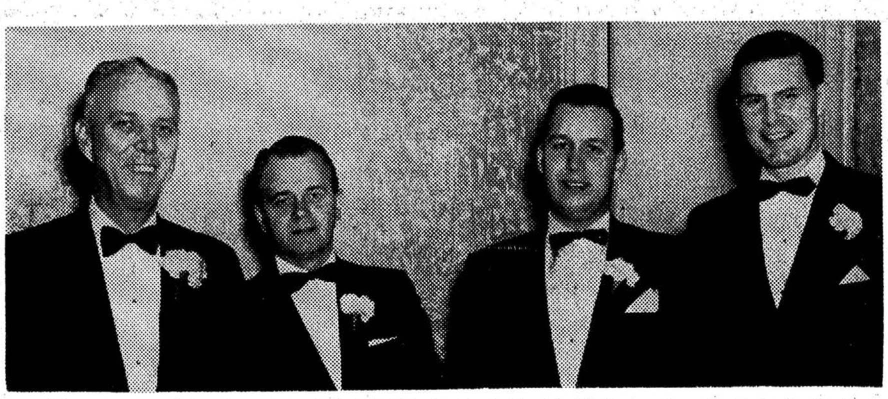

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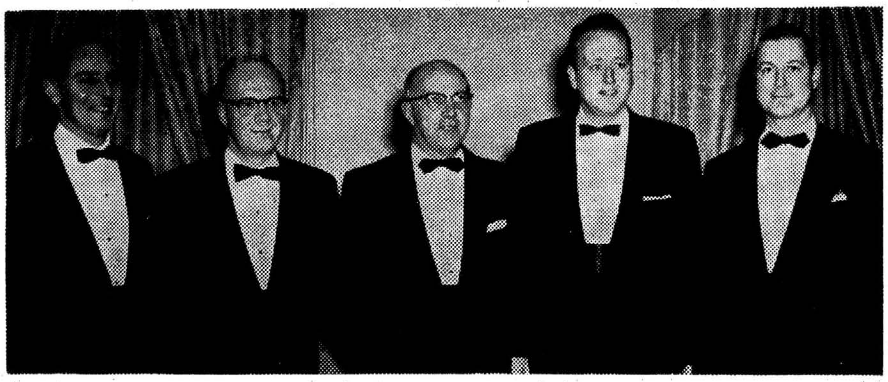

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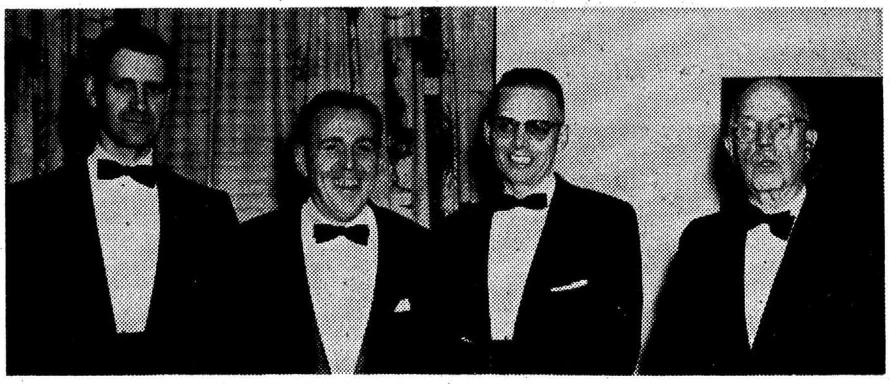

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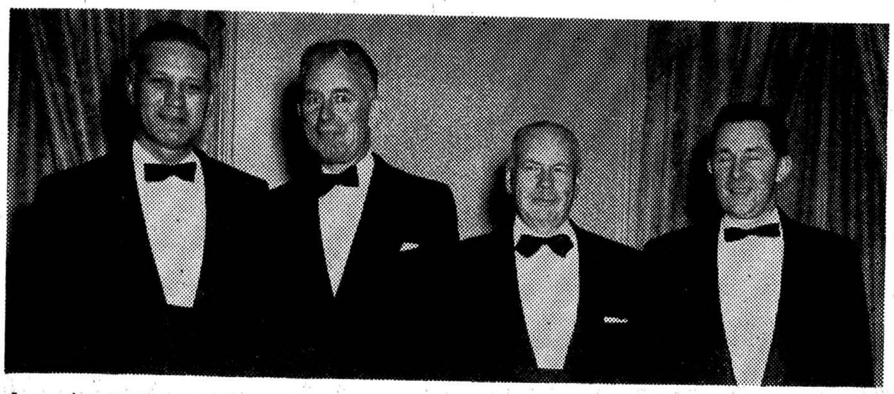

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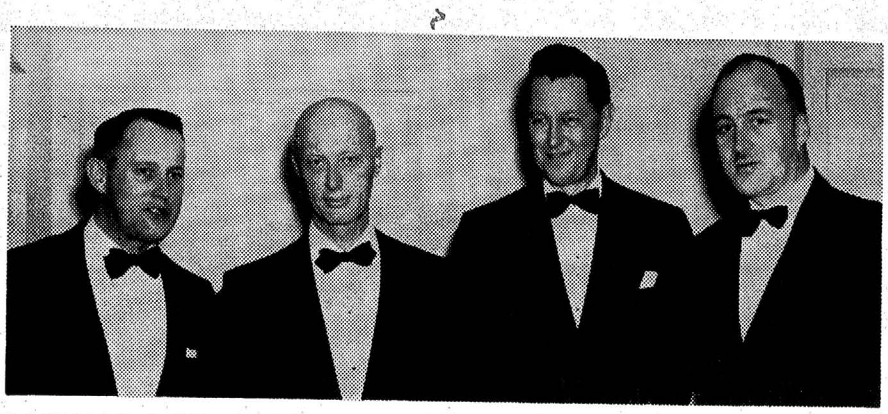
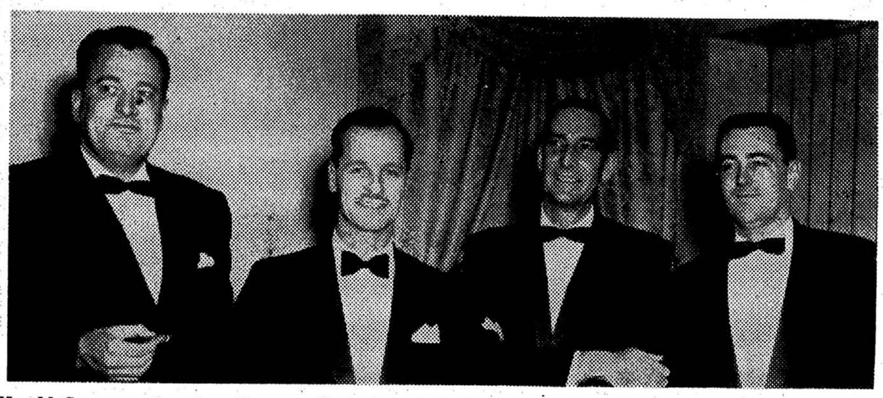


Ced Ritchie, *Bank of Nova Scotia* (Toronto); Ralph Henderson, *Bache & Co.;* Arthur Crockett, *Bank of Nova Scotia* (Toronto); Hugh MacKay, *W. C. Pitfield & Company Limited*



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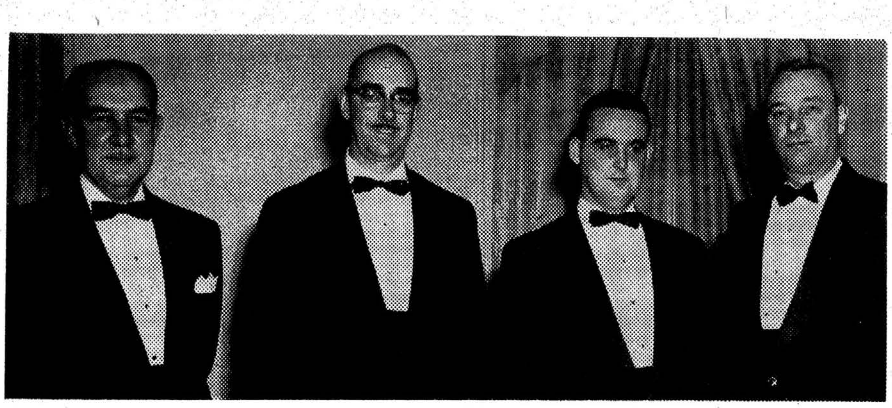
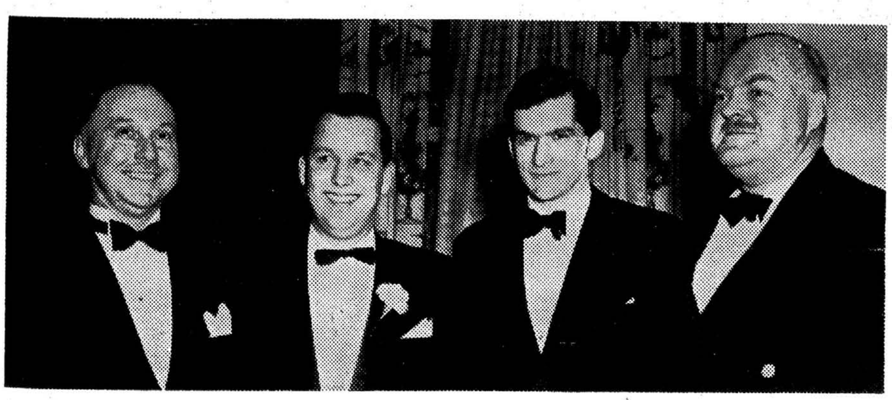
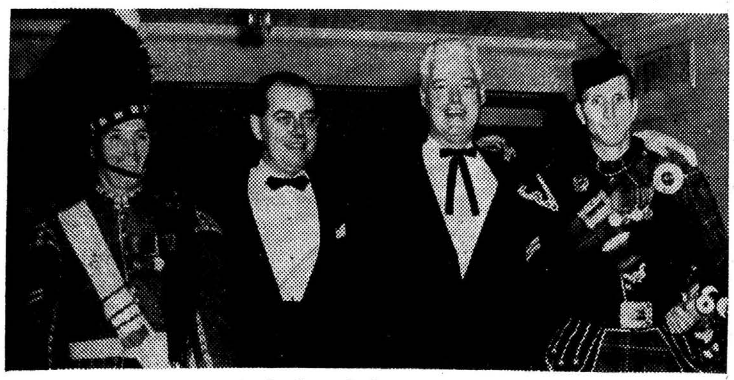


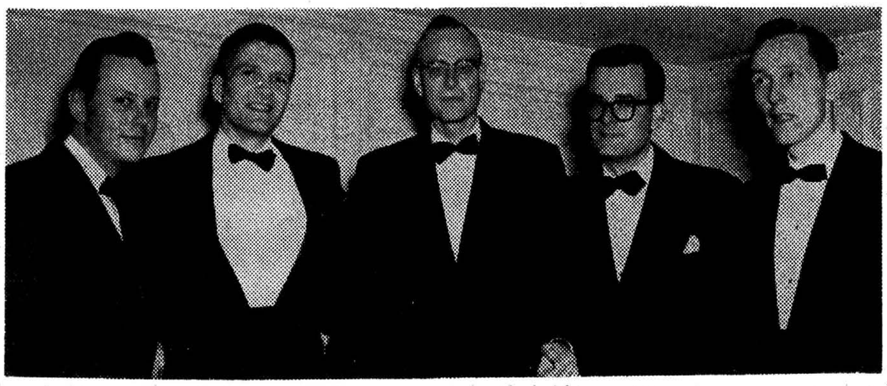
Hal Murphy, *Commercial & Financial Chronicle* (New York City); Jim Cadman, *Royal Securities Corporation Limited;* John Dolan, *James Richardson & Sons;* Neil Edwards, *James Richardson & Sons*



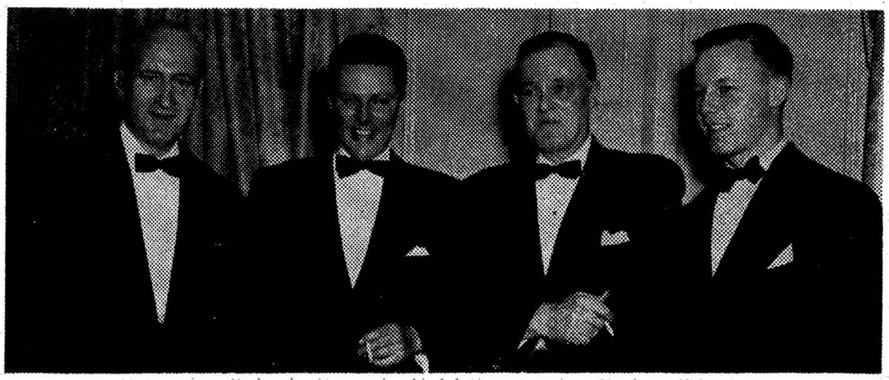
Ernie Jarvis, Jim Carnegie, Bryan Benitz and Don Brass, all of *Wisener, Mackellar and Company, Limited*



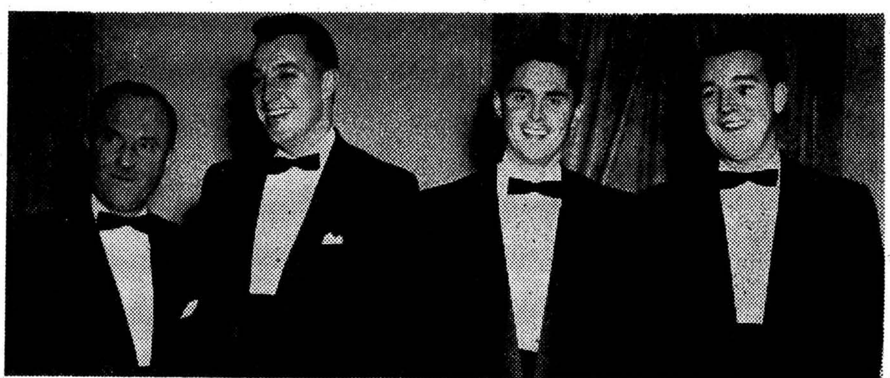
John Duffy, *Hanson, Richardson & Co. Limited;* Bill McAlpine, *Brawley, Cathers & Co.,* with members of 48th Highlanders



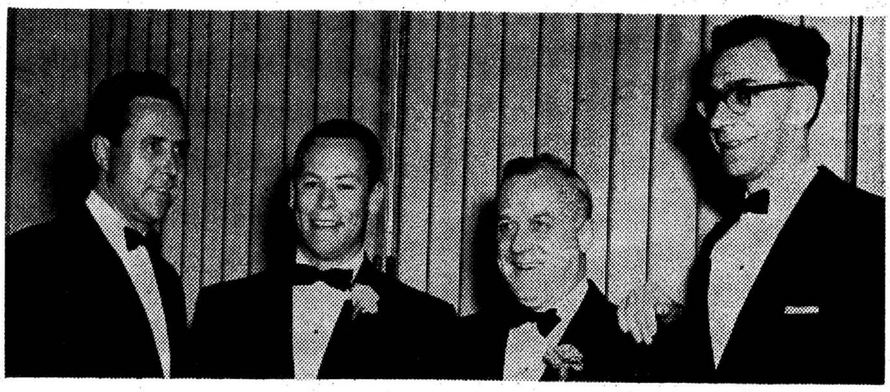
Cam Seagram, *Wood, Gundy & Company Limited;* Bob Sillcox, *Harris & Partners Limited;* Don Lawson, *Moss, Lawson & Co. Limited;* Phil Holtby, *Doherty Roadhouse & Co.;* Ron Mills, *Moss, Lawson & Co. Limited*



Ivan Younker, *Bank of Nova Scotia;* John Clarke, *Wills, Bickle & Company Ltd.;* George Mills, *Royal Securities Corporation, Limited;* Edwin Robertson, *Wills, Bickle & Company Ltd.*



Harold Jarvis, *A. E. Ames & Co. Incorporated* (New York); Ken Murton, *A. E. Ames & Co. Limited* (Toronto); Tom Ormesher, *A. E. Ames & Co. Limited* (Toronto); Fred Blain, *A. E. Ames & Co. Limited* (Toronto)



George Wilson, *Equitable Securities Canada Limited;* Bud Boyer, *Equitable Securities Canada Limited;* Cam Lipsit, *A. E. Ames & Co. Limited* (Toronto); Jim Wilson, *A. E. Ames & Co., Limited* (Toronto)

Gordon Taylor, *Gairdner & Company Limited;* W. J. Scott, *Gairdner & Company Limited;* John Coleman, *Royal Bank of Canada;* Walter Sharpe, *Royal Bank of Canada*

AS WE SEE IT *Continued from page 1*

as prevailed during the recessions of the postwar period."

Better Look Ahead

For our part, we are far from convinced that the "benefit" from arbitrarily cheap money during recent recessions was as great as the distinguished gentleman appears to believe it to have been, but it is a fact that we shall be much less at liberty to deal in this way with recessions, real or feared, in the future assuming the balance of payments problem is not solved. And since "compensatory spending" (for which read priming the pump) is closely allied if not dependent upon such a credit policy, we may well find that some of the other favorite anti-recession therapies are not so available as before. Here, evidently, is a situation we must not neglect. To assure ourselves against belated realization of what has been going on, and against even more foolish and ineffective anti-recession programs than in the past, we had better be giving such matters as these very careful thought now.

It is this suggestion of the importance, not to say the necessity, of being prepared in advance against such a contingency that renders the message of Professor Burns particularly noteworthy — even though it may not be always quite possible to agree with his proposed program at all points.

At any rate, he emphatically raises the question as to what can be done now to place ourselves in the best of positions to resist the next recession. We pass over his oft-repeated suggestion that alterations be made in the so-called full employment act to make price stability specifically one of its objectives, his insistence upon more and bigger unemployment benefits, and tax reduction in the face of a depression and in all probability with a large deficit already in effect. He does not think that it is going to be feasible for us to do enough in the way of reducing foreign aid of any sort in the early future to cure, or even to mitigate greatly, the balance of payments situation. What he regards as essential is an enlargement of exports, and for this purpose "American producers must be able to control their costs so that they can price their wares competitively."

We need "to be more energetic in using the powers of government to maintain and enhance the forces of competition. We have evolved over the years a vast patchwork of price supports, interest rate ceilings, wage regulations, trade union immunities, import duties, import quotas, stockpiles, and subsidies which have tended either to raise costs and prices or to prevent them from falling. Some parts of this protective apparatus no doubt serve the public interest and will stand up under careful examination. [We wonder what part—Ed.] Other parts, however, of which the interest rate ceiling on long-term Treasury issues is only the most notorious, will stand no economic test that I know of." This seems to us to make real sense. Is there good ground for hoping that the powers that be will heed it? We wish we could see more evidence of it.

Use of Resources

The speaker then turns to the question of better and more effective use of our resources. He pays his respects to the notion of promoting the growth of our economy by means of government spending—and we find it easy to wish that a good many of the influential men in the political world today would heed what he has to say:

"Apart from the critical question of how the government will obtain the additional funds, it surely must make some difference to our nation's rate of growth how the funds are used—whether they are spent, for example, on fancy school buildings or on better education for our children; or to cite another example, whether they are spent on lifting the price supports, which are already a drag on the efficiency of agriculture, or on improving the mobility of goods and people within our large cities, where traffic congestion is reducing efficiency all around.

"It surely must also make some difference to our nation's future rate of growth whether featherbedding practices, from which business managements are not entirely exempt, will continue with little change; whether the obsolete building codes of many of our cities will be retained; and whether the work week in industry is further reduced."

And then words which no citizen of this country can afford to ignore or forget:

"The stability of our vocabulary can mislead us. We keep speaking of capitalism, socialism, and communism, but the reality that these terms are intended to denote keeps changing. From what I can learn, the Russians have in recent years been very methodical in creating large income inequalities. In particular, they reward handsomely their managers, scientists, teachers and the more skilled factory workers. But while they have been devising special incentives to spur productivity, thereby adopting the practices of our older capitalism, we have adopted a tax system that weakens the incentive to create and produce.

"Can it be that the Russians have rediscovered one of the main secrets of Western economic success, while we have allowed our idealistic impulses to obscure the source of our own great achievements?

"The question is one that every intelligent American should try to answer."

In this day and time when so many of our leading economists have become so Keynesian or so something that they have difficulty in getting their feet within hailing distance of the ground, it is heartening to have Professor Burns, indisputably a peer of the best in the intellectual world, warn the country at large in terms such as these.

Stone & Youngberg Admit Partners

SAN FRANCISCO, Calif.—Stone & Youngberg, Russ Building, members of the Pacific Coast Stock Exchange, have announced that Richard M. Bartle, Ralph E. Brown, Edward W. Burnett, David E. Hartley, Edwin A. Wells, Jr., and Everett D. Williams have been admitted to partnership in the firm.

With Cruttenden, Podesta

SAN FRANCISCO, Calif.—Omar J. Brubaker and Walter E. Wilson have been appointed registered representatives of Cruttenden, Podesto & Co., Russ Building, according to David S. Tucker, resident manager.

Mr. Brubaker has been associated with the brokerage firm since August, 1959. Mr. Wilson was formerly associated with the Southern California Gas Company.

H'way Trailer Completes Loan

Settlement in full of the $2,250,983 balance of its obligation to Trailco Corp. was announced on April 25 by Highway Trailer Industries, Inc.

At the same time, it was made known that $3.2 million, 6½% joint and several notes of the company and its wholly-owned operating subsidiary, Highway Trailer Co., due April 1, 1975, had been placed with Massachusetts Mutual Life Insurance Co. and Connecticut General Life Insurance Co. The private placement of the notes was negotiated by Allen & Co. and Van Alstyne, Noel & Co.

In addition to discharging the Trailco obligation, the proceeds from the insurance company loan together with those obtained from the recent sale of $3,000,000 of convertible subordinated debentures, due in 1975, will provide for Highway Trailer's expansion program and working capital.

Joins J. Lee Peeler

(Special to The Financial Chronicle)

DURHAM, N. C.—Harvey C. Elliott has become associated with J. Lee Peeler Company, Inc., Trust Building. He was formerly with R. S. Hays & Co.

We Must Expand Our Output To Be Competitively Strong

Continued from page 3

ties that go with a high and rising standard of living. We can expect better housing, food and clothing. But we expect also better transportation, education, medical services, and a greater diffusion of these services among all the people.

Whatever figures we may put on these expectations in terms of tons of output, numbers of classrooms, miles of highway, and so on, I believe that most Americans would feel that something like a 50% expansion in the output of things people want and need in the next decade sounds reasonable. It looks like something we can achieve. Equally important, we **must** achieve such expansion to remain competitively strong in our contest with the non-free world.

Importance Keeping Economic Freedom

These are a few of the performance goals which we can see for the decade we are just entering. But we must go one step further.

We must realize these goals in a framework of economic freedom, not one of more and more government control. But just what do we mean by economic freedom?

The best term I know to describe it is "freedom of choice." In a free choice society individuals are free to work where they choose; dispose of their property as they see fit; and use their incomes as they see fit. They are free to spend for consumer goods or to save; to invest or not to invest.

The implications of freedom of consumers' choice are much broader than many of us realize. In Soviet Russia, for example, consumers are free to choose one consumer item over another; to buy a white shirt or a colored shirt, and so on. But this freedom extends **only** to the goods an all-powerful government sees fit to produce. In a truly free choice society, the consumer is king; he actually chooses which products, and in what amounts, are to be produced. Producers automatically respond to these wants; if they did not, they would lose their markets. In a free society the consumer, in effect, directs production into the lines he desires; in a controlled, centralized economy, the consumer is the servant of the state.

A highly significant feature of our free choice economy is decentralization. This is one of the most valuable assets of a competitive enterprise system. As Washington once remarked in a letter to Lafayette, "Men's minds are as varied as their faces." A decentralized economic system, with exceptional rewards for exceptional achievement, can make full use of men's minds. It can benefit from millions of centers of initiative as against the single one of the all-embracing state. Room can be found for "crazy ideas" that might never withstand the scrutiny of an entrenched bureaucracy. Edison's famous dictum —"There is a way to do it better. Find it,"—sums up the stimulus which our free enterprise environment has provided for many million of young Americans.

The size of present government operations — the degree of centralization that has already occurred in this country — is not very well understood. This should be put in perspective. Today, the total receipts from taxes and other revenues of all governmental units—Federal, State, and local—amount to a figure equal to almost one-third of our entire national income. This compares with a ratio of something like one-eighth in 1929, about one-fifth ten years later, and a little over one-quarter in the late 1940's. In the past 30 years the percentage has been steadily mounting. We need to ask ourselves how far this trend can continue without harmfully restricting the area in which private initiative and choice can have full play.

We believe in our system. It has proved itself over 170 years of experience to be the best in the world. We are convinced that it has the greatest productive potential in the world today.

In every period of our history we have had to work hard to protect the freedom we enjoy. We have had to recognize and accept the disciplines which will assure the survival of freedom in the midst of rapidly changing circumstances. "The art of progress," Alfred North Whitehead once said, "is to preserve order amid change, and to preserve change amid order." If we reject, as we do, the controlled economy with its rigid suppression of individual initiative, then we must be willing to accept without compulsion the disciplines which are the price of "order amid change." Nothing, Justice Cardozo has said, can relieve a free society of the pain of choosing at every step.

Outlines Choices Facing Us

What are the choices facing us today? What disciplines are required of us in making these choices?

A major issue revolves around maintenance of the integrity of our money. In the rapidly changing international economy of the postwar world, the soundness of the dollar has attained an importance which is absolutely new in the history of this country. We can look all the way back to the founding of this Nation in 1789 and find no parallel—no period of which we can say, "Well, we were here before and we can get out of such a situation the same way this time."

What is unique about the new world position of the dollar? It is that the United States dollar has become the major reserve currency for the entire free world. As such, it serves as a vital supplement to gold in providing the international liquidity that is indispensable to a high and expanding volume of world trade.

What does this mean in terms of our current international position? It means this. If we should ever pursue policies the effect of which would be to impair the reserve characteristics of the dollar —if ever we should permit inflation to reduce its value unduly relative to foreign currencies — then we will have impaired the liquidity position, not just of the United States but of the entire free world. We will have weakened in greater or less degree the economies and the trading positions of virtually every nation outside the Soviet bloc. We will, in short, have suffered a tremendous setback in the struggle between freedom and oppression.

This new position of the dollar in the international economy simply adds weight to the urgency here at home of maintaining monetary descipline.

A high rate of saving and a high rate of technological advance are the indispensable elements of economic progress. This country has enjoyed very satisfactory progress, because both businesses and consumers have been willing to save. We have acted on the belief that the consumer and our citizens in general can be trusted, in the long run, to channel the Nation's resources in the right direction.

That trust has been justified. No generation of Americans has shown perfect wisdom in channelling resources, but in the long run the choices have been sound.

Now a high rate of saving, as well as rapid technological advance, depends very heavily on confidence in the dollar—the unit of value in which future commitments are made, whether these are concerned with financing an automobile or advancing funds for a space vehicle which may have a planning and construction cycle of many years. Growth requires capital—capital must come from the savings process—and to save, people must believe that their dollars, if set aside now, will retain their value in the future. If the people of this country ever came to feel that to speculate is safe but to save is a gamble, our economy would indeed be in serious trouble.

These facts seem so self-evident as to be almost truisms. Yet we are being told by some few that deterioration in the value of the dollar is not really very important, that we can undertake any desired amount of government spending in order to force growth or expansion in a given area no matter how much the economy may be thrown out of balance in the process.

For some, the emphasis is on bigger military programs. For others, it is increased civilian facilities and services. Certainly these are undertakings of high merit and desirability. Both types of programs are urged, with varying degrees of emphasis, not always with proper regard to the inflationary strains which may be put on our productive and financial mechanism, and they are sometimes urged without sufficient consideration of the damage that could be done to our institutions of freedom by undue centralization, particularly at the Federal level.

Inflation has many sources, some occurring in the private sector of the economy and some in the area of government. But of one thing we can be sure: fiscal responsibility — a balancing of governmental outlays against government income over a period of time, with some attention to reducing the debt—is one absolute essential to maintaining the value of the dollar.

In the **short** run, we can have more of anything we decide on as a target point of government expenditures, whether this is defense or some type of civilian program. But in the **long** run, neither existing government programs nor any other type of productive activity can be sustained without regard to maintaining a balance between the various types of activity in our economy, public and private. Certain things, such as our military security and essential civilian services, we can agree on as indispensable. But after that we must exercise the discipline to determine how many of the desirable things we can afford to do at one time without courting disastrous inflation.

If we are to preserve freedom, there is no way to avoid making difficult choices. But in making these choices there are two areas in which the United States, even though rich in resources, cannot afford to make major mistakes. We must pursue appropriate foreign policies, backed up by an adequate defense. We must also follow prudent financial and economic policies so as to assure the balanced development of our economy and not undermine the confidence of people here or abroad in the value of our currency.

Fiscal Policies and Interest Rate Ceiling

While prudent fiscal policies are of major importance in maintaining confidence in the dollar, they cannot do the job alone. We must also accept the disciplines which are required if our Federal Reserve authorities are to do a competent job of monetary management. This too may present some hard choices — particularly in a boom period when restraints may have to be put on expansion in the money supply. And finally—still within the government area — the Treasury must have the flexibility it needs for non-inflationary management of our huge public debt.

We have recently had an illustration of the effects of one type of restriction on debt management —the existing 4¼% interest rate ceiling on government bonds. During most of the past year, when going market rates on long-term bonds were higher than 4¼%, all of the Treasury's financing was forced into the under-5-year maturity area by the existence of this regulation. The true savings market, made up of institutions and individuals who wish to invest their funds for considerable periods of time, had to be by-passed entirely so far as new marketable issues were concerned. Instead, all new offerings had to be placed with short-term investors who, by and large, took on their holdings as a repository for temporarily idle funds.

Next to printing press money, short-term obligations are the most inflationaary type of government financing which can be devised. Yet during most of the past year the Treasury has had no choice. We had to borrow, and we had to borrow at short-term—greatly complicating our own problems and those of the Federal Reserve, as well as adding to inflationary forces in the economy. It is our earnest hope that Congress in this session will act to provide the flexibility that is essential for sound debt management.

Sees Prosperous 1960's

The year 1960 promises to be the most prosperous in our history, with total output of the Nation exceeding a half trillion dollars for the first time. But perhaps even more significant is the fact that prospects are better today for a long period of healthy, rewarding, and non-inflationary growth than they have been at any time in the past two decades.

This is no accident. It reflects the determination of the American people to make the right choice, both in their private affairs and through their elected representative in government. This determination has made possible the adoption of sound and tested fiscal and monetary policies. The budget which the President has proposed for the fiscal year 1961 means that, with business activity strong, we can not only meet our important domestic and international responsibilities, but also reduce somewhat the huge national debt that we have built up in years gone by.

These developments have a special meaning for the American citizen who purchases savings bonds, and for the thousands of volunteers who promote their sale. The United States Savings Bond is truly the best product of its kind in the world. It is easy to purchase, either on the Payroll Savings Plan or the Bond-a-Month Plan; it is redeemable upon demand; and it is absolutely safe as to principal and interest. With the increase in interest rate last autmun, E and H Savings Bonds now pay a fair and competitive rate of return. And it is highly significant that the buyer can now rest assured that as a Nation we are dedicated to the proper public policies to combat inflation, thus maintaining the real value of his invested dollars. Individual purchases of savings bonds not only represent an act of good citizenship and serve as an important support to sound debt management; they also represent safe and profitable investments for the American saver.

To realize the progress that is surely within our capability in the 1960's will require a strong and enduring public sentiment in support of sound financial policies on the part of government, as well as a continuing regard for the public interest in the conduct of our private affairs. With the qualities of responsibility and leadership we have always been able to count on in this country when important issues are at stake, I have faith that our performance goals for the next decade can and will be brilliantly achieved.

*An address by Mr. Anderson at the Treasury-Industry Top Management Meeting for Payroll Savings Bonds Program, New York City, April 13, 1960.

Tenax, Inc. Stock Offering

Myron A. Lomasney & Co., of New York City, offered on April 27, 136,000 shares of Tenax, Inc. common stock (par 10¢) at $4 per share. An additional 14,000 shares have previously been reserved for certain persons whose names have been furnished by the company or who are employees or relatives of the underwriters.

Tenax, Inc. and its ten wholly-owned subsidiaries operate an integrated business that (1) sells freezers to the consumer, (2) arranges to have the freezer-owner supplied, at his request, with foods by independent contractors, and (3) finances time payments by the purchaser of the freezer.

The net proceeds from the sale of 150,000 shares of common stock now offered, after deducting expenses, will be $478,770 and, as currently estimated, will be used:

(a) to be added, $258,178 to the general working capital of the company to restore partially the cash position which has been seriously impaired by the necessity of depositing substant'al cash reserves aggregating $307,180 with financial institutions;

(b) to realize additional capital, $132,500, sufficient to enable a wholly-owned subsidiary to purchase consumer time payment obligations from the company, thereby enabling the company to discount more of the retail instalment sales contracts received by the company from the sale of its products;

(c) to discharge an aggregate of $88,092 in short-term indebtedness, such loans having been incurred since Dec. 1, 1959, the proceeds therefrom being used to provide additional working capital.

Now With Shearson, Hammill in San Fran.

SAN FRANCISCO, Calif.—Shearson, Hammill & Co., 235 Montgomery Street, have announced that Dr. Louis G. Layton has joined their San Francisco office in the Russ Building as a Registered Representative.

Dr. Layton has been engaged in the security field since 1951 and since 1958 has been an investment representative in the LaJolla office of Shearson, Hammill & Co. He has served on the faculty of the University of Southern California's School of Commerce where he gave post graduate courses in security analysis.

Born Baron Louis G. de Ladomersky in Austro-Hungary, he was assigned by the Hungarian government in 1935 to the National Statistical Board where he was engaged in the development of economic studies for presentation to the League of Nations. Immediately prior to World War II, following a two-year assignment with the Hungarian Price Stabilization Board, he entered private industry to become vice president and managing director of the Transportation Company of Budapest. Upon occupation of Hungary by the Nazis, he entered Bavaria and in 1945 joined the United States Army in Europe.

Improving the Evaluation Of Stock and Bond Yields

Continued from page 9

changes in the internal revenue code and accounting practice will introduce further problems in determining the consistency of the concept of net income used by corporations. It is probably beyond the ability of analysts to reconstruct the net income of individual corporations on the basis of a consistent concept of net income. For one thing, the data for such a reconstruction are usually unavailable and few market analysts are concerned about such interesting but unrewarding pastimes.

The traditional method of computing the dividend yield on common stock is of limited usefulness because past dividends are projected at their past level indefinitely into the future. Dividends and earnings may be confidently expected to rise in the long run. The plow back of earnings and rising book value per share is one reason for this assurance. Practical projections of dividends and earnings are necessary only for 50 to 100 years for the discounting process or valuation. Projections of such length cannot be avoided; the only question is the amount of dividends to be projected. Changes in accounting practices and in the internal revenue code weaken still further the past rate of growth of dividends as a guide to the future rate of growth. There is a great range of growth patterns that individuals may posit as working hypotheses.

Alternative Method of Computing Dividend Yield

I believe that the correct method of computing the dividend yield is to discount the rising dividend stream in order to determine that rate which equates this rising dividend stream and the market price. Three of the projections that have been prepared on this basis are reported below. In the case of the D-J Industrials, dividends have been rising at the rate of about 6.25% compounded annually. This rising dividend stream was projected for 15 years and leveled off after that. On this basis I computed that the dividend yield was approximately 6.4% at the beginning of 1959 when the D-J Industrials were close to 600. In a second experiment I assumed that the projected dividends would rise at 6.25% for 25 years and found that 7% equated the projected dividend stream with a D-J Industrial Average of about 630. In another trial I let the dividends grow at 6.25% for the first 15 years, 3% for another 10 years, and projected them as level thereafter. In this later case a rate of 7% equated the dividend stream with the D-J Industrial Average at 608.

In each of these three cases the dividend yield was 6.4% or above. It should be noted that my projection of the period of rising dividends is on the conservative side. The dividend yield on the D-J 30 Industrials as usually calculated ranged between about 3.00 to 3.50% during 1959. I believe that this method of calculation understates the dividend yield that may confidently be expected by at least three percentage points. It also follows that the dividend yield as I have calculated it was generally two percentage points or more above the yield on high grade bonds which ranged from about 4.1 to 4.7 during 1959.

Before pointing out some of the possible uses of this alternative process of calculating dividend yields, several of the shortcomings of the process must be admitted. First, no unanimity can be expected on the rate of growth of dividends. The selection of the period upon which to base the past rate of growth, and therefore, the rate of growth itself will be the subject of controversy. Second, the number of years the pattern of growth should be projected is an open question. Third, changing rates of growth may even be preferred by some individuals Fourth, average years in terms of business activity have been projected as is the general practice in long run forecasting. Some individuals may prefer to "blend" their projections for the coming year or two into the average year of the projection. But whatever variations in method may be worked out, or whatever ground rules are accepted, the dividend yield calculated on the basis of a rising dividend stream will be greater than it is on the traditional basis of capitalizing past dividends and thereby implicitly projecting the dividends at their present level.

Uses of the Alternative Method

There are many possible uses for the dividend yield calculation of the type I have been describing. The calculation is interesting in its own right; it may be used in market interpretation, portfolio selection, the computation of the cost of common stock for capital budgeting, and in utility rate cases to name a few that come readily to mind.

It has not been my intention to set up a straw man and then proceed to knock it down. Certainly most analysts recognize the rising per share dividends or the anticipated dividends for some nearby future period of time and use these in their private or published calculations of dividend yields and stock market forecasts. The fact that many well known growth stocks have such low current dividend yields is ample evidence of the very wide recognition by investors of the probable rate of growth of dividends on common stock. The attempt here is to give this recognition of rising income streams a more systematic formulation and, thereby, increase its usefulness.

The method of determining dividend yields by discounting rising dividend streams back to their market prices is certainly interesting and worthwhile in its own right. Every attempt to observe and express what is occurring in more careful and more meaningful terms would seem to be worthwhile whether or not there are any apparent uses for it.

On the basis of the dividend yield as I have computed it the spread between the bond yields and stock yields is at least 2 percentage points in favor of stocks. It does make sense to buy some common stocks when their dividend yields are less than bond yields. This should not be interpreted as implying that any stock is a good buy at any price. There is no substitute for informed judgment and technically competent analysis in buying (or selling) stocks. One method of viewing a long run rise in stock prices is to envision investors projecting more rapidly rising dividend streams. Similarly, a decline in stock prices may be interpreted as a downward revision in the rate of growth of dividends. One reason for such a downward revision would be a widespread belief that the rate of secular inflation has diminished.

The principle of discounting rising dividend streams may also be used in portfolio selection. First, I assume that long run portfolio management is primarily concerned with securing the highest rate of return consistent with the degree of safety desired for a particular fund. Securing capital gains is desirable, but it is not the touchstone of portfolio management. How can portfolio managers discriminate between stocks with rising dividends and earnings? It would be best to be able to compare them in terms of dividend yields. However, dividend yields on the customery basis are no measure of the long run dividend yield after considering rising dividend streams.

Any two securities can be compared in terms of dividend yield *if* their dividend streams are projected and equated with their market prices as has been described.[2] The analyst may wish to handicap his income projection of a particular stock for the degree of certainty he has in the projection. Alternatively, the analyst may decide that no purchase should be made unless it promises to earn more than some specified rate of return. Tables to facilitate such computations will be described in the final section of these remarks.

One of the areas of intense and important contention is that of the general level of rates for public utilities. Since the Hope Natural Gas case in 1944 and the Bluefield Waterworks case in 1923, the determination of the cost of money capital or finance has been among the most crucial problems in rate cases. The primary area of controversy is the cost of common stock financing. Some of the combatants advocate the dividend yield and others advocate earnings yield as the basis of determining the cost of common stock financing. Comparisons are made between the yields on the common stock of the various public utilities (electric, gas, water, telephone, etc.) and industrials. The typical method of calculation substantially understates the cost of common stock. At least as important as the understatement of the level costs is the fact that the differential between the dividend (or earnings) yield between public utilities and industrials is understated.[3] On the basis of some calculations I have made it appear that the earnings per share of electric and gas companies have been growing at about 4% per year, while the earnings per share of industrial companies have been growing up to twice as fast. For example, assume that the common stock of a typical utility selling for $100 per share is paying a dividend of $4.00 per share and earnings $6.00 per share. Also assume that the market price, dividends, and earnings for a typical industrial are the same. Is the cost of common stock the same for both companies? No, if the dividends and earnings of the utility are expected to grow at 4% per year and those of the industrial at a considerably higher rate. The problem posed here can be discussed on a basis similar to that suggested for portfolio analysis above.

Since about 1950 there has been increasing interest and concern with the problem of capital budgeting. Sophisticated methods are recommended for computing the rate of return on investment. This is nothing but the marginal efficiency of capital in Keynesian terms. Some writers advocate the use of continuous interest (interest compounded or converted instantaneously) and others have applied game theory in their solutions. Generally these writers, however, have less sophisticated ideas about the cost of finance. They understand fully the concepts of compound interest, the time-adjusted value of money as engineers usually express it, but they do not apply these concepts to finance. Consequently, their constructs are limping; the blades are mismated. Some even identify the cost of finance with the cost of a new bond issue. Occasionally, it is even stated that common stock has no cost when dividends are not paid.

The Iowa Investment Tables

At the State University of Iowa work has been started toward preparing a set of tables that will facilitate the determination of both dividend yields and earnings yields on the basis that has been advocated in these remarks.[4] Manual calculations of the rate that equates the income stream and the market price for each stock in which the analyst is interested is a forbidding prospect. I have made a number of such calculations and find them very time consuming. The tables that we plan to prepare with the aid of an IBM 650 computer will include the following components: (1) various rates of growth of income streams including changes in the rate of growth over the explicitly projected period; (2) growth in income for varying periods of time; and (3) discount rates for each quarter or eighth of a percent within a reasonable range. The objective will be to obtain a series of values or market prices for intervals of not more than $5. The phrase "income streams" is used to include both dividends and earnings. The technique is equally applicable to both.

In using these tables the analyst will have to decide first on the rate of growth of the income stream(s) he is studying. He will also have to decide upon a reasonable growth period (within the limits of what is available in the tables). He may also handicap the rate and period of growth for uncertainty. By reference to the tables he will be able to read off the dividend or earnings yield(s). The yields on various stocks may also be compared in this way. Alternatively given the analyst's projection of the rate and period of growth of the income stream he can determine the price that will provide some cut-off rate of return.[5]

It is hoped that the method of computing the return on common stock advocated in these remarks will prove to be useful and will gain some measure of acceptance. The investment tables described may be particularly helpful to managers of long-lived funds invested partly or wholly in common stock.

2 For a detailed illustration of the methods of calculation see my *Lectures in Financial Management*, 2nd Edition, 1960 (Iowa Book and Supply Co., Iowa City, Iowa).

3 A detailed discussion and illustration of this point will appear in some material that I have prepared that will be published in the *Public Utilities Fortnightly*.

4 Mr. James Murphy, a Ph. D. candidate in our Department of Economics, is preparing the mathematical formulas upon which the tables will be based and rewriting these formulas for calculation by an IBM 650 computer.

5 At the present time the completion and publication of the tables described depends upon securing a grant from a foundation or some other interested organization. Anyone who is interested in having this project completed is urged to write to Professor Soldofsky, College of Business Administration, State University of Iowa, Iowa City, Iowa.

Now Income Growth

Samuel Lesser is continuing his investment business at 9 Maiden Lane, New York City, under the firm name of Income Growth Plans Co.

Current Problems in Vital Area of Securities Regulation

Continued from page 1

short, where the question of legality is raised, the Commission will require a clear showing that the stockholder proposal will lead to useless or illegal action before acquiescing in its omission.

Another problem suggested by the U. S. Steel case relates to the way in which the Commission should look at a stockholder proposal from the standpoint of construction. For instance, when Mrs. Soss proposes a "secret ballot," does she mean a ballot which would be insulated from challenge and which would be secret from all the world, including the courts? After all, the validity of a given ballot in most cases depends upon the personal eligibility of the stockholder to vote, unlike political voting where this determination has already been made, and some review of this fact must be permitted which will at the same time identify and link together the stockholder and his ballot. Or is the proposal better to be construed as calling for a ballot which would be as secret as possible? Without going into detail, it might possibly be practical to adopt a scheme whereby the votes would remain confidential so far as management was concerned, but would be available for the scrutiny of a reviewing court.

Whether or not a strict or a more lenient reading is given to a proposal may have a direct bearing on its legality and thus its propriety for shareholder action. I doubt that you will be surprised when I say that it is Commission policy to give a sympathetic reading to stockholder proposals. After all, to hold the shareholder to the standards of an expert draftsman is hardly consistent with the statutory policy to encourage and to implement corporate democracy.

New Rules for Investment Companies

A recent significant development in the proxy area has been the adoption of new proxy rules with respect to investment companies. Where the solicitation relates to the election of directors or action on an advisory contract, the new rules require fairly detailed information concerning the investment advisor. I suppose that it is clear that the new rules reflect a belief that shareholders in a mutual fund should not be deprived of information concerning management simply because management, at least in part, is insulated from the fund as a partnership or a separate corporate entity which carries on management functions under a contract.

I suppose that it is also fairly clear that the rules reflect a certain state of malaise at the Commission concerning the existing scheme of things in the investment company world. Basically, this uneasiness stems from the anomaly presented by the management contracts which delegate to another entity many of the functions normally performed by the corporate board of directors. The normal inertia of corporate shareholders seems, in investment companies, to be intensified both by this delegation of functions and by the fact that the average investment in a mutual fund is relatively small. Thus, for example, the size of management fees is rarely brought into issue, though some litigation has recently been instituted which indicates that even this sacred cow is about to be questioned. It is rarely asked whether another advisor might be able to render equally competent service at lower cost. Control of investment advisors has been transferred and non-voting stock issued at prices obviously based on the expectation that the advisor will continue its services to a particular fund at what might be termed monopoly prices. Despite the fact that these prices suggest that the fund might strike a better bargain elsewhere, the directors and shareholders of the fund have usually approved these contracts without the slightest visible qualms.

These phenomena of the investment company world have raised a question in the minds of some observers as to whether mutual funds have become captives of particular advisors, and whether directors of or investment advisor to the funds are metn advisors to the funds are fully acquitting their duty to shareholders. Whatever the truth may be, it seems clear that increased stockholder participation in the affairs of mutual funds is a consummation devoutly to be wished. Incidentally, I might mention that the Commission has in mind to publish in the near future for comment, proposed forms for registration of mutual funds under the 1933 Act which will embody much the same approach as that taken in the proxy rules.

Revising Form 8-K

While the Commission has approved these new proxy rules, there are a number of other matters which have appeared in proposed form but on which no final action has been taken. For instance, some may be curious about what has happened to our proposed revision of Form 8-K. We naively invited comments on this proposed revision, and the comments descended on us with, as so vividly expressed recently, all the subtlety of a stone cornice falling through a skylight. I trust that the staff will be able to dig its way out of the debris in the near future and come to the Commission with its final recommendations. The chief target of criticism seems to be the proposal for notification of any agreements made with respect to the acquisition or disposition of assets. I am sure that you must be aware of the inspiration for this proposal. It is really not a part of some unholy bargain with the Justice Department as a devious implementation of the antitrust laws. It stems in large part from the fact that rumors of mergers and major purchases have become the fashionable means of whipping up stock prices, and such situations, unless promptly publicized, may be used for the personal advantage of management. The instant proposal suggests that one possible way to cope with such problems may be a full public disclosure of negotiations as soon as they become reasonably choate.

The draftsmanship of our forms and regulations has been made increasingly difficult by problems in the enforcement field. By and large, these forms and regulations are designed for the use of honest men. The trouble comes when they are subjected to the acid test of a criminal mind.

Ending the "Guterma Gap"

Our experience with what has come to be known as the "Guterma gap" is an example of what I mean. This terminology refers to the dismissal by the trial court of several counts against Alexander L. Guterma which were based on his failure to file Form 8-K reports. Specifically, the problem relates to Instruction 3 to Item 2 of Form 8-K. The form itself is to be filed within 10 days after the close of each month during which any of certain specified events occur. One of these specified events is the disposition of a significant amount of assets otherwise than in the ordinary course of business. In this connection, the term "significant amount of assets" is defined to include assets which have a net book value in excess of 15% of the registrant's total assets or which were sold for a price in excess of that amount. Information with respect to such a disposition is required to be given "as to each transaction or series of related transactions of the size indicated."

The obvious purpose of this item is to make sure that an 8-K is filed when a series of related transactions, regarded in the aggregate, reaches the 15% mark. However, it was Mr. Guterma's wide-eyed contention that the instruction simply did not say this. He admitted that the instruction called for information on a "series of related transactions" but argued that an 8-K was not required unless the entire series was confined within the space of one month. Apparently the Judge accepted this argument or at least concluded that Instruction 3 was not sufficiently precise on this point for criminal prosecution.

It spares both the Commission and the industry a good deal of labor if the reporting forms can be kept as simple as possible, and it avoids the necessity for apologizing for what might be called administrative gobbledy-gook. On the other hand, Form 8-K and any other of our forms will lose a good deal of efficacy unless they are tight enough to stand up in criminal trial. I can assure you that we are not going to spill industry blood in order to wash away the sins of Alexander Guterma, and it turned out that we had ample counts on him without these. However, so far as our consideration for house counsel will allow, we will try to tighten up our forms to avoid such problems as the "Guterma gap."

Revising Rule 16b-3

Some have very recently received for comment a revised proposed Rule 16b-3, relating to exemptions from the inside trading restrictions. In short, this proposal contemplates removing the shelter of a stated exemption from the acquisition of stock under a stock option plan. Although the Commission is by no means convinced that it lacks the power to create such as exemption, it proposes, as a matter of policy, to restrict the scope of its present rules in view of the attitude of the Second Circuit as expressed in *Greene v. Dietz* and as later applied in *Perlman v. Timberlake*. At the same time, it reinstates some of the procedural requirements as to the underlying corporate authorizations which were deleted in 1956.

The fact is that we had reservations about the desirability of our rules as applied to stock options even before *Greene v. Dietz*, which were shared by a number of practitioners. Certainly, the presence in our rules of an exemption the legality of which has been questioned by such respectable authority ought not to be permitted, since it would only serve seriously to mislead one who was not familiar with the development of the law as to these option plans. I may say that the corporate bar generally agrees that, in the present state of the law, there is a real question as to the propriety of retaining our rule in its present form. I can do no more than recommend that careful study be given to the resulting legal situation when a restricted stock option plan is being considered.

Private Placement of Convertible Securities

Among other matters awaiting Commission action is the proposed Rule 155. This proposal concerns itself with private placements of convertible securities and the effect of Section 3(a)9 of the 1933 Act. It requires that registration be effected when recipients of convertible securities in a private placement make a public distribution thereof, assuming that the securities are immediately convertible at the time of distribution. Further, it requires that registration be effected when such a holder converts and then wishes to distribute the underlying security, unless the stock was acquired under such circumstances that the holder thereof would not be an underwriter.

The members of one prominent law firm complained to us that in reading the proposal and the accompanying release they were seized by the feeling that they were having a bad dream from which they would shortly awaken, and characterized the release as imbued with an Alice-In-Wonderland quality. I am charmed by their allusion and admit that it brings up some fascinating pictures, but I am afraid that I am unable to accept the characterization. On the other hand, I am ready to admit that the first part in particular of the proposed rule gives rise to some legal difficulties.

This suggestion of the staff deals with the distribution of convertibles received in a private placement rather than the distribution of the underlying security subsequent to conversion. It is based largely on the hypothesis that a convertible security carries with it a continuing offer of the underlying security. When the recipient of convertibles in a private placement sells his securities to the public, he translates the issuer's offer to the underlying securities into an offer to the general public. The issuer is, at that moment, in the position of making an offer of securities which falls within the ambit of Section 5 of the Securities Act and which is not entitled to any specific exemption. On this theory, the private placee is responsible for the offering whether or not he meets the technical definition of "underwriter." That is, he is engaged in a step necessary to the distribution of securities, and would come within the rationale of such venerable holdings as that in *SEC v. Chinese Consolidated Benevolent Association*.

According to some of the comments filed with us, this proposed Rule 155 is part of a monstrous effort to destroy the private placement as an institution. This comes as news to the Commission. This proposed rule is an attempt to solve the peculiar problems inherent in the private placement of convertible securities. In no way does it indicate any hostility on the part of the Commission or its staff to private placements generally. There are other approaches to this problem which I might but will not detail by way of further analysis of this highly technical subject. I understand that the Business Lawyer contemplates printing some discussion of the matter in its current issue which should provide a fairly detailed argument pro and con.

Changes in Private Offering Exemption

Along much the same line, it has been suggested that recent court and Commission pronouncements have made drastic inroads on the so-called private offering exemption. I can hardly admit that there are any substantial grounds for such an accusation. On the other hand, history teaches us that under almost any regulatory statute, there is a constant tendency for the regulated industry to encroach upon the borders of the regulatory jurisdiction, establishing a foothold first, and then pushing forth at the first opportunity from that point of departure. The private offering exemption is no exception. I will admit that the Commission has recently made an effort to highlight the limitations of the Section 4(1) exemption, but those limitations have been tacitly understood for many years and it is only recently that issuers and underwriters have sought to extend them. Thus, in our release in the Crowell-Collier matter, we tried to define the statutory restrictions and to make it clear that there was no particular holding period which would be accepted as establishing investment intent and that only a truly long range investment would meet the requisites of the exemption. You will recall that the Commission there stated that "Holding for the six months' capital gains period of the tax statutes, holding in an 'investment account' rather than a 'trading account,' holding for a deferred sale, holding for a market rise, holding for a sale if the market does not rise, or holding for a year, does not afford a statutory basis for an exemption."

The Commission is constantly barraged with requests for no-action letters in situations of this nature. A company will issue shares to officers or promoters in a purported private placement who will subsequently announce their desire to dispose of the stock. They will earnestly argue that they really bought the securities originally with an intent to hold them forever and ever and with not the slightest view to their distribution, and that their present desire to sell is completely attributable to an unforeseen and usually lugubrious change in circumstances or else that they have from any point of view held the stock a sufficiently long time adequately to evidence their original investment intent. Accordingly, these officers or promoters call on us to admit that when they dispose of their stock, we will not look on them as underwriters but merely as private holders who are casually selling a part of their portfolio.

One example will probably be enough to illustrate the type of case with which we are constantly confronted. Mr. Proteus, as we will call him, is the President of a small manufacturing concern and the grateful recipient of restricted stock options which have turned out to be of considerable value. Unfortunately, his ambitious nephew has clandestinely bought control, and he is threatened with loss of his position. Needless to say, when he finds out the sharpness of the serpent's tooth, he hastens to exercise his options prior to the request for his resignation or within the limited period thereafter permitted by the option contract. When he buys the stock, he is immensely solvent, is presumably in the very best of health and blithely executes a letter of investment intent.

A short time thereafter, however, the Commission is notified that Proteus wants to sell his holdings. Counsel describes his pathetic plight in heart-rending terms. It appears that the old gentleman has invested a large part of his fortune in valuable oil and gas properties and he is now placed in the position where he must forthwith drill a series of off-set wells or else see his oil drained away from his land as water is squeezed from a sponge. Choking with emotion at his plight, his lawyers will explain that Proteus is already in debt and that the only way for him to pay the drilling company is to sell his stock. Somehow, it does not occur to him to sell his oil fields. However, the issuing corporation will be pictured as strangely aloof and unmoved by this tale of woe, being in the hands of his stony-faced nephew who regards his old uncle with deep-seated hostility. In fact, the company is not prepared to assume the responsibilities of registration in order to help him out, and it may have financing of its own in view which might be stultified by such a course of action. Consequently, the company has rather peremptorily directed its transfer agent not to complete the transfer of this stock until the SEC has indicated that it feels that no violation of the statute is involved.

The Commission, of course,

could easily conclude that poor Proteus could not reasonably have foreseen the evil ways which have beset him, and might possibly be justified in issuing a no-action letter, dampened, if you will, by a furtive tear. However, to be completely realistic about it, a change of circumstances is fairly easy to adduce in almost every case, and, not ununderstandably, this synthetic tragedy tends to leave us unmoved. More and more, the Commission and its staff have felt impelled to look at the context in which the securities were issued for an objective assurance that they were not acquired merely because they were available at bargain basement prices and that they did not constitute simply a part of a portfolio of speculative securities, subject to the usual vicissitudes of such paper. In the hypothetical case which I have outlined, the securities were speculative in nature, were acquired in order to take advantage of valuable options and were acquired in anticipation of a separation from the issuer. It may seem fairly cold blooded to deny a no-action letter under the circumstances, but I think that the Commission would be doing something less than its plain duty were it to condone this course of action.

In my discussion here of current regulatory problems, I have failed to touch seriously on the field of enforcement. In a sense, the Commission's work is divided between two worlds. On the one hand, we are working in the regulatory field with an honest and cooperative industry. On the other hand, we are policing the capital markets against fraud and manipulation. I have deliberately restricted my remarks to matters which are relevant to the first rather than the second area of responsibility, on the natural supposition that I am addressing those who will never cross over into that shadow land where a pledge is not a pledge but is a device for distributing unregistered securities and where a trust is not a trust but a passport to anonymity.

One final matter which deserves a few words is the Commission's present situation with respect to the processing of registration statements. I doubt that it is news that an issuer can no longer rely on receiving its first letter of comment within 14 days and on obtaining clearance within 24 days. These were averages during 1958. By December 1959, the average elapsed time between the date of filing of a registration statement and its clearance had increased to 41 days, and initial letters of comment were then coming out in about 26 days.

Our problem, of course, is that we have been subjected to an unprecedented flood of financing, that much of this financing comes from unseasoned business, and that we simply lack the funds and manpower to process all of these registration statements with the desired dispatch. I thoroughly expect that the figures which I have given for December 1959 will shortly be viewed with nostalgia as reflecting the golden days of easy registration. This last month has placed us on an emergency basis. In March of this year 260 registration statements were filed, as compared with the previous high for the month of 171 filings in March 1959. As of a few days ago, the backlog of pending matters in the Division of Corporation Finance stood at 410. Only a few months ago, the normal backlog was about 100 cases. We have asked that inquiries concerning the status of cases be held to a minimum during this month and that we be notified immediately of cases involving time problems of peculiar urgency. We will try to handle such cases in a way which will avoid hardship.

As far as regular financing is concerned, I can only advise to start planning well in advance, keep schedules as flexible as possible, and cross your fingers. Of all the problems in the field of securities regulation, this is one problem which the SEC cannot solve itself. We will have to rely on not only a sympathetic attitude from the Committee on Appropriations but also on a substantial measure of industry understanding and cooperation.

***An address by Mr. Gadsby before the Committee on Corporate Counsel of the Boston Bar Association, Boston, Mass., April 13, 1960.**

Avis Offers Debs., Stock

W. E. Hutton & Co. is manager of an underwriting syndicate which offered on April 27, $5,000,000 of 6% subordinated convertible debentures, due April 1, 1970 and 200,000 shares of common stock of Avis, Inc. The debentures are offered at 100% and accrued interest from April 1, 1960, to yield 6%, while the common stock is priced at $11 per share.

Net proceeds from the financing will be added to the company's general funds and will be available for various corporate purposes. It is the intention of the company to apply a portion of the proceeds toward the repayment of certain debt and to reserve part of the proceeds to provide for payment of principal installments due on long-term debt within the next 12 months.

The 1970 debentures are convertible, unless previously redeemed, into common stock at $12 principal amount of debentures for each share of common stock through April 1, 1962, thereafter at $13.50 through April 1, 1965, thereafter at $15. The debentures are to be redeemable at optional redemption prices, beginning April 1, 1960, ranging from 105% to par, and for the contingent sinking fund, starting Jan. 1, 1961 and continuing through Jan. 1, 1971, at a redemption price of par, plus accrued interest in each case.

Avis, Inc., with its executive offices in Boston, Mass., is primarily engaged in the business of renting and leasing automobiles and trucks without drivers under generally uniform procedures. The business is conducted under the "Avis" name by wholly owned subsidiaries and two foreign affiliates and, except for vehicle leasing, by domestic and foreign licensees through a world-wide network of rental stations.

Named Directors

SOUTH GATE, Calif.—Anadite, Inc., national chemical milling and metal finishing firm doing business with the electronic, missile and aircraft industries, announces the appointment of Robert S. Suttle and Theodore G. Congdon to the Board of Directors. Mr. Suttle is vice president and director of sales of the Arrowhead & Puritas Waters, Inc., of Los Angeles and Mr. Congdon is a financial analyst in the underwriting department of Dean Witter & Co.

With Townsend, Dabney

(Special to THE FINANCIAL CHRONICLE)

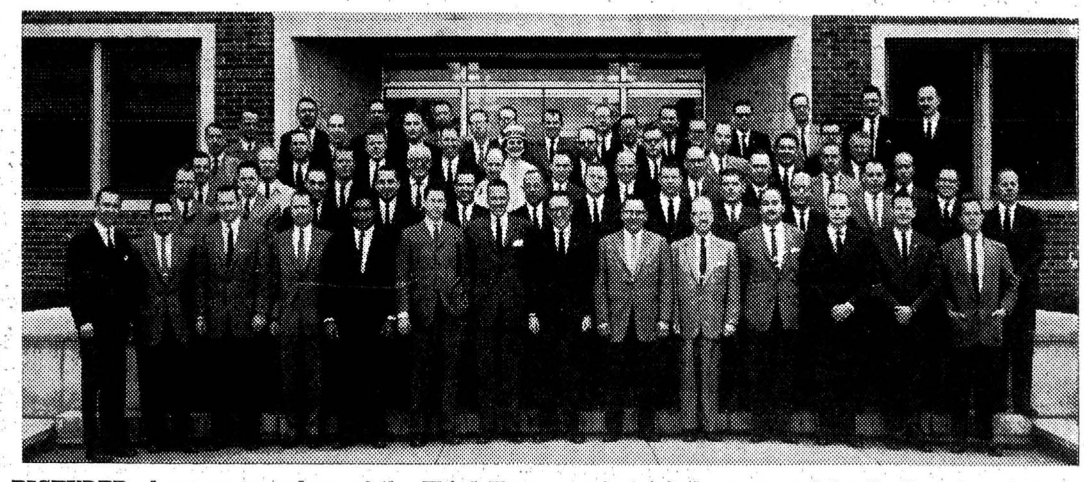
BOSTON, Mass.—David A. Lavin and Robert W. Moore are now connected with Townsend, Dabney & Tyson, 30 State Street, members of the New York and Boston Stock Exchanges.

Zilka, Smither Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — James I. Hessler has been added to the staff of Zilka, Smither & Co., Inc., 813 Southwest Alder Street, members of the Pacific Coast Stock Exchange.

Members of Graduating Class of the Institute of Investment Banking



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N.Y. Bank Auditors Elect Officers

Edward K. Block, Vice-President and Comptroller of the United States Trust Company of New York, was elected President of the New York City Conference of the National Association for Bank Audit, Control and Operation for a term beginning July 1, 1960.

Other officers elected were:

Vice-President—Cosmo F. Hardy, Vice-President & Cashier, National Bank of Westchester.

Secretary-Treasurer—Robert B. Decker, Comptroller, The Marine Midland Trust Company of New York.

Members elected to the Executive Committee were: Charles L. Leist, Assistant Controller, the Chase Manhattan Bank; Chesley M. Mercer, Assistant Auditor, Morgan Guaranty Trust Company of New York; George F. Nelson, Auditor, The Franklin National Bank of Long Island; Ernest W. Redeke, Comptroller, The First National City Bank of New York; Felix M. Schoenberger, Assistant Vice-President and Auditor, The Merchants Bank of New York.

The New York City Conference includes 204 members from 76 banks.

Now Morrison & Frumin

DETROIT, Mich. — Morrison & Frumin, Inc. has been formed with offices in the Penobscot Building to continue the investment business of Morrison Investment Securities. Officers are Harry Frumin, President and Treasurer, and Abraham I. Morrison, Vice President and Secretary.

Real Export Difficulties

"In the immediate postwar years it was open season for our globetrotting salesmen and our agents abroad. Europe was convalescing and the United States was the only large-scale producer. Our order books were limited only by the amount of dollars our customers possessed.

Frederick H. Mueller

"Now the Old World has become the economic offspring of the New World, with increased capability to compete with us in markets where we had previously had an advantage."—Frederick H. Mueller, Secretary of Commerce.

Despite all this the Secretary is optimistic about the future of our exports. We hope he is well warranted in this hopefulness, but we are afraid his explanation of our export difficulties leaves some important things unsaid.

We have in one degree or another priced ourselves out of markets abroad—due largely if not solely to high labor costs. Full realization of our potentials abroad will await correction of this state of affairs.

Short-Term Market Impact Of Secondary Distributions

Continued from page 11

agreed to. In most cases[2] each of the individual firms will obtain the same per share concession on their total allotment, with the manager or syndicate head receiving a small extra amount for his work. In addition to these divisions, an additional discount must be given to other NASD members on the day of distribution.

Stabilization

A decision must also be made together with the other syndicate firms as to the advisability of stabilizing the market during the day of distribution should he need arise. Under the Securities Exchange Act of 1934, this type of activity is permitted to protect the selling group in certain types of security offerings from price risks which could make the block impossible to sell. Under current law, certain procedures must be followed before this type of undertaking can proceed. The SEC must be notified by the manager of the selling group of such activities and the public must also be given full disclosure that this technique is being used. Thus, depending on the nature of the issue, the market conditions, whether the issue is underwritten, or on an agency basis and the relative costs involved; the group managers may or may not decide to undertake stabilization.

On the day of the secondary distribution or, in a few cases before, there are many final technical arrangements which must be taken care of. (These are many and varied and only a few will be mentioned below). The selling group manager usually handles such things as the initial publication and final price check with the customer. Prior to the offering, several individuals must be consulted. Should there be NYSE members in the selling group, clearance to participate must be given by the Board of Governors of the Exchange. Under normal circumstances, Exchange members are not allowed to participate in any transaction involving the purchase or sale of listed securities unless the transaction is completed on the floor of the Exchange. As can be readily seen, a secondary distribution does not fit these specifications. Exchange permission is, however, usually readily obtainable and a large number of member firms participate in such transactions yearly. Final check on price must also be made with the original seller before the sale.

In most cases, should he feel that the time is unfavorable, the seller actually has the option of cancelling or at least postponing the sale should he desire to do so. Figures are, of course, not available on the frequency with which this occurs. Usually great precaution has been taken to see that word of the proposed offering has not "leaked" to the public. Employees of participating firms are told only when necessary and cautioned to keep it secret. Should the news appear several days before the offering, a definite price depressing influence would probably appear for some time. This would be caused by the feeling that this large block overhanging the market would produce additional supply and also result in some investor postponement of purchase until the distribution. Secrecy is, of course, impossible should the block be large enough or from the right holder so that SEC registration would be required. In this case, the information would become public when the statement was filed (at least 20 days prior to issuance). Thus, on the day of distribution, the announcement by the syndicate manager appears, usually on the Dow-Jones news ticker stating that a certain managing firm and associates will offer after the close of the market on that day, a certain number of shares of the particular security.

Charges and Commissions

After the close of the market at 3:30 p.m. it becomes the positions and ideas of the individual security salesmen and investors which determine the success or failure of the distribution. Prospective purchasers have, of course, been evaluating their own positions and making individual decisions. Probably one of their biggest encouragements to purchase is the fact that they will be able to make a net (commission free) purchase. On this type of transaction, the seller of the large block is charged "a gross spread which will range from as few as two standard Stock Exchange commisisons to as many as six,"[3] while the purchaser pays only the net price. The gross spread is primarily dependent on the difficulty which the syndicate expects to encounter in marketing the shares. It also has a very definite effect on the attitude of the security salesmen toward the effort. Should the spread be large, his compensation will be proportionately larger and he will be much more eager to call prospective customers and solicit orders. A large number of customers for secondary distributions come from the ranks of other NASD (National Association of Security Dealers) members who are not participating in this particular selling effort. Under current NASD rules, these dealers must be given a concession from the net price which the public must pay. The results of the most recent study[4] over a three-month period (September-November, 1949) show that 30.9% of all common stock offered in over-the-counter secondary distributions was purchased by other dealers at wholesale. These are primarily for resale to their own customers so that, in fact, the dealer portfolio participation in these offerings is smaller than is usually apparent.

SECTION II

Public Feeling on Announcement

Public feeling toward a security during and immediately after secondary distribution, has always been a matter of conjecture for traders and investors. The first and most obvious reaction on the day of the distribution would probably be the thinness of bids in the particular security involved after the announcement. Thus, knowledgeable prospective purchasers who had seen or been notified of the coming distribution would probably postpone straight commission purchases of the stock in order to participate commission free after the close. This is somewhat dampened by the fact that not all prospects obtain the information from the news ticker before entering their orders. Still, because of lack of bids, stabilization probably often becomes necessary during the day. I would also tend to expect price depressing influences to continue for several days after the secondary in many cases. This would, of course, be somewhat less than on the actual announcement date and would result primarily from the liquidation of dealers who had "taken down" small blocks at their NASD concession with the expectation of profiting from a quick turn or at least capturing this concession. Thus, sales from this quarter might prove a definite depressing influence for some days afterward.

Speculation As to Who Is Selling

The second reaction of interested persons appears to be to question the origin of the large block. Thus, speculation as to who is selling is often alive during the day of the distribution and often helps bring a somewhat larger trading volume on the NYSE than usual. (Other operations such as stabilization efforts and dealer quick turn operations also tend to swell volume during these few days). Usually, however, the seller will be quite desirous of remaining anonymous and no announcement of origin will be forthcoming. In many people's eyes, this seems to add to the mystery and it is often thought that knowledgable insiders, or individuals who would be in a better position to judge the future prospects of the company than the public, are eliminating their investment. This has such bad connotations, that occasionally a seller will make an announcement that he is selling only to diversify his security holdings in order to limit risk. This was the case in the offering of 327,042 shares of Union Bag-Camp Paper by the Louis Calder foundation last August 18. Here it was also stated that the sale was definitely not precipitated by lack of faith in company prospects. Despite such announcements, the feeling remains with many that a secondary distribution is at least an indication that securities are passing "from strong hands to weak," indicating that the new purchasers would be more easily induced to sell in case market prospects worsened and a decline ensued.

All in all, it would appear that the majority of persons view such a distribution as a definite bearish market influence, both on the day of distribution and in later periods. The purpose of the next section will be to determine the accuracy of this belief.

SECTION III

Market Impact

The investigation of the actual short term market impact of secondary distributions is obviously the best way of discovering which idea or ideas expressed in Section II is or are most accurate. Any study of this question must have several attributes in order to be considered a true representation of what actually happens.

The first of these is scope. As the basis for this survey, I have taken all New York Stock Exchange shares in which there have been such distributions between Jan. 1, 1959 and Nov. 13, 1959. This comprises a total of 111 issues and is, I believe, a representative sample. (The entire list of preliminary data is given in Table VIII at the end of the study). In this total, by classification, are 93 Industrials, 5 Railroads and 13 Utilities. These are roughly the actual proportions over the entire NYSE list. They range from as highly speculative an issue as Studebaker-Packard to as stable a security as Detroit Edison.

The second important necessity is lack of error caused by other market influences than the distribution. The first question is whether or not the actual direction of the entire market tended to influence the survey. Ideally, it would be desirable to have the market begin and end the period at exactly the same level. Table I indicates "its" actual course.

TABLE I

	D-J 30 Industrials	D-J 20 Railroads	D-J 15 Utilities
Jan. 1	590	161	90.5
Nov. 13	642	152	86.5
*Net Chge. %	8.10%	—5.91%	—4.63%
Net Chge./day	+ .04%	— .03%	— .02%

*Over a period of 212 trading days.

In general, the market rose until July 31 and declined thereafter, but was quite selective over the entire year. Thus, in the industrials which make up the largest part of this survey, we see an average daily bias of +.04%. This assumes rather small proportions when we realize that we will often deal in this paper with changes of over 1.00% per day. I believe, this small an error can be neglected for our purpose. The next source of suspected error came from the fact that using the method which I did (see below) I have added the action of each stock for each day before or after the day of distribution. Thus, because March 10 may be the first day in one investigation, it might be the fourth day in another series. Thus, rather than compounding, these errors tend to cancel out over such a large sample as we have used.

My fundamental statistical method may be outlined as follows:

(1) A survey was made of the net changes of all stocks for five market days before and after the time of distribution (net changes allowed me to neglect such things as cash and stock dividends without error).

(2) Net changes for the first day of all series were added for all 111 stocks. The same was done for each succeeding day.

(3) The total (summed) net changes for each of the 10 days was then divided by 111 so that I obtained the average net change for each day.

(4) This average net change for each day for the entire 111 securities was then divided by the average price of all securities (44.65) to obtain the percentage change for each day (+ or —).

(5) For illustrative purposes, these changes (the course of the average stock over the 10 days) was then plotted graphically.

TABLE II

Cumulative average percentage day to day changes for 111 stocks

First Day	+0.39%
Second Day	+0.51
Third Day	+0.27
Fourth Day	+0.45
Day of Distribution	—0.74
Sixth Day	—1.60
Seventh Day	—2.12
Eighth Day	—2.43
Ninth Day	—2.61
Tenth Day	—2.80
Distribution price=	—0.86

Table II indicates the changes of the average stock under survey over the 10-day period. Notice that over the first period, the securities tend to remain fairly stable until the fifth day on which the distribution is usually announced and sold. From here on, a six day decline of approximately 3% begins, but gradually flattens out. Notice that the average distribution price is about .12% below the average closing price on the day of distribution. Usually the offering is made at the day's closing price, but occasionally in order to move larger blocks, a discount must be given.

The one hundred and eleven distributions under survey do not, of course, all act in exactly the same way and, in fact, provide a wide variety of different performances. Over the entire spectrum, to expect that stocks with similar characteristics and circumstances will act in similar ways does not seem out of order.

I would expect that larger blocks which must be registered with the SEC and are then announced early, would act quite differently than the average. I would guess that highly volatile stocks would feel much more market impact than the more stable utilities and high quality industrials. In the same way, I would expect that large block distribution in a security with a "thin" market would have a greater effect than in issues with a very active market (high volume). Each of these ideas will be fully investigated in succeeding pages.

As we have discovered before, only large blocks of stock from specific important sources must be registered with the Securities and Exchange Commission before sale.

TABLE III

Cumulative average percentage day to day price changes for five SEC registered blocks under survey

First Day	+0.30%
Second Day	—0.64
Third Day	—2.02
Fourth Day	—2.77
Day of Distribution	—2.26
Sixth Day	—1.94
Seventh Day	—1.92
Eighth Day	—1.14
Ninth Day	—0.82
Tenth Day	+0.60
Distribution price=	—3.00

Because these must be announced before the actual distribution date, we would expect a different market influence than the usual "shock impact". Table III shows the average market performance of five large distributions handled in this way. They were—

New York, Chicago and St. Louis Railroad	Mar. 2
Great A. and P. Tea	Mar. 25
Ford Motor	Mar. 31
National Gypsum	June 24
Union Bag-Camp Paper	Aug. 18

The statistical methods used were the same as in the general survey, but with only five stocks. As we can see, while there was a definite depressing influence in anticipation of such a large sale, after the actual distributions the price average rose sharply. Notice that with the marketing of very large blocks, a substantial (.74%) discount from the market closing price is usually given.

After investigation, it appears that there is definitely some correlation between the price stability of a security and the short-term market impact of a secondary distribution on it. Table IV and Table V show the effect of such an occurrence on 5 stable and 5 volatile issues respectively.

TABLE IV

Cumulative average percentage day to day price changes for the five most stable stocks under survey

First Day	+0.78%
Second Day	+1.00
Third Day	+0.75
Fourth Day	+1.02
Day of Distribution	—0.30
Sixth Day	—1.00
Seventh Day	—1.19
Eighth Day	—1.68
Ninth Day	—1.45
Tenth Day	—1.90

TABLE V

Cumulative average percentage day to day price changes for the five most volatile stocks under survey

First Day	+0.70%
Second Day	+0.12
Third Day	—0.78
Fourth Day	—0.78
Day of Distribution	—2.10
Sixth Day	—1.72
Seventh Day	—2.46
Eighth Day	—4.58
Ninth Day	—4.11
Tenth Day	—5.19

The measure used was that computed by the *Value Line Investment Survey* specifically as an index of stability. It is figured by taking a weighted average, adjusted for trend, of the difference between the high and low for a stock over each of the past 10 years. Thus, stocks with wide percentage fluctuations will have a low index of stability while those with a stable trend will have a high figure. The five very stable issues I chose were—

Virginia Electric and Power	Mar. 30
General Public Utilities	April 7
Niagara Mohawk Power	April 9
Detroit Edison	April 30
General Mills	Sept. 16

The five most volatile issues under survey were—

Consolidated Electrodynamics	Jan. 12
Cerro De Pasco	Jan. 21
Amphenol-Borg Electronics	Mar. 24
Admiral Corporation	Mar. 24
Studebaker-Packard	Sept. 23

The methods used were the

2 *Fundamentals of Investment Banking*, Investment Bankers Association of America, p. 530.

3 *How to Buy Stocks*, Louis Engle, p. 58.

4 *The Over-the-Counter Securities Markets*, Friend, Hoffman and Winn, p. 122.

same as above for each of these groups. As can be seen by comparison of these two graphs there is much difference. Not only did the volatile stocks fluctuate much more widely, but they also experienced a much wider total decline (over 5%) than any other group. This was almost twice the average decline. The more stable utilities, of course, declined even less than the average of 111 stocks. Thus, we may conclude that stability is also one of the major influences in determining the market impact of a secondary distribution.

Another circumstance which we would expect to affect the market impact of a distribution is the relationship between the size of the block of stock and the thinness of the market for it. Thus, a very large block forced upon a market with few bidders would be expected to have a larger impact than one which could be more easily absorbed. Some indication of the relative size of market versus size of the distribution can be gotten by dividing the number of shares in the secondary by the approximate trading volume on the floor of the New York Stock Exchange during that month (see Table VIII for these ratios). The higher the ratio the larger the distribution in relation to market. Trading volume data was again obtained from *The Value Line Investment Survey* which gives monthly trading as a percent of total outstanding shares. Data on the number of outstanding shares is available from the same source or from *Moody's Manuals*. The average movement of five stocks with high ratios (thin markets) is shown in Table VI. This can be compared with the distributions of a few shares in even, continuous markets shown in Table VII. The five distributions used in Table VI were—

American Investment of Illinois	Feb. 13
Hudsons Bay Mining and Smelting	Mar. 31
American Bakeries	June 16
Consolidated Cigar	July 16
American Stores	Sept. 30

The five used in Table VII were—

Inland Steel	April 6
Minneapolis Honeywell Regulator	May 19
International Harvester	June 10
Colorado Fuel and Iron	June 29
Standard Oil of New Jersey	Sept. 1

As can be seen, the five "thin market" issues were much more drastically affected by the distribution while the ones in Table VII remained more stable and actually rose in period 10 toward the previous equilibrium level. I would have expected that the average price in Table VI, would have fallen even more steeply than they did. However, stabilization efforts may have been present on which data is not available. The steep rise in periods one and two of Table VI are unexplainable and must simply represent a random error. It is interesting that almost all of it is attributable to one of the five issues (American Stores). Note that the discount from market closing given in the stocks with a thin market has been quite large (.66%). This was again probably a necessary inducement to purchase.

TABLE VI

Cumulative average percentage day to day price changes for large distributions in relation to market volume (high ratio)

First Day	+1.45%
Second Day	+2.13
Third Day	+1.96
Fourth Day	+1.96
Day of Distribution	+1.12
Sixth Day	+0.33
Seventh Day	—0.47
Eighth Day	—1.26
Ninth Day	—1.49
Tenth Day	—2.17
Distribution price=	+0.46

TABLE VII

Cumulative average percentage day to day price changes for small distributions in relation to market volume (low ratio)

First Day	+0.08%
Second Day	+0.32
Third Day	+0.10
Fourth Day	+0.20
Day of Distribution	+0.51
Sixth Day	—0.50
Seventh Day	—0.80
Eighth Day	—1.10
Ninth Day	—1.29
Tenth Day	—0.73
Distribution price=	+0.49

Conclusion

Depressing influences are almost always present upon the surprise announcement of a secondary distribution, and are often noticeable for some days afterward. The size and extent of these influences are dependent upon both the volatility of the security and its marketability (thinness of market). Both the measures of volatility and thinness of market which were used are, I believe, adequate. They could certainly be useful to security dealers, if not already in vogue, in planning and executing future distributions. It is, for instance, conceivable that in some cases, the ratio of number of shares to trading volume might be too large and the market unable to absorb the shares. In this case, division into several lots for later sale might be a wise solution.

Previously announced distributions tend to act more favorably after the successful sale of such a block, although they probably experience a depressing influence for some time after registration, but before distribution. This avenue of purchase should certainly be explored by traders and investors when the security in question would be suitable for addition to their portfolios.

All in all, this work should provide information to both investors and secondary dealers as to the methods of managing and market performance of secondary distributions. It also touches upon the problems encountered with various types of securities and indicates some of their solutions.

*The author is a senior in the Department of Industrial Management at Carnegie Institute of Technology and hopes to receive his degree in June. His financial research studies have been supervised by the Graduate School's faculty.

Family Investors Co.

FANWOOD, N. J.—Family Investors Company has been formed with offices at 215 North Avenue, to engage in a securities business. Fred J. Chemidlin, Jr. is a principal.

General Investors Planning

DES MOINES, Iowa—General Investors Planning, Inc. has been formed with offices in the Plaza State Bank Annex to engage in a securities business. Edward W. Lockner is a principal of the firm.

Perry Blaine Branch

MENTOR, Ohio—Perry T. Blaine & Company has opened a branch office at 1679 Mentor Avenue under the management of Robert Maltby.

Coburn, Middlebrook Branch

MERIDEN, Conn. — Coburn & Middlebrook, Incorporated has opened a branch office at 43½ Colony Street under the direction of Robert F. Maloney.

W. D. Doyle Opens

DELMAR, N. Y.—Walter D. Doyle is engaging in a securities business from offices at 403 Delaware Ave. under the firm name of Investors Advisory Council.

Hayden, Stone Adds

CHICAGO, Ill. — Milton Strauss has been added to the staff of Hayden, Stone & Co., 141 West Jackson Boulevard.

TABLE VIII

STOCK	Date (1959)	Day of Distribution Closing Price	Distribution Price	Number of Shares Offered	Approximate Monthly N.Y.S.E. Trading Vol.	Ratio: Shs. Offered to Trading Vol.
Commercial Credit	Jan. 9	60⅝	60½	32,500	50,600	0.64
Consolidated Electrodynamics	Jan. 12	38½	38½	62,800	53,000	1.18
McGraw Edison	Jan. 15	39	39	121,800	39,200	3.09
Standard Oil of Indiana	Jan. 19	48½	48½	65,700	178,500	0.37
Cerro De Pasco	Jan. 21	47	47	225,973	86,000	2.62
United Aircraft	Jan. 21	62⅛	62	50,000	96,000	0.52
General Acceptance	Jan. 22	17¾	17¾	19,263	----	---
Aluminium, Ltd.	Jan. 27	30½	30½	452,155	504,000	0.90
Filtrol Corp.	Jan. 28	41½	41½	30,000	----	---
First National Stores	Jan. 29	77½	77¼	15,000	9,600	1.56
San Diego Gas & Electric	Jan. 29	27¼	27¼	94,500	60,000	1.58
West Virginia Pulp & Paper	Feb. 5	43½	43½	115,000	51,300	2.24
Marshall Field	Feb. 9	44½	44½	28,700	10,000	2.87
American Investment of Ill.	Feb. 13	20	20	70,000	19,000	3.66
Federal Department Stores	Feb. 24	53¼	53¼	15,000	30,800	0.48
N. Y., Chicago & St. Louis RR.	Mar. 2	32	31⅝	628,722	210,000	2.99
Briggs and Stratton	Mar. 2	50	50	37,500	17,900	2.09
Union Tank Car	Mar. 5	35⅜	35⅜	62,451	64,000	0.98
Amerada Petroleum	Mar. 5	101⅝	101⅝	35,000	63,100	0.56
Hooker Electrochemical	Mar. 11	42½	42½	100,000	109,500	0.92
Idaho Power	Mar. 11	45¾	45¾	35,600	28,200	1.26
Amphenol-Borg Electronics	Mar. 23	41⅞	41⅞	100,000	60,000	1.67
Admiral Corp.	Mar. 24	20	20	126,225	120,000	1.05
Great Atlantic & Pacific	Mar. 25	44¾	44½	1,800,000	64,800	27.85
Carter Products	Mar. 25	45½	45½	20,000	----	---
Virginia Electric & Power	Mar. 30	38⅛	38⅛	20,000	56,000	0.36
Houston Light & Power	Mar. 30	71⅜	71⅜	16,000	33,500	0.48
Hudson Bay Mining & Smelting	Mar. 31	60⅝	60	75,000	13,700	5.49
Ford Motor	Mar. 31	57⅛	56½	2,000,000	136,400	14.64
Cone Mills	Apr. 1	15⅜	15⅜	33,000	----	---
Inland Steel	Apr. 6	139½	139½	15,000	68,800	0.22
General Public Utilities	Apr. 7	54⅝	54½	35,000	54,000	0.65
Rochester Gas & Electric	Apr. 7	44¼	44¼	31,000	20,000	1.55
Niagara Mohawk Power	Apr. 9	39	38⅞	36,100	96,000	0.38
Montana Dakota Utilities	Apr. 13	31½	31½	35,000	30,000	1.17
International Harvester	Apr. 15	44¼	44	47,000	138,000	0.34
American Telephone (WI)	Apr. 23	85¼	85⅜	330,000	457,000	0.72
Kelsey Hayes	Apr. 27	46¼	46⅛	70,000	28,800	2.44
Texas Gas Transmission	Apr. 28	33	33	21,600	----	---
Detroit Edison	Apr. 30	44¼	44	21,000	70,000	0.30
Schering Corp.	May 6	62½	62½	128,739	120,000	1.07
Tung-Sol Electric	May 11	50⅞	50⅞	50,000	200,000	0.25
Standard Packaging	May 11	32½	32½	43,067	----	---
Thompson Products	May 12	68	68	46,000	60,400	0.76
Minneapolis-Honeywell Reg.	May 19	132	132	13,100	63,000	0.21
Allied Kid	May 20	19¼	19⅜	20,000	----	---
Warner Lambert (WI)	May 20	51½	51¼	52,860	79,500	0.66
A.C.F. Wrigley	May 26	16⅜	16⅜	70,000	----	---
Aluminium, Ltd.	May 27	29¼	29¼	106,700	480,000	0.22
Eastman Kodak	June 2	82½	82½	73,609	114,000	0.65
Sinclair Oil	June 9	59⅞	59¾	116,400	120,000	0.97
Montgomery Ward	June 10	46½	46½	52,500	128,000	0.41
Louisville & Nashville RR.	June 10	82	82	17,500	24,300	0.72
International Harvester	June 10	46⅝	46⅞	30,000	168,000	0.18
First National Stores	June 10	66½	65½	33,600	9,600	3.50
Tidewater Oil	June 15	25¼	25½	42,000	66,000	0.64
Mission Development	June 15	22⅞	22⅞	55,000	110,000	0.50
The Garrett Co.	June 15	47⅞	47	41,500	----	---
Union Tank Car	June 16	33½	33½	52,000	60,400	0.86
American Bakeries	June 16	45¼	45¼	60,000	9,600	6.25
Atlantic Refining	June 16	45½	45½	43,000	135,000	0.32
Trane Co.	June 17	65½	66	18,000	----	---
Montana Dakota Utilities	June 23	30¾	30¾	12,000	30,000	0.40
National Gypsum	June 24	58½	58	253,000	54,500	4.65
Colorado Fuel & Iron	June 29	26⅝	26¼	30,000	140,000	0.21
Harshaw Chemical	June 29	29	28⅞	24,000	15,900	1.51
Union Pacific Railroad	July 15	34¾	34¾	66,500	187,000	0.35
Consolidated Cigar	July 16	59⅝	59½	75,000	12,000	6.25
Babcock & Wilcox	July 24	40¼	40¾	39,000	125,000	0.31
Whirlpool Corp.	July 27	36⅛	36⅛	43,511	61,400	0.71
Stauffer Chemical	July 30	63	63	13,500	----	---
C.I.T. Financial	July 30	60¼	60¼	50,000	94,300	0.53
Allied Chemical	Aug. 10	125	125	34,608	70,000	0.49
Allied Chemical	Aug. 18	118¼	118¼	35,000	70,000	0.50
Union Bag-Camp Paper	Aug. 18	44¾	44¾	327,042	51,800	6.41
Standard Oil of New Jersey	Sep. 1	50¾	50¾	125,852	607,000	0.21
Food Giant Markets	Sep. 2	27½	27½	15,000	----	---
American Machined Metals	Sep. 3	49	49	14,500	----	---
United Artists	Sep. 3	29¼	29¼	100,000	----	---
Caterpillar Tractor	Sep. 10	98	97½	30,000	55,000	0.55
General Mills (WI)	Sep. 16	34	33⅞	63,000	42,000	1.50
Standard Oil of Indiana	Sep. 23	42½	42½	152,100	180,000	0.85
Standard Oil of New Jersey	Sep. 24	49½	49½	310,000	607,000	0.51
Dresser Industries	Sep. 24	30⅞	30⅞	63,000	92,000	0.68
Studebaker-Packard (WI)	Sep. 25	13⅛	12¾	697,000	644,900	1.08
American Airlines	Sep. 28	26½	26⅜	100,800	162,000	0.67
Plymouth Oil	Sep. 28	24	24	32,000	25,500	1.26
Republic Steel	Sep. 28	76⅛	76⅛	54,000	124,800	0.43
J. P. Stevens	Sep. 29	31	31	51,500	84,000	0.61
American Stores	Sep. 30	80	79	45,100	12,600	3.58
U. S. Steel	Sep. 30	101½	100½	300,000	430,400	0.70
Skelly Oil	Oct. 7	52¾	52¾	24,500	23,000	1.06
ABC Vending	Oct. 13	20⅛	20	40,000	----	---
Vanadium Corp.	Oct. 13	33½	33⅜	18,400	56,000	0.33
Skelly Oil	Oct. 16	53	53	17,600	23,000	0.77
Container Corp.	Oct. 20	29	29	90,000	105,200	0.85
Union Carbide	Oct. 20	136¼	136¼	36,903	90,000	0.41
Hooker Electrochemical	Oct. 28	41½	41½	75,000	73,000	1.03
American & Foreign Power	Nov. 5	9⅝	9½	220,000	----	---
Kayser-Roth	Nov. 9	38¼	38	250,000	----	---
Smith, Kline & French	Nov. 10	60⅞	60⅞	6,000	45,000	0.18
General Motors	Nov. 12	50¾	50¾	286,000	840,000	0.34

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Interviews

Edward Blackburn; Merrill Lynch, Pierce, Fenner and Smith Inc., Pittsburgh, Pa.
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STATE OF TRADE AND INDUSTRY

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tem holdings of U. S. Government securities.

Security Markets

Yields on fixed income securities generally declined further in the second half of March, reaching new lows for the year. Yields on corporate and state and local government bonds have been relatively stable since then. Yields on Treasury securities rose sharply in the second week of April, and at mid-month the market yield on three-month Treasury bills was 3.56% compared with its low of 2.68% on March 25. On March 31, the Treasury announced the terms of its $2.5 billion financing for April, which included a two-year note at 4% and a 4¼% bonds due in 25 years and callable in 15 years.

Common stock prices have increased somewhat since mid-March. Trading volume has remained moderate.

Failures Climb in March

Business failures rose 10% to 1,335 in March, the higest level in any month since May 1958. The increase occurred in all size groups, in all functions save retailing, and in all except two of the nine major geographic regions. However, casualties remained below the tolls registered in the Spring of 1958. Concerns were failing at an apparent annual rate of 51.1% per 10,000 listed businesses.

Dollar liabilities climbed 15% to $70.2 million, the heaviest volume in 11 months. Failures involving liabilities in excess of $100,000 rose most noticeably, although increases also prevailed in other size groups.

March New Business Incorporations Up Sharply from Prior Month

The number of new business incorporations in March rose sharply from February, but was down moderately from March 1959, reports Dun & Bradstreet, Inc. This was the fourth successive year-to-year decline. The current total, which was the second highest for any March on record, came to 17,437, up 18.9% from the prior month's 14,669, but 4.1% below the 18,176 of March a year ago, the record for the month.

During the first three months of this year charters came to 50,295, for a decline of 4.8% from the record first quarter total of 52,853 of a year ago. The current three month total was up a sharp 42.8% from the 35,216 of the comparable 1958 period.

Clearings for Week Ended Apr. 23 Show a 7.2% Increase Over Last Year

Bank clearings this week will show an increase compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, April 23, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 7.2% above those of the corresponding week last year. Our preliminary totals stand at $26,676,827,205 against $24,892,878,684 for the same week in 1959. Our comparative summary for the principal money centers was as follows:

Week Ended April 23—	000 Omitted 1960	1959	%
New York	$13,140,902	$12,404,224	+ 5.9
Chicago	1,513,915	1,189,042	+27.3
Philadelphia	1,373,000	1,148,000	+19.6
Boston	741,017	721,601	+ 2.7

Steel Operating Rate Expected To Go Lower

Steel orders are holding steady, even picking up somewhat. But the industry operating rate is headed for further sharp declines, "The Iron Age" says.

Throughout late spring and into summer, the steel order picture will begin to follow the consuming pattern of the major steel users. The post-strike correction period is not over, but a slowing of cancellations and some new rush orders indicate the low point in new orders may be past.

The national metalworking weekly cautions against overestimating the pickup in new orders that has been observed in recent weeks. The pickup must be weighed against the low rate of p eceding weeks to be placed in proper perspective.

"The Iron Age" cites one mill which reported a 30% increase in new orders in a recent period. But this gain brought the rate of incoming orders up to where they would support a mere 50% of capacity.

The magazine points out that the depths to which incoming orders had dropped in recent weeks is not fully realized. In some major mills, the rate of incoming orders had dropped to a level that was equivalent to only 35% of the mills' potential output.

"Iron Age" further cautions that the leveling out of new orders to meet consumption comes at a time when metalworking is at the bottom of its seasonal cycle. Users are heading into their summer letdown period and the auto industry is getting ready to close out production of 1960 models and move into the changeover period.

As a result, it will not be surprising if the steel industry's operating rate falls into the mid or low 60's (as a per cent of capacity) in late June.

But there are indications of a possible good pickup in the second half. With inventories cut to the bone, steel users may have to come into the market in July and August for substantial tonnages. And, they will want quick delivery when they do.

In fact, there are some signs that the new order outlook for June is better than May. If the market should bottom out next month, the second half outlook will be substantially better.

In anticipation of sudden new orders, mills are building up inventories of semi-finished steel in order to be ready for quick service when needed. This has been a factor in keeping the operating rate in the 80's in recent weeks.

The best that can be said for the market today is the pickup in some orders means that inventory control is coming to a halt, and that the artificial factors have been eliminated from the market. Steel operations will now reflect the overall economy.

Says Steel Industry Is Entering Stable Period

Steelmaking operations turned up last week to end a two-month downward drift in production, "Steel," the metalworking weekly, reported on April 25.

Recovering from Easter holiday cutbacks and a wildcat strike in Detroit, steelmaking operations were up 2.8 points to 80.9% of capacity. Output was about 2,305,000 ingot tons.

"Steel" predicted that the industry is now entering a period of relative stability. Steel order books are firming as users complete their inventory adjustments and resume buying on a scale that's geared to consumption.

Inventories are still rising, the magazine reported, but at a slower rate than in the first quarter. In the first three months, domestic shipments and imports exceeded consumption by about 4.5 million tons. Consumer inventories jumped from 13.5 million tons to 18 million.

Steelmakers saw the first signs of a turnabout last week when the 45 day leadtime for June shipments expired. Consumers sent in a lot of last minute orders, indicating that they have returned to the normal purchasing routine. Many companies that would not take tonnage in May are ordering steel for June delivery—not in huge quantities but in amounts that will offset June cancellations and setbacks.

Steel service centers, often among the first to notice changes in the rate of metal consumption, report that their business has leveled off at about 65% of the peak November-February rate. March and April orders have been 5 to 10% better than 1959 figures.

In spite of the market's firmer tone, steelmakers are not booking as much tonnage as they are shipping, "Steel" said. Many products are in light demand and will not have an upturn until June or July.

Because of variations in product mix, some steelmakers are operating at less than half of capacity while others are running full blast. Among the hardest hit companies are producers of wire, stainless steel, and oil country pipe. Firms that make flat rolled products still have backlogs. Some will ship at capacity this month and next, despite a drop in orders.

"Steel's" price composite on the bellwether grade of scrap, prime heavy melting, remained at $33.66 a gross ton last week.

Lead and zinc prospects look good for 1960, "Steel" reported. It said production of both metals would be up but still in balance with consumption. Demand for zinc is expected to climb 10 to 15%; lead 4 to 6%. Stocks will go down in zinc, while little change is expected in lead. Zinc prices should hold about where they are; lead may go up about 1 cent.

This Week's Steel Output Based On 79.4% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *140.8% of steel capacity for the week, beginning April 25, equivalent to 2,261,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compare with the actual levels of *139.3% and 2,238,000 in the week beginning April 18.

Actual output for last week beginning April 18, 1960 was equal to 78.5% of the utilization of the Jan. 1, 1960 annual capacity of 148,570,970 net tons. Estimated percentage for this week's forecast based on that capacity, is 79.4%.

A month ago the operating rate (based on 1947-49 weekly production) was *157.3% and production 2,527,000 tons. A year ago the actual weekly production was placed at 2,627,000 tons, or *163.5%.

*Index of production is based on average weekly production for 1947-49.

Compact Car Output at Record High Level

An all-time industry high for compact car production plus a new record for one small car make will help raise this week's U. S. auto output an estimated 9% over last week, "Ward's Automotive Reports" said on April 22.

The reporting service said estimated compact car production of 43,280 units would surpass the previous record of 40,700 by 6% and would account for about 29.4% of total industry output, second only to the record of 29.6% reached during the week ended April 9 (39,408).

In the week ended April 23, the compacts totaled 37,263 and represented 27.5% of U. S. production.

"Ward's" added that most of the six U. S.-built compact makes are expected to make good production gains over last week and that Ford Motor Co.'s Comet probably will hit a record high of 5,100 units. The previous record for Comet production had been 4,404 units two weeks ago.

"Ward's" listed estimated production of other compact makes as 5,600, Corvair; 11,600, Falcon; 7,000, Valiant; 11,300, Rambler; and 2,680, Studebaker-Packard.

Adding to the success of compact car production. "Ward's" said, is the fact that most assembly plants in the industry are operating on five-day programs and that 11 plants have scheduled Saturday operations. These include six Chevrolet plants, Rambler at Kenosha, Wis., and five Ford Motor Co. sites.

A four-day program continued at Studebaker-Packard, and Imperial at Dearborn, Mich., was idled all week together with three Ford Motor Co. plants.

A schedule of two nine-hour assembly shifts at the Dodge Hamtramck plant is expected to help boost Dodge-Dart Division car output to a near 10-year high of about 10,000 units.

Electric Output 5.4% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, April 23, was estimated at 13,213,000,000 kwh., according to the Edison Electric Institute. Output was 50,000,000 kwh. below that of the previous week's total of 13,263,000,000 kwh. but showed a gain of 675,000,000 kwh., or 5.4% above that of the comparable 1959 week.

Freight Car Loadings for Week Ended April 16 Down 1.9% Below Last Year's Record

Loading of revenue freight for the week ended April 16, 1960, totaled 622,635 cars, the Association of American Railroads announced. This was a decrease of 12,213 cars or 1.9% below the corresponding week in 1959 but an increase of 88,128 cars or 16.5% above the corresponding week in 1958.

Loadings in the week of April 16, were 24,251 cars or 4.1% above the preceding week.

There were 10,511 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended April 9, 1960 (which were included in that week's over-all total). This was an increase of 2,485 cars or 31.0% above the corresponding week of 1959 and 5,696 cars or 118.3% above the 1958 week. Cumulative loadings for the first 14 weeks of 1960 totaled 144,983 for an increase of 43,943 cars or 43.5% above the corresponding period of 1959, and 81,163 cars or 127.2% above the corresponding period in 1958. There were 51 class I U. S. railroad systems originating this type traffic in the current week compared with 47 one year ago and 39 in the corresponding week of 1958.

Lumber Shipments Were 1.7% Below Production for Week Ended April 15

Lumber shipments of 470 mills reporting to the National Lumber Trade Barometer were 1.7% below production during the week ended April 16, 1960. In the same week new orders of these mills were 6.2% below production. Unfilled orders of reporting mills amounted to 35% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 19 days' production at the current rate, and gross stocks were equivalent to 52 days' production.

For the year-to-date, shipments of reporting identical mills were 6.4% below production; new orders were 8.0% below production.

Compared with the previous week ended April 9, 1960, production of reporting mills was 3.1% above; shipments were 10.8% above; new orders were 6.0% below. Compared with the corresponding week in 1959, production of reporting mills was 0.1% below; *shipments were 6.0% below;* and new orders were 9.6% below.

Business Failures Continue Down For Third Consecutive Week

Commercial and industrial failures, continuing down for the third consecutive week, declined to 283 in the week ended April 21 from 308 in the preceding week, reported Dun & Bradstreet, Inc. At the lowest level in eight weeks, casualties were off slightly from the 300 occurring in the similar week last year and the 329 in 1958. Also, business mortality was 10% below the prewar level of 316 in 1939.

Failures with liabilities of $5,000 or more dipped to 253 from 267 a week earlier and from 259 last year. A decrease also occurred among small casualties those involving liabilities under $5,000, which turned down to 30 from 41 in both the previous week and a year ago. Liabilities ranged above $100,000 for 33 of the concerns failing during the week, as against 28 in the preceding week.

In all industry and trade groups except commercial service, tolls ran lower in the week after Easter. The most noticeable decline occurred in retailing, off to 136 from 160, while milder dips prevailed in manufacturing, down to 44 from 48, in wholesaling, down to 24 from 28, and in construction, down to 51 from 52. The contrasting rise in service lifted its toll to 28 from 20. More service and construction businesses succumbed than a year ago but other lines had fewer casualties than in 1959.

Geographically, the week's downturn was concentrated in five of the nine major regions. Failures in the East North Central States fell to 45 from 57 and in the South Atlantic to 24 from 38. Somewhat lighter declines were reported in the Middle Atlantic States, off to 74 from 83, and in the Pacific, off to 66 from 70. On the other hand, casualties rose during the week in four regions: the West North Central, East and West South Central and Mountain States. Year-to-year trends were mixed; with five regions suffering heavier tolls and four having fewer failures than in the comparable week of 1959.

Wholesale Food Price Index Highest in Seven Months

The wholesale food price index, compiled by Dun & Bradstreet, Inc., edged up fractionally this week for the third consecutive week. It stood at $5.98 on April 19, the highest level since Sept. 16, 1959. The current index was 0.5% above the prior week's $5.95, but 2.9% below the $6.16 of the corresponding date a year ago.

Commodities quoted higher in wholesale cost this week were flour, oats, barley, hams, bellies, cocoa, potatoes and steers. Down in price were rye, lard, butter, cheese, sugar, cottonseed oil, eggs, raisins, hogs and lambs.

The Dun & Bradstreet, Inc. wholesale food price index represents the sum total of the price per pound of 31 raw foodstuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Slips in Latest Week

Reflecting lower prices on lard, hogs, steers, lambs, hides and rubber, the general commodity price level slipped from a week earlier. The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., stood at 274.58 (1930-32=100) on April 25, compared with 275.30 in the prior week and 276.76 on the corresponding date a year ago.

Most grain prices moved within a narrow range this week and finished close to a week earlier. Wheat supplies were light and trading was steady holding prices close to the preceding week. Towards the end of the week, the buying of wheat by flour mills slackened. There was a slight dip in rye prices during the week as purchases declined moderately.

Although supplies of corn were limited, transactions were sluggish and prices showed little change from a week earlier. A moderate increase occurred in oats prices, reflecting higher volume. Purchases of soybeans dipped from the preceding week and prices were slightly lower; soybean receipts were close to a week earlier.

Although domestic trading in flour slackened during the week, export buying was sustained at a high level, with sales to Latin America and The Netherlands; flour prices were up fractionally from the prior week.

Rice prices were steady, reflecting continued high buying for both domestic and export use. Sizable quantities of rice were allocated to Israel and Mexico. Although trading in sugar lagged, prices were unchanged from the preceding week. Supplies of coffee were light and trading was sluggish, but prices equalled those of a week earlier. Although transactions in cocoa picked up at the end of the week, prices finished unchanged from the preceding period.

Spot cotton prices on the New York Cotton Exchange were unchanged from a week earlier. United States exports of cotton in the week ended last Tuesday came to about 163,000 bales, compared with 176,000 the prior week and 39,000 in the similar week a year ago. For the current season through April 19, exports totaled an estimated 5,150,000 bales, compared with 2,072,000 in the comparable period last season.

Easter Shopping Helps Expand Retail Trade Volume

There was a marked rise in consumer buying in the Easter week ended April 20, and volume was up sharply from the comparable calendar week last year and up appreciably from the similar 1959 Easter week. On a calendar basis the most significant gains were in apparel, while volume in household goods was down moderately. Scattered reports indicate that volume in new passenger cars was sustained at a high level and was up appreciably from a year ago.

The total dollar volume of retail trade in the week ended April 20 was 12 to 16% higher than the comparable calendar week a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: West South Central +20 to +24; South Atlantic +19 to +23; East North Central +18 to +22; Middle Atlantic +10 to +14; New England and Mountain +8 to +12; West North Central +7 to +11; East South Central and Pacific Coast +5 to +9.

Nationwide Department Store Sales Up 18% for April 16 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended April 16, 1960, increased 18% above the like period last year. In the preceding week, for April 9 an increase of 18% was reported. For the four weeks ended April 16 a 12% increase was registered over the same period in 1959.

According to the Federal Reserve System department store sales in New York City for the week ended April 16 increased 17% over the like period last year. In the preceding week ended April 9 sales increased 21% over the like period last year. For the four weeks ending April 16 a 14% increase was reported over the 1959 period, and from Jan. 1 to April 16 showed a 5% increase over 1959.

THE SECURITY I LIKE BEST...

Continued from page 2

pany will propose an exchange offer to the "B" shareholders in order to create one class of common stock. Each year that the "B's" equity increases, the exchange terms that its large stockholders will accept is probably also increasing. By not paying out their earnings in dividends the "A" holders are creating a more desirable situation for the "B" stock. During the past year, Mississippi River Fuel has purchased in excess of 300,000 shares of MOP "A." This gives them a large voting position in the affairs of the railroad. Whether this new blood will be able to work effectively towards creating a settlement of the capitalization problem is yet to be seen. As of yet, no public offers have been made. One thing seems certain. Alleghany Corporation will not settle cheaply and with a book value conservatively in excess of $4,000 a share I wonder how cheap, cheap really is.

These are the basic considerations underlying the "B" stock's attractiveness. On one sense, they are independent of any consideration other than the inevitable recognition that in order to protect their interests, the "A" shareholders must make some proposal to create one class of common stock. On the other hand, they are tied intimately with the ability of the company to increase its earning power. In any event, the "B" shareholders can be content that whatever progress is being accomplished is piling up in their favor for the day of reckoning.

In 1959, the company reported net income after taxes of $15.5 million. Dividends on the class "A" stock at $2.40 a share amounted to $4,492,696. The difference of $11,066,296 or $272 per "B" share was transferred to surplus. At first glance, reported net income would seem adequate to support the full $5 dividend requirement ($9,359,785) on the "A" stock and leave $152 a share available for the "B" stock. This would have been the case were it not for strict mandatory appropriations for sinking funds and capital expenditures required by the company's mortgages. These charges are deductions from net income before the "A" dividend can be paid. They amounted to $7,174,113 in 1959 and reduced earnings available for the "A" dividend to $4.61. The $7,174,113 was transferred to appropriated surplus and the difference between earnings available for dividends and dividends actually paid accrued to unappropriated surplus. In other words, the market price of the "B" stock is only slightly more than the total amount of retained earnings added to surplus in 1959. Total retained earnings increased by $54.3 million from 12/31/55 to 12/31/59, or by $1,335 per "B" share.

There are many elements of strength in the MOP picture. The territory which it serves includes some of the fastest growing sections of the middle and Southwest United States. The company has been progressive in attracting new industries to its territory and originating services that have effectively counteracted increasing competition from the truckers. Its plant is in excellent operating shape. Electronic controls have been introduced where feasible—switching yard modernized. In short, the company has been doing everything within its power to negate the pressure of rising Costs on profit margins. During 1959, a material change in the method of calculating the capital expenditures fund appropriation took place. Such appropriations were reduced from $7.2 million in 1958 to $3.8 million in 1959, and from now on will be based on 2½% of operating revenues instead of the fixed $11 million annually required prior to 1959 under provisions of the mortgages. As of 12/31/59 there were $13.3 million of the 4¼% collateral trust notes outstanding. At the current rate of payments the entire issue should be retired by 1965, assuming the company makes no more open market purchases, which is improbable. Once this issue is retired, the sinking fund requirement under the first mortgage bond indenture will be reduced from $2,314,770 to $771,590 and will result in a savings of 82¢ per "A" share.

The combination of a reduction in the burden of mandatory appropriations and a good year in economy should enable the company to earn substantially more in 1960 than during the steel strike ridden 1959; however, the possibility of labor troubles makes any projections impossible at this time.

A constructive change in the government's attitude towards the group could have a dynamic effect on MOP "B"; although, as I indicated, I do not think this blanket approach to the problem is necessary. This is a special situation which has and will continue to demand patience and foresight on the part of the investor. The rewards could be tremendous.

Nat'l Bank Women Name Committee

The National Association of Bank Women will supply substantial assistance in the campaign to promote economic growth and to combat inflation, which is being spearheaded by the American Bankers Association. Helen L. Rhinehart, President of the Association and Vice-President of the Brenton Companies, Des Moines, Iowa, has announced the appointment of a committee to supplement the work of the ABA Committee for Economic Growth without inflation and to stimulate interest of women throughout the country in growth-inflation problems.

The new committee of the National Association of Bank Women will be headed by Mrs. Nancye B. Staub, former President of the NABW and Trust Officer of the Trust Co. of Morris County, Morristown, New Jersey. Members will include: Jane Clements, Assistant Secretary, The Hanover Bank, New York City; Ruth F. Irish, Assistant Vice-President, Union Dime Savings Bank, New York City; Madeline H. McWhinney, Manager, market statistics department, Federal Reserve Bank of New York; and Gertrude E. Topp, Personnel Officer, Manufacturers and Traders Trust Co., Buffalo, New York.

The program of cooperation with the ABA Committee, which is headed by Casimir A. Sienkiewicz, President of the Central-Penn National Bank, Philadelphia, will assist in distribution of material prepared by the ABA Committee; suggest additional material to help explain the growth-inflation problem; and stimulate interest, discussion, and action by women's groups on various aspects of the problem.

Form Raylan Planning

VALLEY STREAM, N. Y.—Raylan Planning Corp. is engaging in a securities business from offices at 1 Sunrise Plaza. Officers are Mildred Nevins, President, Secretary & Treasurer, and Raymond Chase, Vice-President.

Roberts & Roberts Formed

HOLYOKE, Mass.—William Roberts, Jr. is engaging in a securities business from offices at 133 Locust Street under the firm name of Roberts & Roberts. Mr. Roberts was formerly with Di Roma, Alexik & Co.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

What Makes a Sales Organization?

There are many ingredients that, taken together, make up an effective sales organization in the securities business. You must have dedicated salesmen, that is the first requirement. The firm itself should have an able staff to back them up; researchers, buyers, and those who process the business such as the cashiering department and all the other personnel that go to make up an efficient organization. A cashier that doesn't do his job properly can lose a lot of good-will for a firm. A telephone operator that is efficient, and who has a friendly, unruffled, manner can build good-will. Everyone is important.

But given all these vital factors there is still somehting that I believe is even more important if you are to have top production and the salesmen themselves are to be successful. You must have leadership at the sales level. You should have it at the point of sale. Large firms with branch offices have discovered that the salesmen in branch offices need direct contact with the leadership that supervises at the top. The smaller firms that have established a liaison between the sales department and the rest of the firm, from the top partners to the cashiering departments, have seen the benefits of such coordinated activities.

Some sales organizations seem to go along with little or no direction or planning. Others cover the waterfront. There are salesmen who can cope with this situation. They sell corporates, listed and unlisted issues, handle trading accounts, investment accounts, and tax exempt bonds. Each week's business is a hodge-podge collected together by men sufficiently versatile and accomplished to do their own thinking and working. Those who survive and make good under such conditions are in reality a one-man business. They use their firm's facilities to the best advantage. If they had someone to do their cashiering, and a place where they could buy, sell and trade securities, they could have their own shop.

Leadership Requires Knowledge And Drive at the Top.

This isn't intended to be a general indictment of the retail securities business. However, many firms are opportunists. They go along from day to day and the larger the organization the less personalized and direct is the communication between the individual salesman and his firm. Many firms appear to be contented with the situation when overall volume is increasing and a fair degree of control is maintained over the trading and sales departments.

For maximum effectiveness it is necessary to place a man at the head of a retail sales organization who knows security salesmen, their problems, and how to solve them. He should understand how to cultivate all types of investment and speculative accounts and how to service them. He should be able to convince his firm that all departments are a part of the sales department and that everyone in the entire organization should be **sales conscious.** Buying must be good, cashiering efficient and aware of its role in establishing and maintaining favorable public relations, advertising timely and geared to sales efforts, and, if it is a large firm, each branch office should have a man at the head of that branch office sales force that can work with the salesmen in that office so that their efforts are coordinated and directed.

It's Ideas That Create Business

Sales leadership at the sales level creates opportunities for specific activity. It is so much more effective than any other type of procedure. I have witnessed so many situations such as the following illustrates very well. Some years ago there was a municipal bond man of my acquaintance who knew his business. He was connected with a medium size firm that employed about 10 salesmen. They did a general securities business but they also had developed an excellent clientele of buyers of tax exempts. Every man in this sales organization respected the municipal man for his knowledge. If they wanted an answer he had it. If an exceptional issue was to be had he told them why. He didn't have to grope around, mumble, and say "I'll find out for you." This man knew his bonds.

One fine day he was offered a block of bonds that he knew were going to be called in about five years. The bonds were offered at a price that indicated to him that the seller (a professional) did not know that a healthy reserve fund was being created that was specifically earmarked to mandatorily pay off those bonds at 104. He quickly snapped them up at a price that enabled him to go to his sales organization and tell them they could reoffer at 98½. This provided a net tax free return of about 4½% (after capital gains tax on the gain to call date).

He told his salesmen the story; he told them why these bonds were going to be called, he had the figures and the facts to prove it. But he did not stop there. He suggested that they call some of those people each saleman had on his regular mailing list who were not customers. Here was an opportunity to open accounts, to break the ice with some more good customers. The men had compelling reasons for urging the purchase of these bonds. They were very high quality and they were bargain priced.

This is motivation with the directness and compulsion that real salesmen appreciate and to which they react favorably. They don't want run of the mill offerings dumped upon their desk in such volume that they cannot be properly screened. They tolerate but do not desire sales meetings that grind out the same old hash about next week's new issues that, in these days, are coming so fast and vaingloriously. They are interested in specific ideas than can make money for their customers. This can best be provided by leadership at the sales level. Every investment firm that realizes that their salesmen are the heart and core of their business is also doing a better job for its customers.

Vazquez Opens

NEWARK, N. J.—Adelino J. Vazquez is engaging in a securities business from offices at 77 Ferry Street.

Preferred Life Investments

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Preferred Life Investments Co. has been formed with offices at 315 Montgomery Street to engage in a securities business. Officers are Forrest A. Lee, President, Harold O. Mundhenk, Vice-President, and A. J. Lee, Secretary-Treasurer.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

● Aero Industries, Inc. (5/23-27)
March 11 filed 250,000 shares of common stock (par 25 cents). **Price** — $3.30 per share. **Proceeds** — For new equipment, expansion of the business, and general corporate purposes. **Office**—Pottstown, Pa. **Underwriter**—Myron A. Lomasney & Co. of New York City.

Agricultural Research Development, Inc. (5/2-6)
Jan. 25 filed 200,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—To purchase land, to construct buildings, and provide necessary equipment and capital to engage in a hog raising enterprise. **Office**—Wiggins, Colo. **Underwriter**—W. Edward Tague Co., Pittsburgh, Pa. **Note**—This statement is being revised.

★ Alaska Empire Gold Mining Co.
April 12 (letter of notification) $300,000 of 6% income notes to be offered in multiples of $100 each. **Price**—At face value. **Proceeds**—For mining expenses. **Address**—Juneau, Alaska. **Underwriter** — Stauffer Investment Service, 1206 N. W. 46th Street, Oklahoma City, Okla.

Allied Bowling Centers, Inc.
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas. **Note** — This offering has been postponed.

★ Allnav, Inc.
April 22 (letter of notification) 8,250 shares of common stock to be offered in units of 10 shares, each unit to be sold at $100 per unit. **Price**—At par ($10 per share). **Proceeds**—To acquire real property. **Office**—900 Ardella Avenue, Coronado, Calif. **Underwriter**—None.

● All-State Properties, Inc. (5/5)
March 17 filed 870,132 shares of capital stock, to be offered for subscription by holders of outstanding shares of such stock. **Price**—To be supplied by amendment. **Proceeds**—To reduce current indebtedness and for future operations. **Office**—Floral Park, L. I., N. Y. **Underwriters**—Bear, Stearns & Co. and Allen & Co., both of New York City.

● Alterman-Big Apple, Inc. (5/9-13)
March 18 filed 403,310 shares of common stock (par $2.50), of wihch 60,000 shares are to be offered for public sale on behalf of the issuing company. Of the remaining 343,310 shares (all outstanding), 168,310 are to be offered by Bankers Securities Corp. and 175,000 by certain other individuals. **Price**—$18 per share. **Proceeds**—To repay indebtedness, for working capital and other corporate purposes. **Office**—933 Lee St., S. W., Atlanta, Ga. **Underwriter**—Van Alstyne, Noel & Co., New York.

● American Bowla-Bowla Corp.
April 15 filed 100,000 shares of common stock and warrants for the purchase of an additional 50,000 shares. The company proposes to offer these securities for public sale in units consisting of two shares of stock and one warrant. **Price**—$6.25 per unit. **Proceeds**—To cover an initial installment on the purchase price of two additional bowling centers; for furniture and fixtures thereon; and the balance to be added to working capital and be available for general corporate purposes. **Office**—400 38th St., Union City, N. J. **Underwriter**—Hill, Thompson & Co., Inc., New York.

● American Bowling Enterprises, Inc. (5/5)
Feb. 25 filed 100,000 shares of common stock (par $1), and 100,000 class A purchase warrants, to be offered in units of one warrant with each share. The class A warrants give the right to purchase the stock at $7.50 per share for the first six months, at $8.50 per share from the seventh to the 24th month, and at $9 per share from the 25th to the 30th month. **Price**—$7.50 per unit. **Proceeds**—For the construction of new bowling centers. **Office** — Rochester, N. Y. **Underwriter** — Myron A. Lomasney & Co., New York City.

American Capital Life Insurance Co.
April 15 filed 96,450 shares of class "A" common capital stock. **Price**—$5.80 per share **Proceeds**—For general corporate purposes. **Office**—917 15th St., N. W., Washington, D. C. **Underwriter**—None.

American Convalescent Foundation, Inc.
March 31 (letter of notification) 60,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—To pay the balance on new land, retirement of short-term bank loans, payment for additional equipment and fur-

Continued on page 35

NEW ISSUE CALENDAR

April 29 (Friday)

Forest Hills Country Club Ltd.____Common
(Jerome Robbins & Co.) $300,000
General Casting Corp.____Common
(Bertner Bros. and Earl Edden Co.) $300,000
Microdot Inc.____Capital
(White, Weld & Co.) 204,000 shares
Universal Fabricators, Inc.____Common
(James Co.) $500,000
Whitmoyer Laboratories, Inc.____Common
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $510,000
Whitmoyer Laboratories, Inc.____Debentures
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $500,000

May 2 (Monday)

Agricultural Research Development, Inc.__Common
(W. Edward Tague Co.) $1,000,000
American Frontier Life Insurance Co.____Capital
(Union Securities Investment Co.) $1,600,000
American Penn Life Insurance Co.____Capital
(Offering to stockholders—no underwriting) $3,570,000
American Security Corp.____Capital
(Alex Brown & Sons; Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc.; Johnston, Lemon & Co. and Kidder, Peabody & Co.) 100,000 shares
Aviation Employees Corp.____Common
(G. J. Mitchell Jr. Co. and Ralph B. Leonard & Sons, Inc.) $5,000,000
Baltimore Paint & Chemical Corp.____Preferred
(P. W. Brooks & Co.) $1,800,000
Baltimore Paint & Chemical Corp.____Bonds
(P. W. Brooks & Co.) $750,000
Baltimore Paint & Chemical Corp.____Debentures
(P. W. Brooks & Co.) $750,000
Big Laurel, Inc.____Common
(Pearson, Murphy & Co., Inc. and Mackay & Co.) 400,000 shares
Big Laurel, Inc.____Preferred
(Pearson, Murphy & Co., Inc. and Mackay & Co.) 400,000 shares
Dalto Corp.____Common
(No underwriting) 134,739 shares
Dobson Brothers Construction Co.____Notes
(First Trust Co. of Lincoln) $300,000
Dubois Chemicals, Inc.____Common
(Allen & Co.) 200,000 shares
Estates, Inc.____Common
(Consolidated Securities of Washington D. C. Inc.) $1,000,000
Hawley Products Co.____Common
(Dean Witter & Co.) 90,000 shares
Holt, Rinehart & Winston, Inc.____Common
(Goldman, Sachs & Co.; Allen & Co. and Shearson, Hammill & Co.) 331,740 shares
Howe Plastics & Chemical Companies, Inc.__Com.
(Hilton Securities, Inc.) $180,000
Ionics, Inc.____Common
(Lee Higginson Corp.; Shields & Co. and C. E. Unterberg, Towbin Co.) 75,000 shares
Loveless Properties, Inc.____Common
(Andersen, Randolph & Co., Inc.) $300,000
Majestic Specialties, Inc.____Common
(Hayden, Stone & Co.) 150,000 shares
Menu-Matics, Inc.____Common
(Pleasant Securities Co.) $285,000
Nalley's, Inc.____Debentures
(Dean Witter & Co.) $1,000,000
Newark Electronics Corp.____Common
(H. M. Byllesby & Co., Inc.) 200,000 shares
New Jersey Natural Gas Co.____Debentures
(Offering to stockholders—underwritten by Allen & Co.) $3,830,000
Ott Chemical Co.____Debentures
(Offering to stockholders—underwritten by H. M. Byllesby & Co., Inc.) $450,000
Pacemaker Boat Trailer Co., Inc.____Common
(Jacey Securities Co. and First City Securities, Inc.) $300,000
Pacific Vegetable Oil Corp.____Debentures
(Dean Witter & Co. and Hooker & Fay, Inc.) $2,500,000
Premier Industrial Corp.____Common
(A. G. Becker & Co., Inc.) 212,500 shares
Radiant Lamp Corp.____Class A
(Amos Treat & Co., Inc.) $600,000
Raymond Corp.____Common
(George D. B. Bonbright & Co.) $300,000
Ritter Finance Co., Inc.____Debentures
(Stroud & Co., Inc.) $1,500,000
Schaevitz Engineering____Common
(Woodcock, Moyer, Fricke & French, Inc.) $300,000
Seaboard Air Line RR.____Equip. Trust Ctfs.
(Bids 12 noon EDT) $6,720,000
Seaboard Plywood & Lumber Corp.____Debentures
(Peter Morgan & Co.) $300,000
Seaboard Plywood & Lumber Corp.____Common
(Peter Morgan & Co.) 30,000 shares
Southern Nevada Telephone Co.____Preferred
(Dean Witter & Co.) 100,000 shares
Spartans Industries, Inc.____Common
(Shearson, Hammill & Co. and J. C. Bradford & Co.) 120,000 shares
Straza Industries____Capital
(J. A. Hogle & Co.) 230,000 shares
Sun Finance & Loan Co.____Debentures
(Security Associates, Inc.) $300,000
Teletray Electronic Systems, Inc.____Common
(Miller & Co., Inc.) $450,000
Thermal Industries of Florida, Inc.____Common
(Peter Morgan & Co.) $720,000
Uris Buildings Corp.____Debentures
(Kuhn, Loeb & Co.) $20,000,000
Uris Buildings Corp.____Common
(Kuhn, Loeb & Co.) 400,000 shares
Weldotron Corp.____Common
(Arnold Malkan & Co., Inc. and Street & Co., Inc.) $199,998
Wells Industries Corp.____Common
(A. T. Brod & Co.) 300,000 shares
Wolverine Shoe & Tanning Corp.____Common
(A. G. Becker & Co., Inc.) 100,000 shares

May 3 (Tuesday)

American Telemail Service, Inc.____Common
(Edgar B. Hunt Co.) $1,500,000
Columbia Gas System, Inc.____Common
(Bids 3:45 p.m. EDST) 1,400,000 shares
Monarch Tile Manufacturing, Inc.____Common
(Rauscher, Pierce & Co., Inc.) 58,337 shares
Union Financial Corp.____Common
(White, Weld & Co.; The Ohio Co. and Sanders & Co.) 325,000 shares

May 4 (Wednesday)

Chicago, Milwaukee, St. Paul & Pacific RR.____Equip. Trust Ctfs.
(Bids 1 p.m. EDT) $4,650,000
Mays (J. W.), Inc.____Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 317,500 shares

May 5 (Thursday)

All-State Properties, Inc.____Capital
(Offering to stockholders—underwritten by Bear, Stearns & Co. and Allen & Co.) 870,132 shares
American Bowling Enterprises, Inc.____Common
(Myron A. Lomasney & Co.) 100,000 shares
American Bowling Enterprises, Inc.____Warrants
(Myron A. Lomasney & Co.) 100,000 warrants
General Shale Products Corp.____Common
(Equitable Securities Corp.) 220,605 shares

May 6 (Friday)

Maryland Credit Finance Corp.____Common
(Alex Brown & Sons) 28,250 shares

May 9 (Monday)

Alterman-Big Apple, Inc.____Common
(Van Alstyne, Noel & Co.) $7,259,580
Automation Systems, Inc.____Common
(B. Fennekohl & Co., Inc.) $150,000
Cabana Pools, Inc.____Common
(Mandell & Kahn, Inc.) $300,000
Circuitronics, Inc.____Common
(Lloyd, Miller & Co.) $300,000
Crawford Corp.____Common
(A. G. Becker & Co., Inc.) 200,000 shares
Deltown Foods, Inc.____Common
(A. G. Becker & Co., Inc.) 115,000 shares
Durox of Minnesota, Inc.____Bonds
(Irving J. Rice & Co., Inc. and M. H. Bishop & Co.) $650,000
Durox of Minnesota, Inc.____Common
(Irving J. Rice & Co., Inc. and M. H. Bishop & Co.) 120,000 shares
Dworman Corp.____Common
(Charles Plohn & Co.) $3,000,000
Dynamic Films, Inc.____Common
(Morris Cohon & Co.) $300,000
Electrada Corp.____Common
(Bache & Co.) 400,000 shares
Englehard Industries, Inc.____Common
(Dillon, Read & Co., Inc. and Lazard Freres & Co.) 400,000 shares
Ets-Hokin & Galvan, Inc.____Common
(Van Alstyne, Noel & Co.) $1,325,000
Federal Steel Corp.____Common
(Westheimer & Co.) $295,000
First National Realty & Construction Corp.____Pfd.
(H. Hentz & Co.) 150,000 shares
First National Realty & Construction Corp.__Com.
(H. Hentz & Co.) 150,000 shares
First National Realty & Construction Corp.__War.
(H. Hentz & Co.) 150,000
Forest City Enterprises, Inc.____Common
(Bache & Co.) 450,000 shares
Friendly Frost Inc.____Common
(No underwriting) $1,125,000
FXR, Inc.____Debentures
(C. E. Unterberg, Towbin Co.) $2,000,000
Gem International, Inc.____Common
(Bosworth, Sullivan & Co., Inc. and Scherck, Richter Co.) 150,000 shares
Growth Capital, Inc.____Common
(McDonald & Co. and Paine, Webber, Jackson & Curtis) $10,000,000
Integrand Corp.____Common
(Palombi Securities Co., Inc.) $$340,000
Keystone Electronics Co., Inc.____Common
(J. A. Winston & Co., Inc. and Netherlands Securities, Inc.) $600,000
Litecraft Industries, Ltd.____Debentures
(P. W. Brooks & Co.) $750,000
National Lawn Service Corp.____Common
(Fund Planning Inc.) $300,000
Marquette Corp.____Common
(Carl M. Loeb, Rhoades & Co. and Piper, Jaffray & Hopwood) 461,431 shares
OK Rubber Welders, Inc.____Common
(Bosworth, Sullivan & Co., Inc.) 50,000 shares
Otarion Listener Corp.____Common
(D. A. Lomasney & Co.) $567,000
Pennsylvania Electric Co.____Bonds
(Bids 12 noon EDST) $12,000,000
Pyramid Mouldings, Inc.____Common
(A. C. Allyn & Co., Inc. and Shillinglaw, Bolger & Co.) $1,738 000
Reliance Manufacturing Co.____Common
(Glore, Forgan & Co.) 150,000 shares
Renner, Inc.____Common
(Stroud & Co., Inc.) $300,000
Spring Street Capital Co.____Common
(William R. Staats & Co.) 3,000 shares
Squan Marina, Inc.____Common
(B. Fennekohl & Co.) $300,000
Superior Electric Co.____Common
(Lee Higginson Corp.) 150,000 shares
Telectro Industries Corp.____Debentures
(Milton D. Blauner & Co., Inc.) $1,000,000
Teleregister Corp.____Debentures
(Ladenburg, Thalmann & Co., Bear, Stearns & Co. and Sutro Bros.) $6,000,000
Teleregister Corp.____Common
(Ladenburg, Thalmann & Co., Bear, Stearns & Co. and Sutro Bros.) 240,000 shares
United States Boat Corp.____Common
(Richard Bruce & Co., Inc.) $700,000

Uranium Reduction Co.________________Common
(A. C. Allyn & Co., Inc.) 200,000 shares
Vector Manufacturing Co., Inc.__________Common
(Paine, Webber, Jackson & Curtis) 250,000 shares
Yale Express System, Inc.______________Class A
(Michael G. Kletz & Co., Inc.) $1,650,000
Zero Manufacturing Co.________________Common
(Shields & Co.) 200,000 shares

May 10 (Tuesday)

Chemical Packaging Co., Inc.____________Common
(Mainland Securities Corp. and Jeffrey-Robert Corp.) $287,500
Dial Finance Co.______________________Common
(White, Weld & Co., Inc.) 300,000 shares
General American Transportation Corp.
Equip. Trust Ctfs.
(Kuhn, Loeb & Co.) $30,000,000
Goelet Corp.________________________Debentures
(Ross, Lyon & Co., Inc. and Globus, Inc.) $700,000
Goelet Corp.________________________Common
(Ross, Lyon & Co., Inc. and Globus, Inc.) 70,000 shares
Goelet Corp.________________________Warrants
(Ross, Lyon & Co., Inc. and Globus, Inc.) 35,000
National Packaging Corp.______________Common
(No underwriting) $360,000
New Jersey Aluminum Extrusion Co, Inc.__Capital
(Laird & Co. Corp.) 110,000 shares
Vulcatron Corp.______________________Common
(P. de Rensis & Co., Inc.) $300,000
Wisconsin Telephone Co.______________Debentures
(Bids 11:00 a.m. DST) $20,000,000

May 12 (Thursday)

California Electric Power Co.______________Bonds
(Bids 9 a.m. PST) $12,000,000

May 13 (Friday)

Moore-McCormack Lines, Inc._______________Bonds
(Kuhn, Loeb & Co. and Lehman Brothers) $10,000,000

May 16 (Monday)

American Stereophonic Corp.____________Common
(D. H. Victor & Co., Inc.) $100,000
Audion-Emenee Corp.__________________Common
(Pistell, Schroeder & Co., Inc. and Bertner Bros.) 100,000 shares
Bevis Shell Homes, Inc._______________Debentures
(Bell & Hough, Inc. and G. H. Walker & Co.) $1,600,000
Bevis Shell Homes,, Inc.________________Common
(Bell & Hough, Inc. and G. H. Walker & Co.) 1,000,000 shares
Brush Beryllium Co.____________________Common
(Kuhn, Loeb & Co. and McDonald & Co.) 410,206 shares
Custom Craft Marine Co., Inc.____________Common
(R. A. Holman & Co., Inc.) $255,000
Dymo Industries, Inc.____________________Capital
(William R. Staats & Co.) 150,000 shares
Electronic Assistance Corp.______________Common
(Amos Treat & Co., Inc.) 152,698 shares
Farrington Manufacturing Co.__________Debentures
(Cyrus J. Lawrence & Sons and Brawley, Cathers & Co.) $6,000,000
Founders Mutual Depositor Corp.__________Common
(Hecker & Co.) $292,500
Great American Realty Corp.____________Debentures
(Louis L. Rogers Co. and Hilton Securities, Inc.) $2,000,000
Great American Realty Corp.______________Class A
(No underwriting) 110,000 shares
Hamilton Management Corp._____________Common
(Kidder, Peabody & Co.) 320,000 shares
Hampshire Gardens Associates_______________Units
(B. C. Morton & Co., Inc.) $376,000
Hydra-Power Corp.___________________Debentures
(Aetna Securities Corp. and D. Gleich Co.) $600,000
I C Inc.______________________________Common
(Purvis & Co. and Amos C. Sudler & Co.) $1,500,000
Kenrich Petrochemicals, Inc._____________Common
(First Philadelphia Corp.) $192,500
Kenrich Petrochemicals, Inc.__________Debentures
(First Philadelphia Corp.) $175,000
Lite-Vent Industries, Inc.________________Common
(Peter Morgan & Co.) $520,000
Magnin (Joseph) Co., Inc.______________Debentures
(F. S. Smithers & Co.) $1,250,000
Magnin (Joseph) Co., Inc.________________Common
(F. S. Smithers & Co.) 78,000 shares
Medallion Pictures Corp._______________Debentures
(Hancock Securities Corp.) $300,000
Missile Electronics, Inc.__________________Common
(Pleasant Securities Co.) $643,500
Mister Service, Inc.______________________Common
(Jacey Securities Co.) $160,000
Pendleton Tool Industries, Inc.___________Common
(Kidder, Peabody & Co. and McDonald & Co.) 50,000 shares

Rajac Self-Service, Inc.__________________Common
(Walter R. Blaha & Co., Inc.) $300,000
Simmonds Precision Products, Inc.________Common
(Shearson, Hammill & Co.) 112,500 shares
Sire Plan of Normandy Isle, Inc.________Debentures
(Sire Plan Portfolios, Inc.) $225,000
Sire Plan of Normandy Isle, Inc.__________Preferred
(Sire Plan Portfolios, Inc.) 4,500 shares
Service Instrument Corp.________________Common
(Pearson, Murphy & Co., Inc.) $300,000
Smilen Food Stores, Inc.________________Common
(Federman, Stonehill & Co.) 200,000 shares
Telecomputing Corp.____________________Common
(Dean Witter & Co.) 100,000 shares
United Components, Inc._________________Common
(Darius, Inc.) 110,000 shares
United Financial Corp. of California____Debentures
(Lehman Brothers) $6,000,000
United Financial Corp. of California_________Capital
(Lehman Brothers) 120,000 shares
Viewlex, Inc._____________________________Class A
(Stanley Heller & Co.) $800,000

May 17 (Tuesday)

Milwaukee Gas Light Co.___________________Bonds
(Bids 11 a.m. EDT) $22,000,000

May 18 (Wednesday)

General Atronics Corp.____________________Common
(Harrison & Co.) $544,810

May 19 (Thursday)

Harburton Financial Corp.________________Common
(Simmons, Rubin & Co., Inc.) $298,500

May 23 (Monday)

Aero Industries, Inc._____________________Common
(Myron A. Lomasney & Co.) $825,000
American International Aluminum Corp.__Common
(Hardy & Co. and Filor, Bullard & Smyth) 400,000 shares
Anken Chemical & Film Corp.______________Common
(Offering to stockholders—underwritten by R. W. Pressprich & Co. and Riter & Co.) 145,703 shares
Deluxe Aluminum Products, Inc.__________Common
(R. A. Holman & Co., Inc.) $350,000
Deluxe Aluminum Products, Inc.________Debentures
(R. A. Holman & Co., Inc.) $330,000
Figurette, Ltd.____________________________Common
(Myron A. Lomasney & Co.) $600,000
Florida Builders, Inc.______________________Common
(Jaffee & Co.) 80,000 shares
General Aeromation, Inc.__________________Common
(Westheimer & Co.) $253,350
Glass Magic Boats, Inc.____________________Common
(R. A. Holman & Co., Inc.) 68,000 shares
Glass Magic Boats, Inc.________________Debentures
(R. A. Holman & Co., Inc.) $51,000
Hudson Vitamin Products, Inc.____________Common
(Bear, Stearns & Co.) 212,500 shares
Miller & Van Winkle Co.___________________Class A
(Whitmore, Bruce & Co.) $225,000
Obear-Nester Glass Co.___________________Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 210,045 shares
Pacific Panel Co.__________________________Common
(Frank Karasik & Co., Inc.) $450,000
Piper Aircraft Corp._______________________Common
(The First Boston Corp.) 100,000 shares
Precision Circuits, Inc.____________________Common
(Myron A. Lomasney & Co.) 37,500 shares
Precision Circuits, Inc.________________Debentures
(Myron A. Lomasney & Co.) $250,000
Security Industrial Loan Association__Debentures
(Lee Higginson Corp.) $500,000
Security Industrial Loan Association____Common
(Lee Higginson Corp.) 50,000 shares
Sierra Electric Corp.______________________Common
(Marron, Sloss & Co., Inc.) $900,000
Trans Tech Systems, Inc.__________________Common
(Myron A. Lomasney & Co.) $650,000

May 24 (Tuesday)

Arizona Public Service Co._________________Common
(Offering to stockholders—underwritten by The First Boston Corp. and Blyth & Co., Inc.) 333,400 shares
Food Fair Stores, Inc._____________________Common
(Eastman Dillon, Union Securities & Co. and A. M. Kidder & Co.) 168,833 shares
Jersey Central Power & Light Co.____________Bonds
(Bids 11:00 a.m. N. Y. time) $7,000,000

May 25 (Wednesday)

Missouri Pacific RR.____________Equip. Trust Ctfs.
(Bids to be invited) $3,975,000

May 26 (Thursday)

Dynex, Inc._______________________________Common
(Myron A. Lomasney & Co.) 54,000 shares

May 27 (Friday)

North Central Co.__________________________Common
(No underwriting) 420,945 shares

May 31 (Tuesday)

Continental Capital Corp.___________________Capital
(McDonnell & Co.) $3,290,000
Elco Corp.________________________________Common
(S. D. Fuller & Co.) 87,809 shares
Elco Corp.________________________________Warrants
(S. D. Fuller & Co.) 82,065
Elco Corp._____________________________Debentures
(S. D. Fuller & Co.) $1,000,000
Futterman Corp.___________________________Class A
(Reynolds & Co.) 660,000 shares
Harvey Aluminum, Inc.____________________Common
(Kuhn, Loeb & Co. and Tucker, Anthony & R. L. Day) 750,000 shares
Henderson's Portion Pak, Inc.______________Common
(Burnham & Co.) 200,000 shares
Mattel, Inc.________________________________Common
(Bache & Co.) 300,000 shares
Pacific Coast Properties, Inc. Common
(Bear, Stearns & Co.) 1,692,466 shares
Patrick County Canning Co., Inc.__________Common
(G. Everett Parks & Co., Inc.) $420,000
Reeves Broadcasting & Development Corp.____Com.
(Laird & Co. Corp.) $2,336,960
Swimming Pool Development Co., Inc.____Common
(Marron, Sloss & Co., Inc.) $1,250,000
Wallace Properties, Inc.____________________Common
(Harriman Ripley & Co., Inc.) 360,000 shares
Wallace Properties, Inc.________________Debentures
(Harriman Ripley & Co., Inc.) $12,000,000
Waltham Precision Instrument Co., Inc.__Common
(Offering to stockholders—underwritten by Schweickart & Co.) 700,000 shares

June 1 (Wednesday)

Michigan Wisconsin Pipe Line Co.____________Bonds
(Bids to be invited) $30,000,000
Southwest Indemnity & Life Insurance Co.____Com.
(Offering to stockholders—no underwriting) 238,590 shares

June 2 (Thursday)

Southern Electric Generating Co.____________Bonds
(Bids to be invited) $40,000,000

June 6 (Monday)

Chemtree Corp.____________________________Common
(Havener Securities Corp.) $262,750

June 7 (Tuesday)

Northwestern Bell Telephone Co._______Debentures
(Bids to be invited) $45,000,000
Washington Gas Light Co.____________________Bonds
(Bids 11:30 a.m. EDT) $12,000,000

July 7 (Thursday)

Gulf Power Co.______________________________Preferred
(Bids to be invited) $5,000,000
Gulf Power Co.________________________________Bonds
(Bids to be invited) $5,000,000

July 13 (Wednesday)

Northern Illinois Gas Co._____________________Bonds
(Bids to be invited) $25,000,000

June 14 (Tuesday)

Consolidated Edison Co. of New York_______Bonds
(Bids to be received) $50,000,000

June 20 (Monday)

Gulf States Utilities Co.______________________Bonds
(Bids to be invited) $17,000,000
Laboratory For Electronics, Inc.__________Common
(Offering to stockholders—underwritten by Paine, Webber, Jackson & Curtis) 100,000 shares

July 19 (Tuesday)

New Jersey Power & Light Co.________________Bonds
(Bids to be invited) $6,000,000

August 9 (Tuesday)

Southwestern Bell Telephone Co.______Debentures
(Bids to be invited) $100,000,000

September 13 (Tuesday)

Virginia Electric & Power Co.________________Bonds
(Bids to be invited) $25,000,000

September 27 (Tuesday)

Indianapolis Power & Light Co._______________Bonds
(Bids to be invited) $12,000,000

October 18 (Tuesday)

Louisville Gas & Electric Co._________________Bonds
(Bids to be invited) $16,000,000

November 3 (Thursday)

Georgia Power Co.____________________________Bonds
(Bids to be invited) $12 000 000

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nishings and for working capital. **Office**—3267 Southeast Hawthorne Boulevard, Portland, Ore. **Underwriter**—Jerry A. Barfoot, Portland, Ore.

American Frontier Life Insurance Co. (5/2-6)
Nov. 30 filed 200,000 shares of capital stock. **Price**—$8 per share. **Proceeds**—To increase capital and surplus. **Office**—1455 Union Ave., Memphis, Tenn. **Underwriter**—Union Securities Investment Co., also of Memphis, which will receive a selling commission of $1.20 per share.

● **American International Aluminum Corp. (5/23-27)**
April 13 filed 400,000 shares of common stock (par 25c). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes and working capital. **Office**—4851 N. W. 36th Ave., Miami, Fla. **Underwriters**—Hardy & Co. and Filor, Bullard & Smyth, both of New York.

● **American Penn Life Insurance Co. (5/2-10)**
March 30 filed registration of 127,500 shares of capital stock (par $10) to be offered for subscription by stockholders of record on April 28, 1960 with rights to expire 30 days from offering date. Subscription rate on 105,000 shares of the stock will be three additional shares for each one share held. Of the remaining 22,500 shares the offering will be on the basis of nine shares for each 14 shares held, and all unsold shares of this block will be offered under warrants granted in accordance with the company's Agent's Stock Option Plan. **Price**—$28 per share. **Proceeds**—To increase capital and surplus. **Office**—203 S. 15th St., Philadelphia, Pa. **Underwriter**—None.

American & St. Lawrence Seaway Land Co.
Jan. 27 filed 538,000 shares of common stock, of which 350,000 shares are to be publicly offered. **Price**—$3 per share. **Proceeds**—To pay off mortgages, develop and improve properties, and acquire additional real estate. **Office**—60 E. 42nd St., New York City. **Underwriter**—A. J. Gabriel Co., Inc., New York City.

American Security Corp. (5/2-6)
March 28 filed 100,000 shares of capital stock (par $2). The company is an affiliate of American Security & Trust Co. by reason of the fact that each of their stockholders owns the same number of outstanding shares of each entity. It is proposed to offer the 100,000 shares of American Security stock and a like number of shares of the $10 par capital stock of the Trust Company in units of one share of stock of each issuer; and the units are to be offered for subscription by stockholders of each issuer at the rate of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—American Security will use its proceeds in part to repay current indebtedness incurred incident to the purchase of the non-banking assets of The City Bank of Washington, with the balance added to working capital for general corporate purposes. **Office**—734 15th Street, N. W., Washington, D. C. **Underwriters**—Alex Brown & Sons, Baltimore, Md.; Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc. and Johnston Lemon & Co., Washington, D. C.; and Kidder, Peabody & Co., New York.

American Stereophonic Corp. (5/16-20)
April 11 (letter of notification) 50,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—17 W. 60th St., New York, N. Y. **Underwriter**—D. H. Victor & Co., Inc., New York, N. Y.

● **American Telemail Service, Inc. (5/3)**
Dec. 8 filed 375,000 shares of common stock. **Price**—$4.00 per share. **Proceeds**—For establishing airmail facilities

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at airports. **Office**—518 Felt Bldg., Salt Lake City, Utah. **Underwriter**—Edgar B. Hunt Co., New York City.

Anken Chemical & Film Corp. (5/23)
April 7 filed 145,703 shares of common stock (par 20 cents), to be offered for subscription by holders of outstanding common stock at the rate of one new share for each six shares held. **Price**—To be supplied by amendment. **Proceeds**—$1,950,000 will be applied toward the purchase of certain properties and assets of the Sperry Rand Corp.; $140,000 will be used to retire short-term bank loans; and the balance for general corporate purposes. **Office**—1 Hicks Ave., Newton, N. J. **Underwriters**—R. W. Pressprich & Co. and Riter & Co., both of New York.

★ **Arizona Public Service Co. (5/24)**
April 22 filed 333,400 shares of common stock (par $5), to be offered to holders of the company's currently outstanding common stock at the rate of one new share for each 10 shares held of record May 24, 1960. **Price**—To be supplied by amendment. **Proceeds**—For construction purposes and payment of loans incurred for such purposes. **Office** — 501 South 3rd Avenue, Phoenix, Ariz. **Underwriters**—The First Boston Corp. and Blyth & Co., Inc., both of New York.

● **Audion-Emenee Corp. (5/16)**
March 29 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office**—New York City. **Underwriters**—Pistell, Schroeder & Co., Inc., and Bertner Bros., both of New York City.

Automation Systems, Inc. (5/9-13)
Feb. 12 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—150-34 12th Avenue, Whitestone 57, N. Y. **Underwriter**—B. Fennekohl & Co., Inc., New York, N. Y.

● **Aviation Employees Corp. (5/2-6)**
Feb. 8 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—Together with other funds, will be invested in the shares of the company's three subsidiaries; for general corporate purposes; and the remaining balance will be used from time to time for the purchase of all or a substantial interest in or the formation of one or more other companies engaged in the business of insurance or finance or to further supplement the funds of the three subsidiaries. **Office**—930 Tower Bldg., Washington, D. C. **Underwriters**—G. J. Mitchell Jr. Co., Washington, D. C.; and Ralph B. Leonard & Sons, Inc., of New York City.

★ **Baltimore Gas & Electric Co.**
April 22 filed 100,000 shares of common stock, to be offered under the company's Employees Stock Purchase Plan of 1960. **Office** — Lexington Building, Baltimore, Maryland.

● **Baltimore Paint & Chemical Corp. (5/2)**
Jan. 22 filed (a) $750,000 of sinking fund debentures, 6½ series, due 1975 with eight-year warrants for the purchase of 30,000 (par 50 cents) common shares (par 50 cents), at the rate of 40 shares for each $1,000 of debentures; and 20 shares for each $500 of debentures. (b) 90,000 shares of 6½% cumulative convertible first preferred stock (par $20) and (c) 85,000 shares of common stock (par 50 cents). **Price**—For the debentures, at par; for the preferred, $20 per share. **Proceeds**—For general corporate purposes including repayment of loan, purchase of land, construction, purchase of machinery and equipment, and for working capital. **Office**—2325 Annapolis Ave., Baltimore, Md. **Underwriter** — P. W. Brooks & Co., New York City.

Beltone Recording Corp.
Feb. 29 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—4 W. 31st Street, New York 1, N. Y. **Underwriter**—A. J. Gabriel Co., Inc., New York, N. Y.

Bevis Shell Homes, Inc. (5/16)
March 30 filed $1,600,000 of 9% subordinated sinking fund debentures due 1985 and 1,000,000 shares of common stock, to be offered for public sale in units (200,000), at $15.50 per unit, each unit to consist of five common shares, one $8 par debenture, and warrants for the purchase of two additional units of one common share and one $8 debenture at $9.50 per unit. **Proceeds**—$2,000,000 will be used to increase the company's holdings of mortgages placed on the shell homes it sells; and $1,600,000 to be used to increase its holding of mortgages will be placed in escrow for that purpose; and the balance for general corporate purposes. **Office**—Tampa, Fla. **Underwriters**—G. H. Walker & Co., New York City and Beil & Hough, Inc. of St. Petersburg, Fla., as co-managers.

★ **Big Bend Mining Co.**
April 11 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—1518 W. Shore Drive, Loveland, Colo. **Underwriter**—None.

Big Laurel, Inc. (5/2-6)
March 22 filed 400,000 shares of 7% cumulative preferred stock (par $2.80) and 400,000 shares of common stock (par 10 cents), to be offered in units of one share of preferred and one share of common. **Price**—$3 per unit. **Proceeds**—To develop a resort community and for working capital. **Office**—Bryson City, N. C. **Underwriters**—Pearson, Murphy & Co., Inc., New York City, and Mackay & Co., Reading Pa.

Birtcher Corp.
March 29 filed $500,000 of 6% convertible subordinated debentures, due April 30, 1975. **Price**—At par. **Proceeds**—To pay bank loans incurred to augment working capital. **Office** — Los Angeles, Calif. **Underwriter** — Quincy Cass Associates, Los Angeles, Calif.

● **Bowers Battery & Spark Plug Co.**
March 29 filed 280,000 shares of common stock (no par), of which 250,000 shares will be offered for public sale at $6 per share and 30,000 shares will be offered to selected employees at $5.40 per share. **Proceeds** — Between $200,000 and $300,000 is expected to be expended before 1961 for starting up costs, including initial rents of the new plant in the southeastern portion of the United States which it hopes to obtain and open before the end of the year; an additional $250,000 is expected to be expended either by the company or through its subsidiaries for the improvement of certain of its manufacturing facilities, such as additional mechanization and material control handling and for experimental work in connection with beryllium; and the balance of the proceeds will be added to the company's general funds. **Office**—Reading, Pa. **Underwriter** — Dempsey-Tegeler & Co., St. Louis and New York. **Offering** — Expected in mid-May.

Brush Beryllium Co. (5/16-20)
April 11 filed 410,206 shares of common stock, of which 260,000 shares are to be offered for the account of the issuing company and 150,206 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds** — For expansion. **Office**—Cleveland, Ohio. **Underwriters**—Kuhn, Loeb & Co., New York City, and McDonald & Co., Cleveland.

C-E-I-R, Inc.
March 30 filed 122,000 shares of class A voting stock. The company proposes to offer this stock for subscription by holders of outstanding class A voting and class B non-voting stock, at the rate of one new share for each four shares held. **Price**—To be supplied by amendment. **Proceeds**—To be used to the extent necessary to defray the full cost of the Telecomputing Services acquisition, and the balance will be applied to "other phases of the program." **Office**—1200 Jefferson Davis Highway, Arlington, Va. **Underwriter**—To be supplied by amendment.

● **Cabana Pools, Inc. (5/9-13)**
March 31 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 640 Fifth Avenue, New York, N. Y. **Underwriter** — Mandell & Kahn, Inc., Time-Life Building, Rockefeller Center, New York, N. Y.

California Electric Power Co. (5/12)
April 5 filed $12,000,000 of first mortgage bonds, series due May 1, 1990. **Proceeds**—To discharge short-term bank loans of some $9,500,000 and for the company's construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White, Weld & Co. **Bids**—Expected to be received up to 9 a.m. (PST) on Thursday, May 12, in the offices of O'Melveny & Myers, Room 900, 433 South Spring Street, Los Angeles 13, Calif.

● **Certified Credit & Thrift Corp.**
Jan. 26 filed 250,000 shares of class A stock ($10 par) and 250,000 shares of class B stock (20c par), to be offered in units of one share of each class of stock. **Price**—$20.20 per unit. **Proceeds**—To pay mortgages. **Office**—Columbus, Ohio. **Underwriter**—Commonwealth Securities Corp., Columbus. **Offering**—Imminent.

Chemical Packaging Co., Inc. (5/10)
March 16 (letter of notification) 115,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds** — For general corporate purposes. **Office** — 755 Utica Avenue, Brooklyn, N. Y. **Underwriters**—Mainland Securities Corp., 156 N. Franklin Street, Hempstead, N. Y. and Jeffrey-Robert Corp., 382 S. Oyster Bay Road, Hicksville, L. I., N. Y.

● **Chemtree Corp. (6/6-10)**
April 19 (letter of notification) 262,750 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington 99, Del. **Underwriter**—Havener Securities Corp., New York, N. Y.

Circle-The-Sights, Inc.
March 30 filed 165,000 shares of common stock and $330,000 of debentures (10-year 8% redeemable). **Price**—For stock, $1 per share; debentures in units of $1,000 at their principal amount. **Proceeds**—For initiating sight-seeing service. **Office**—Washington, D. C. **Underwriter**—None.

● **Circuitronics, Inc. (5/9)**
Feb. 9 (letter of notification) 75,000 shares of class A common stock (par one cent). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—121 Varick Street, New York, N. Y. **Underwriter**—Lloyd, Miller & Co., 2605 Connecticut Avenue, N. W., Washington, D. C.

● **Coca-Cola Bottling Co. of New York, Inc.**
April 19 filed 298,204 outstanding shares of its common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Eastman Dillon, Union Securities & Co., New York. **Listing**—The company intends to apply for NYSE listing. **Offering**—Expected sometime in May.

● **Cold Lake Pipe Line Co., Ltd.**
Feb. 5 filed 200,000 shares of common stock. **Price**—At the market, at time of offering. **Proceeds**—For general corporate purposes. **Office**—1410 Stanley St., Montreal, Canada. **Underwriter**—Michael Fieldman, New York.

Colorado Caterers, Inc.
April 8 (letter of notification) 150,000 shares of common stock (no par). **Price** — $2 per share. **Proceeds** — For working capital. **Office**—7626 Old Georgetown Road, Bethesda, Md. **Underwriter**—E. A. Burka, Inc., Washington, D. C.

Columbia Gas System, Inc. (5/3)
March 25 filed 1,400,000 shares of common stock (par $10). **Proceeds**—Together with other available funds, including funds generated from operations during 1960 and funds to be obtained from additional financing in 1960, will be used to satisfy the demands in 1960 upon such general funds, including particularly the 1960 construction program of Columbia Gas subsidiaries. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); Morgan Stanley & Co., Lehman Brothers, Eastman Dillon, Union Securities & Co. and Goldman, Sachs & Co. (jointly). **Bids**—To be received on May 3 up to 3:45 p.m. New York Time. **Information**—On April 28 and 29, by appointment at the company's office, 120 East 42nd Street, New York.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

● **Consolidated Realty Investment Corp.**
March 11 filed 2,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—Of the proceeds, $1,226,500 will be used for the acquisition of properties, $300,000 as a reserve for development expense, and the balance for working capital and other corporate purposes. **Office**—1321 Lincoln Ave., Little Rock, Ark. **Underwriter**—The Huntley Corp. **Note**—This statement was withdrawn on April 15.

Constellation Life Insurance Co.
March 29 filed 1,350,000 shares of common stock, of which 350,000 shares will be reserved for stock options, 150,000 shares will be offered to holders of the outstanding common on a "first-come-first-served" basis at $3.25 per share, and 850,000 shares will be publicly offered. **Price**—$3.50 per share. **Proceeds**—To general funds. **Office** — Norfolk, Va. **Underwriter** — Willis, Kenny & Ayres, Inc., Richmond, Va.

● **Continental Capital Corp. (5/31-6/3)**
April 19 filed 235,000 shares of capital stock (par $10). **Price**—$14 per share. **Proceeds**—For investment in small business concerns, and to the extent necessary may use a portion thereof to retire its outstanding subordinated debenture in the amount of $150,000 held by the Small Business Administration. **Office** — 120 Montgomery Street, San Francisco, Calif. **Underwriter** — McDonnell & Co., Inc., New York.

Continental Electric Co.
Feb. 11 filed 260,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire outstanding bank loans, for expansion and development of new products, and for working capital. **Office**—715 Hamilton St., Geneva, Ill. **Underwriter**—Old Colony Investment Co., Stoneham, Mass.

★ **Continental Fund Distributors, Inc.**
April 25 filed $1,000,000 of Plans for the Accumulation of Shares of Continental Growth Fund, Inc. **Proceeds**—For investment. **Office**—366 Fifth Avenue, New York City.

★ **Cooperative Trading, Inc.**
April 13 (letter of notification) 5,000 shares of common stock. **Price** — At par ($10 per share). **Proceeds** — For working capital. **Office**—665 McAlister Avenue, Waukegan, Ill. **Underwriter**—None.

Cosmopolitan Insurance Co.
March 30 (letter of notification) 58,000 shares of capital stock (Par $1). **Price** — $5 per share. **Proceeds** — For general corporate purposes. **Office**—4620 N. Sheridan Road, Chicago, Ill. **Underwriter**—Link, Gorman, Peck & Co., Chicago, Ill.

● **Cosnat Record Distributing Corp.**
Feb. 29 (letter of notification) 75,000 shares of class A common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office**—315 W. 47th Street, New York, N. Y. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York, N. Y. **Offering**—Expected in early May.

● **Crawford Corp. (5/9-13)**
March 28 filed 200,000 shares of common stock (par $1), of which 100,000 shares are to be offered for public sale for account of issuing company and the balance, being outstanding stock, by the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To be initially added to working capital and used for general corporate purposes, including but not limited to the reduction of short-term bank loans ($5,921,872 outstanding at Dec. 31, 1959, including $5,199,800 of bank loans made directly to an unconsolidated subsidiary). It is contemplated that the additional funds will be used to acquire land for development or resale to dealers, construction loans to builder-dealers, expansion of the company's market area, and the possible manufacture and erection, in cooperation with builders, of "shell" house packages for completion by the home owner on a "do-it-yourself" basis. **Office**—7111 Florida Boulevard, Baton Rouge, La. **Underwriter**—A. G. Becker & Co., Inc., of Chicago and New York.

● **Custom Craft Marine Co., Inc. (5/16)**
March 28 (letter of notification) 85,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1700 Niagara Street, Buffalo, N. Y. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

Dalto Corp. (5/2)
March 29 filed 134,739 shares of common stock, to be offered for subscription by holders of such stock of

record May 2 at the rate of one new share for each two shares then held with rights to expire on June 3. **Price**—To be supplied by amendment. **Proceeds**—For the retirement of notes and additional working capital **Office**—Norwood, N. J. **Underwriter**—None.

Dart Drug Corp.
March 30 filed 200,000 shares of class A common stock, of which 170,000 shares are to be offered for public sale on behalf of the issuing company and 30,000 shares, being outstanding stock, on behalf of the present holders thereof. **Price**—$5 per share. **Proceeds**—For repayment of corporate indebtedness and for working capital. **Office**—5458 Third St., N. E., Washington, D. C. **Underwriter**—Hodgdon & Co., Washington, D. C.

★ Defense Electronics, Inc.
April 12 (letter of notification) 200,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—For machinery and electronic test equipment, working capital and a reserve fund. **Address**—Rockville, Md. **Underwriter**—Balogh & Co., Inc., Washington, D. C.

● Deltown Foods, Inc. (5/9-13)
March 22 filed 115,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—Yonkers, N. Y. **Underwriter**—A. G. Becker & Co., Inc., New York City.

● Deluxe Aluminum Products, Inc. (5/23)
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla. **Underwriter**— R. A. Holman & Co., Inc.

● Development Credit Corp. of Maryland
March 29 filed 2,000,000 shares of common stock. **Price**—$1.10 per share. **Proceeds** — For general corporate purposes. **Office**—22 Light St., Baltimore, Md. **Underwriter**—None.

● Dial Finance Co. (5/10)
March 25 filed 300,000 shares of common stock (no par), including 150,000 shares which are outstanding and will be offered for public sale by the holders thereof, and the remaining 150,000 will be offered for the company's account. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds and will be used initially to reduce short term debt. **Office**—207 Ninth St., Des Moines, Iowa, **Underwriter**—White, Weld & Co., Inc., New York.

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Postponed.

● Dobson Brothers Construction Co. (5/2)
March 30 (letter of notification) $300,000 of subordinated equipment notes to be offered in denominations of $1,000 each. **Price**—At par. **Proceeds**—For construction equipment; to retire equipment obligations, and for working capital. **Office**—502 First National Bank Bldg., Lincoln, Neb. **Underwriter**—First Trust Co. of Lincoln, Lincoln, Neb.

Dubois Chemicals, Inc. (5/2-6)
March 30 filed 200,000 shares of common stock (par $1) to be publicly offered and 125,000 shares issuable under the company's Restricted Stock Option Incentive Plan for key employees. **Price**—To be supplied by amendment. **Proceeds**—To reduce a bank loan in the amount of $2,681,000. **Office**—634 Broadway, Cincinnati, O. **Underwriter**—Allen & Co., New York.

● Durox of Minnesota, Inc. (5/9)
April 11 filed $650,000 of 7% first mortgage bonds and 120,000 shares of common stock (par $1). The offering will be made in units of one bond ($100 principal amount) and 20 shares of common stock or one unit of 50 bonds at principal amount plus accrued interest. **Price**—To be supplied by amendment. **Proceeds**—For additional plant and equipment and to provide working capital to commence and maintain production. **Office** — 414 Pioneer Bldg., St. Paul, Minn. **Underwriters**—Irving J. Rice & Co., Inc., St. Paul, Minn. and M. H. Bishop & Co., Minneapolis, Minn.

Dworman Corp. (5/9-13)
Jan. 15 filed 300,000 shares of common stock. **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—400 Park Avenue, New York City. **Underwriter**—Charles Plohn & Co., New York City.

Dymo Industries, Inc. (5/16-20)
April 11 filed 150,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Approximately $200,000 of the proceeds from the sale of the stock will be used for the purchase and installation of machinery and equipment in a new plant which the company is presently negotiating to lease; $400,000 will be used for the acquisition of tools, dies, jigs and fixtures; $100,000 for leasehold improvements; and the balance for working capital. **Office**—2546 Tenth St., Berkeley, Calif. **Underwriter** — William R. Staats & Co., Los Angeles, California.

Dynamic Films, Inc. (5/9-13)
March 29 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 405 Park Avenue, New York, N. Y. **Underwriter**—Morris Cohon & Co., New York, N. Y.

● Dynex, Inc. (5/26)
March 15 filed 54,000 common shares (25 cents par) and warrants for an additional 5,000 shares of this stock. The company proposes to make a public offering of 30,000 shares. Of the additional 24,000 shares, 20,000 are being issued in escrow for the account of, and may be resold by, the holders of capital stock and certain creditors of Matronics, Inc., after July 22, 1960 at the then prevailing market price; and 4,000 shares for the account of the holders of the common stock and a creditor of Optics Manufacturing Corp. The 5,000 warrants are being issued to stockholders and certain creditors of Matronics, Inc. **Price**—To be supplied by amendment. **Proceeds**—To finance the activities of the two newly-acquired concerns, to finance the starting of inventories and advertising incident to new products, to purchase additional equipment and inventory for the manufacture and production of contracts for other concerns, and to expand the scope of the company's business. **Office**—123 Eileen Way, Syosset, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

E. H. P. Corp.
Aug. 31 filed 160,000 shares of capital stock (par 10c), of which 100,000 shares are to be publicly offered. **Price**—$2.50 per share. **Proceeds** — To provide funds for the purchase of vending machines which will be used to distribute automobile breakdown insurance policies on thruways, parkways and highways in the amount of $25 of such breakdown insurance for the purchase price of 25 cents, and for a public relations and publicity program. **Office**—Hotel Troy Building, Troy, New York. **Underwriter**—John R. Boland & Co., Inc., New York.

East Alabama Express, Inc.
April 1 (letter of notification) 77,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To repay notes payable, reduce equipment purchase obligations, accounts payable and for working capital. **Office**—109 M Street, Anniston, Ala. **Underwriter**—First Investment Savings Corp., Birmingham, Ala.

★ Eastern States Oil Co.
April 14 (letter of notification) 200,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds** — For expense for developing and operating oil company property. **Office**—129 S. State Street, Dover, Del. **Underwriter**—None.

Edwards Engineering Corp.
April 8 filed 85,000 shares of common stock of which 70,000 shares are to be offered for the account of the issuing company and 15,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes including salaries, sales promotion, moving expenses, and research and development work. **Office**—715 Camp Street, New Orleans, La. **Underwriter**—Sandkuhl and Company, Inc., New York City and Newark, N. J.

★ Elco Corp. (5/31-6/3)
April 22 filed $1,000,000 of 6% convertible subordinated debentures due May 15, 1975, 82,065 common stock purchase warrants, and 87,809 shares of common stock reserved against the exercise of the warrants. **Price**—100% of principal amount plus accrued interest from May 15, 1960. **Proceeds**—For retirement of the company's indebtedness to The First Pennsylvania Banking & Trust Co., and for the purchase of machinery and equipment. **Location**—"M" Street below Erie Avenue, Philadelphia, Pa. **Underwriter**—S. D. Fuller & Co., New York.

Electrada Corp. (5/9-13)
March 29 filed 400,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For acquisitions, debt reduction, and other corporate purposes. **Office**—9744 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Bache & Co., New York.

Electronic Assistance Corp. (5/16-20)
March 17 filed 122,500 shares of common stock (par 10 cents), of which 72,500 shares are to be offered for public sale for the account of the company and the remaining 50,000 shares, now outstanding, by Robert Edwards, company president. **Price**—To be supplied by amendment. **Proceeds**—$20,000 will be used to further equip its engineering department and office, $60,000 for research and development, and $20,000 for advertising and promotion. The balance of the proceeds of approximately $594,750 will be added to working capital. **Office**—20 Bridge Ave., Red Bank, N. J. **Underwriter**—Amos Treat & Co., Inc., New York.

Englehard Industries, Inc. (5/9-13)
Mar. 30 filed 400,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$2,000,000 to reduce outstanding amount of term notes, and the balance to reduce outstanding short-term indebtedness and increase working capital. **Office**—Newark, N. J. **Underwriters** — Dillon, Read & Co. Inc., and Lazard Freres & Co., both of New York City.

● Esquire Radio & Electronics, Inc.
March 30 filed 150,000 shares of common stock (par 10c). **Price**—$5 per share. **Proceeds**—$73,000 will be used to replace funds used by company for payment of subordinated notes; $50,000 to repay short-term bank obligations; and the balance of approximately $477,000 will be added to working capital and used for general corporate purposes, including financing of finished and raw material inventory. **Office**—39 Broadway, New York. **Underwriter**—Myron A. Lomasney & Co. **Offering**—Expected sometime in June.

● Estates, Inc. (5/2-6)
Dec. 24 filed 200,000 shares of class A common stock. **Price**—$5 per share. **Proceeds**—For purchase of various properties, for development and subdivision thereof, and to meet operating expenses, salaries and other costs, but principally for the purchase and development of large tracts of land. **Office**—3636-16th Street, N. W., Washington, D. C. **Underwriter**—Consolidated Securities of Washington, D. C.

Ets-Hokin & Galvan, Inc. (5/9)
March 28 filed 250,000 shares of common stock (par $1). **Price**—$5.30 per share. **Proceeds**—To be added to company's working capital and will be used principally to reduce some $1,000,000 of its accounts payable. The balance will be used to reduce notes payable to the Bank of America National Trust & Savings Association. **Office**—551 Mission St., San Francisco, Calif. **Underwriter**—Van Alstyne, Noel & Co., New York.

FXR, Inc. (5/9-13)
March 30 filed $2,000,000 of convertible subordinated debentures, due 1970. **Price**—To be supplied by amendment. **Proceeds**—$950,000 will be used to repay short-term notes and up to $375,000 is to be invested in Micromega Corp.; the balance of the proceeds will be used to acquire new facilities, to maintain necessary inventory to meet current and anticipated sales requirements, to supplement working capital and for other general corporate purposes. **Office**—26-12 Borough Place, Woodside, N. Y. **Underwriter**—C. E. Unterberg, Towbin Co.

Family Fund Life Insurance Co.
March 30 filed 116,800 shares of common stock, to be offered for subscription by stockholders at the rate of one new share for each 5 shares held. **Price**—$9 per share; unsubscribed shares at $10.25 per share. **Proceeds**—To increase capital and surplus and expand the business. **Office**—1515 Spring St., N. W., Atlanta, Ga. **Underwriter**—J. H. Hilsman & Co., Inc., Atlanta, Ga.

Farmers' Educational & Cooperative Union of America
March 29 filed $2,500,000 of registered debentures, series D, maturing from 1969 to 1980. **Price**—To be offered in units of $100. **Proceeds**—To pay notes maturing before Dec. 31, 1963, with $1,107,000 to be contributed to surplus or loaned to subsidiaries. **Office**—Denver, Colo. **Underwriter**—None.

★ Farmers Mutual Telephone Co. of Clarinda, Iowa
April 19 (letter of notification) 2,000 shares of common stock (par $20). **Price**—$30 per share. **Proceeds**—For operation of a telephone company. **Office**—106-108 W. Chestnut Street, Clarinda, Iowa. **Underwriter**—None.

● Farrington Manufacturing Co. (5/16-20)
March 25 filed $6,000,000 of subordinated convertible debentures due 1970. **Price**—To be supplied by amendment. **Proceeds**—$2,000,000 to be applied to the payment of bank loans; $2,800,000 to the scanner program in 1960, including (a) $1,000,000 for expenditures by Farrington Electronics, Inc., a newly-formed date processing subsidiary, for inventory, 250,000 to purchase and test equipment for producting scanners and $250,000 as working capital; and (b) $1,300,000 for research and development. **Office**—77 A St., Needham, Mass. **Underwriters**—Cyrus J. Lawrence & Sons, New York City; and Brawley, Cathers & Co., Toronto, Ontario, Canada.

Federal Steel Corp. (5/9-13)
March 30 (letter of notification) 59,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For an expansion program. **Office**—3327 Elkton Ave., Dayton 3, Ohio. **Underwriter**—Westheimer & Co., Cincinnati, Ohio.

★ Federated Electronics, Inc.
April 25 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—139-14 Jamaica Avenue, Jamaica, N. Y. **Underwriter**—J. B. Coburn Associates, Inc., New York, N. Y.

Fidelity Acceptance Corp.
March 24 (letter of notification) 12,000 shares of class H 6% cumulative preferred stock. **Price**—At par (25) per share). **Proceeds**—For working capital. **Office**—820 Plymouth Bldg., Minneapolis, Minn. **Underwriter**—Ray F. Kersten, 3332 E. Orange Dr., Phoenix, Ariz.

● Figurette, Ltd. (5/23-27)
March 3 filed 100,000 shares of class A common stock, (par 50 cents) **Price**—$6 per share. **Proceeds**—For general corporate purposes. **Office**—514 N. E. 79th Street, Miami, Fla. **Underwriter**—Myron A. Lomasney & Co., New York.

● First National Realty & Construction Corp. (5/9-13)
April 25 filed 150,000 shares of cumulative preferred stock first series, $8 par, 150,000 shares of common stock, and 150,000 shares of common stock (par 10 cents). It is proposed that these securities will be offered in units, each unit consisting of one share of preferred and one share of common. **Price**—To be supplied by amendment. **Proceeds**—$257,000 will be used to repay loans made by an officer and director of the company and a corporation controlled by him to provide funds for apartment house construction; about $500,000 will be used for the repayment of a portion of bank notes; and the balance will be added to working capital for use in the acquisition of new properties and for the company's construction program. **Office** — 630 Third Avenue, New York. **Underwriter**—H. Hentz & Co., New York.

Flick-Reedy Corp.
March 14 filed $691,800 of registered subordinated debentures, 6%, due February, 1972, and 69,180 shares of common stock. The company proposes to offer these securities in units, each consisting of a $100 debenture and 10 common shares. **Price**—$115 per unit. **Proceeds**—For reduction of accounts payable and corporate indebtedness. **Office**—Bensenville, Ill. **Underwriter**—None.

● Florida Builders, Inc. (5/23-27)
Mar. 30 filed 80,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Between

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$200,000 and $250,000 will be used to establish or acquire a Federal Housing Administration approved mortgage financing and service company; $200,000 will be used to pay off bank loans; and the balance for working capital. **Office**—700 43rd St. South, St. Petersburg, Fla. **Underwriter**—Jaffee & Co., New York.

Florida Home Insurance Co.
March 30 filed 17,500 shares of common stock to be offered to holders of the company's 85,995 outstanding common shares at the rate of one share for each five shares held. Unsubscribed shares will be offered to employees and officers of the company who are stockholders without further offering of such unsubscribed shares to other stockholders of the company. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds to be held in cash or invested in securities. **Office** — 1335 Biscayne Blvd., Miami, Fla. **Underwriter**—None.

Food Fair Stores, Inc. (5/24)
April 14 filed 168,833 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—2223 Allegheny Ave., Philadelphia, Pa. **Underwriters**—Eastman Dillon, Union Securities & Co. and A. M. Kidder & Co., both of New York.

Forest City Enterprises, Inc. (5/9-13)
Mar. 29 filed 450,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans and for working capital. **Office**—17903 St. Clair Ave., Cleveland, O. **Underwriter**—Bache & Co., New York.

● **Forest Hills Country Club, Ltd. (4/29)**
Jan. 29 filed 75,000 shares of common stock (par 10¢). **Price**—$4 per share. **Proceeds**—To build a country club in Forest Hills, L. I., N. Y. **Office**—179—45 Brinckerhoff Ave., Jamaica 33, L. I., N. Y. **Underwriter**—Jerome Robbins & Co., 82 Wall St., New York City.

● **Founders Mutual Depositor Corp. (5/16-20)**
March 25 (letter of notification) 60,000 shares of common stock, class A (no par). **Price**—$4.87½ per share. **Proceeds**—To go to selling stockholders. **Office**—2401 First National Bank Bldg., Denver, Colo. **Underwriter**—Hecker & Co., Philadelphia, Pa.

★ **Franklin Corp.**
April 26 filed 1,000,000 shares of common stock (par value $1). **Price**—$10 per share. **Proceeds**—For investment. **Office** — 925 Hempstead Turnpike, Franklin Square, New York. **Underwriter**—Blair & Co. Incorporated, New York. **Offering**—Expected in early June.

● **Friendly Frost Inc. (5/9-13)**
April 5 filed 150,000 shares common stock (par 10c). An additional 96,500 shares included in the registration statement are reserved for the company's Employees' Stock Option Plan. **Price**—$7.50 per share. **Proceeds**—For repayment of bank loans, for company's expansion program, and the balance for working capital. **Office**—123 Frost Street, Westbury, L. I., N. Y. **Underwriter**—None.

Futterman Corp. (5/31-6/3)
April 1 filed 660,000 shares of class A stock. **Price**—To be supplied by amendment. **Proceeds**—For acquisition of properties. **Office**—580 Fifth Avenue, New York. **Underwriter**—Reynolds & Co., New York.

★ **Gamble Brothers**
April 14 (letter of notification) 12,500 shares of common stock (par $5) of which 11,246 shares are to be offered for subscription to stockholders of record as of April 26, 1960 on the basis of one new share for each share held. **Price**—To stockholders, $18.50 per share; to the public, $22.50 per share. **Proceeds**—For an expansion program. **Office**—4601 Allmond Avenue, Louisville, Ky. **Underwriters**—Stein Bros. & Boyce, and Bankers Bond Co., Inc., Louisville, Ky.

Gem International, Inc. (5/9-13)
Mar. 29 filed 150,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$125,000 to open, furnish and equip the new Wichita store being built for the company by others; $75,000 to open, furnish and equip the second store in St. Louis, similarly being built by others; $128,600 to purchase the assets of Embee, Inc., and Garrol, Inc., who now hold the basic lease on the premises used by the Kansas City operating company and who sublease the premises to that company: $208,000 for advance to the Honolulu subsidiary to enable it to purchase the assets of Honden, Ltd., Honla Ltd., and Dacat, Ltd., which now hold the basic leases on the store building; $105,000 for advance to Gem Stores, Inc., and Gem of St. Louis, Inc., to enable those corporations to repay loans; and the balance for general corporate purposes and as needed to expand existing facilities and to establish new locations. **Office**—418 Empire Building, Denver, Colo. **Underwriters** — Bosworth, Sullivan & Co., Inc., Denver, Colo.; and Scherck, Richter Co., St. Louis, Mo.

General Aeromation, Inc. (5/23-27)
March 3 (letter of notification) 84,450 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—For construction of additional vehicles, a demonstration and automation test center and working capital. **Office** — 6011 Montgomery Road, Cincinnati, Ohio. **Underwriter**—Westheimer & Co., Cincinnati, Ohio.

General American Transportation Corp. (5/10)
April 14 filed $30,000,000 of Equipment Trust Certificates, due May 1, 1980 (series 58). **Price**—To be supplied by amendment. **Proceeds**—To be used toward reimbursing the company's treasury for the cost (not less than $33,333,334 after adjustment for depreciation) of the cars to be subjected to the Agreement under which the certificates are to be issued. **Office**—135 South LaSalle Street, Chicago, Ill. **Underwriter**—Kuhn, Loeb & Co., New York.

General Atronics Corp. (5/18-22)
March 18 filed 155,660 shares of common stock. **Price**—$3.50 per share. **Proceeds**—$60,000 for additional laboratory and production equipment, $80,000 for additional developmental engineering and sales promotion of materials handling equipment, $80,000 for investment in Atronic Learnings Systems, Inc., $93,000 for repayment of bank loans, and $157,859 for working capital. **Office** — Bala-Cynwyd, Pa. **Underwriter** — Harrison & Co., Philadelphia, Pa.

● **General Casting Corp. (4/29)**
March 25 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1000 N. Division Street, Peekskill, N. Y. **Underwriters**—Bertner Bros. and Earl Edden Co., New York, N. Y.

General Development Corp.
March 2 filed $12,555,600 of 6% convertible subordinated debentures, due May 1, 1975, being offered for subscription by holders of the outstanding common in the ratio of $100 principal amount of debentures for each 50 shares of conmmon held of record April 19 with rights to expire on May 4 at 3:30 p.m. EDST. **Price**—100% of principal amount. **Proceeds**—For general corporate purposes. **Office**—2828 S. W. 22nd Street, Miami, Fla. **Underwriter**—Goldman, Sachs & Co., New York City, will head a group which will purchase any unsubscribed debentures.

General Shale Products Corp. (5/5-10)
March 29 filed 220,605 shares of outstanding common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Johnson City, Tenn. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

★ **Giant Land Co.**
April 15 (letter of notification) 10,000 shares of preferred stock. **Price**—At par ($25 per share). **Proceeds**—To purchase land. **Office**—15th floor Hoge Building, Seattle, Wash. **Underwriter**—None.

● **Glass Magic Boats, Inc. (5/23)**
Dec. 30 (letter of notification) $51,000 of six-year 6½% convertible debentures to be offered in denominations of $51 each. Debentures are convertible into common stock at $1.50 per share. Also, 68,000 shares of common stock (par 10 cents) to be offered in units of one $51 debenture and 68 shares of common stock. **Price**—Of debentures, at par; of stock, $102 per unit. **Proceeds**—To pay off current accounts payable; purchase of raw materials and for expansion. **Office** — 2730 Ludelle Street, Fort Worth, Texas. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y. **Note**—The name has been changed from Glass Magic, Inc.

★ **Glass Marine Industries, Inc.**
April 25 filed 200,000 shares of class A stock and 100,000 shares of common stock. The class A stock is to be offered at $2.25 per share and the common at 75 cents per share; and the class A and common shares are to be offered in units consisting of two class A and one common. **Price**—$5.25 per unit. **Proceeds**—To develop the necessary production facilities to produce the company's boats. **Office**—Humboldt, Iowa. **Underwriters**—Leason & Co., Inc., Chicago, Ill.; William B. Robinson & Co., Corsicana, Texas; and Bala William & Co., Wichita Falls, Texas.

Goelet Corp. (5/10)
March 1 filed $700,000 of 8% subordinated Installment debentures, due in March, 1970, 70,000 shares of common stock (10 cents par) and 35,000 common stock purchase warrants (exercisable at $4.30 per share until May 15, 1965), to be offered in units consisting of $100 of debentures, 10 common shares, and five warrants. **Price**—$143 per unit. **Proceeds**—To be applied toward the company's general business activities. **Office**—292 Madison Avenue, New York. **Underwriters**—Ross, Lyon & Co., Inc. and Globus, Inc., both of New York.

Gold Medal Packing Corp.
June 18 filed 572,500 shares of common stock (par one cent), and 50,000 common stock purchase warrants. Of the shares 400,000 will be sold for the account of the company; 110,000 by certain stockholders; 12,500 for the underwriter; and the remaining 50,000 shares are purchasable upon exercise of the warrants. **Price**—$1.25 per share. **Proceeds**—For repayment of debt; purchase of equipment and facilities and other general corporate purposes. **Office**—614 Broad St., Utica, N. Y. **Underwriter**—Mortimer B. Burnside & Co., New York. **Name Change**—Formerly Eastern Packing Corp. **Offering**—Indefinitely delayed.

Gorton's of Gloucester, Inc.
March 22 (letter of notification) 10,100 shares of common stock (no par). **Price**—At-the-market, estimated at $24½ per share. **Proceeds**—To go to selling stockholders. **Office**—327 Main St., Gloucester, Mass. **Underwriter**—Kidder, Peabody & Co., Inc., Boston, Mass.

Great American Realty Corp. (5/16-20)
April 8 filed $2,000,000 of 7% convertible debentures due July 1, 1975, together with 110,000 shares of outstanding class A stock. **Price**—For debentures, at 100% of principal amount. **Proceeds**—For additional working capital. **Office**—15 William St., New York. **Underwriter**—For debentures, Louis L. Rogers Co., 15 William St., New York City and Hilton Securities, Inc., 580 5th Ave., New York City.

Great Southwest Corp.
Dec. 10 filed $11,500,000 of cumulative income debentures, due Jan. 1, 1975, and 575,000 shares of common stock (par $1). Via a prospectus dated March 16, the entire offering has been reduced to 514,293 shares of common stock, of which 457,150 shares will be publicly offered and 57,143 shares will be exchanged for the issuer's 6% debentures. **Price** — To be supplied by amendment. **Proceeds** — For debt reduction and the building of a recreation park. **Office**—3417 Gillespie Street, Dallas 19, Texas. **Underwriter**—Glore, Forgan & Co., New York City. **Note**—This offering has been postponed.

Gross Furnace Manufacturing Co., Inc.
March 30 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price** — $2.50 per share. **Proceeds** — For advertising, equipment and working capital. **Office**—c/o Joseph J. Gross, 2411 Sunnybrook Road, Richmond, Va. **Underwriter**—Maryland Securities Co., Inc., Baltimore, Md.

● **Growth Capital, Inc. (5/9-13)**
April 14 filed 500,000 shares of common stock (par $1). **Price**—$20 per share. **Proceeds**—To provide investment capital and management services. **Office**—Bulkley Bldg., Cleveland, Ohio. **Underwriters**—McDonald & Co., Cleveland, Ohio and Paine, Webber, Jackson & Curtis, N. Y.

● **Gulf-Tex Development, Inc.**
March 30 filed 250,000 shares of common stock. **Price**—$5 per share. **Proceeds**—For purchase of Pelican Island; for improvements on said property; and for working capital and other general corporate purposes, including the general development of the property. **Office**—714 Rosenberg St., Galveston, Tex. **Underwriter**—Myron A. Lomasney & Co., New York. **Offering**—Expected sometime in June.

● **Hampshire Gardens Associates (5/16)**
April 1 filed $376,000 of Limited Partnership Interests, to be offered in units. **Price**—$500 per unit. **Proceeds**—For purchase of the fee title to a garden type apartment community (Hampshire Gardens) consisting of 14 buildings with a total of 134 apartments in Chillum, Md. **Office**—375 Park Avenue, New York. **Underwriter**—B. C. Morton & Company, Inc., New York.

Hamilton Management Corp. (5/16-20)
March 21 filed 320,000 shares of class A common stock, non-voting (par 10 cents). **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—777 Grant Street, Denver, Colo. **Underwriter**—Kidder, Peabody & Co., New York.

Harburton Financial Corp. (5/19)
March 21 (letter of notification) 298,500 shares of class A common stock—non voting (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—56 Beaver Street, New York 4, N. Y. **Underwriter**—Simmons, Rubin & Co., Inc., New York, N. Y.

● **Harvey Aluminum (Inc.) (5/31-6/3)**
April 21 filed 750,000 shares of class A common stock. **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—Torrance, Calif. **Underwriters**—Kuhn, Loeb & Co. and Tucker, Anthony & R. L. Day, both of New York City.

Hawley Products Co. (5/2)
Mar. 29 filed 90,000 outstanding shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—333-39 North Sixth St., St. Charles, Ill. **Underwriter**—Dean Witter & Co., Chicago and New York.

● **Henderson's Portion Pak, Inc. (5/31-6/3)**
April 18 filed 200,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—4015 Laguna Street, Coral Gables, Fla. **Underwriter**—Burnham & Co., New York.

● **Holt, Rinehart & Winston Inc. (5/2-6)**
March 29 filed 331,740 outstanding shares of its common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—New York City. **Underwriters** — Goldman, Sachs & Co., Allen & Co. and Shearson, Hammill & Co., all of New York.

● **Howe Plastics & Chemical Companies, Inc. (5/2)**
Dec. 14 (letter of notification) 60,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—125 E. 50th Street, New York, N. Y. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, N. Y.

● **Hudson Vitamin Products, Inc. (5/23-27)**
April 15 filed 212,500 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—89 Seventh Ave., New York. **Underwriter** — Bear, Stearns & Co., New York.

● **Hydra-Power Corp. (5/16-20)**
March 21 filed $600,000 of 6½% subordinated debentures, due 1970, with warrants to purchase 150 common shares for each $1,000 debenture. **Price**—100% of principal amount. **Proceeds**—$175,000 will be applied to the purchase of capital equipment, raw material and to finance work-in-process and finished products for Power-tronics Systems, Inc., a subsidiary engaged in research and development of a new line of products such as voltage regulators and regulated power companies; $225,000 to be used for similar purposes with respect to the operations of Electro-Powerpacs, Inc., a subsidiary engaged in the design and production of photographic and emergency lighting equipment; $100,000 for reduction of a portion of a $200,000 bank loan; and the balance for general corporate purposes. **Office**—10 Pine Court, New Rochelle, N. Y. **Underwriters**—Aetna Securities Corp. and D. Gleich Co., both of New York.

I C Inc. (5/16-20)
June 29 filed 600,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo.

● Industrial Rayon Corp.
April 19 filed 1,687,298 shares of common stock, to be used in connection with the merger into ILR of Texas Butadiene & Chemical Corp. **Office**—Cleveland, Ohio. **Note**—The merger is being challenged.

Insured Mortgages of America, Inc.
March 14 filed $1,000,000 of 5½% collateral trust bonds. **Price**—At 100% of principal amount. **Proceeds**—To repay temporary bank loans and to purchase additional insured mortgage loans, and for other corporate purposes. **Office**—575 Colman Bldg., Seattle, Wash. **Underwriter**—None.

● Integrand Corp. (5/9)
Oct. 13 filed 85,000 shares of common stock (par five cents). **Price**—$4 per share. **Proceeds**—To establish and equip a plant for the manufacture of the company's "hi fi" systems in or near San Francisco; for development of allied devices; and for working capital. **Office**—622 Main St., Westbury, N. Y. **Underwriter**—Palombi Securities Co., Inc., New York. **Note**—This issue was originally registered with DiRoma, Alexik & Co., Springfield, Mass., as the underwriter.

★ International Properties, Inc.
April 20 filed 750,000 shares of common stock. **Price**—$1.65 per share. **Proceeds**—To meet financial and loan commitments of the company in connection with the purchase of certain property. **Office**—1487 Northwestern Bank Building, Minneapolis, Minn. **Underwriter**—Company or selected dealers.

● Ionics, Inc. (5/2-6)
March 29 filed 75,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Major portion of the net proceeds of sale of additional stock will be added to working capital to be applied toward financing an increasing volume of business and intensified sales efforts, and toward expanding and broadening research and development, including activities in the fuel cell field. The company expects to move to larger quarters near Waltham, Mass., and it estimates that requirements for new equipment and other costs, including moving expenses, will amount to at least $300,000. A portion of the proceeds of the stock sale may be applied to the cost of constructing the new building, but the company does not anticipate that in excess of $400,000 of the net proceeds of this offering will be used on a permanent basis for such purpose. **Office**—152 Sixth Street, Cambridge, Mass. **Underwriters**—Lee Higginson Corp., Shields & Co., and C. E. Unterberg, Towbin Co., all of New York.

Jersey Central Power & Light Co. (5/24)
March 24 filed $10,000,000 of first mortgage bonds due 1990. **Proceeds**—$5,800,000 will be applied to the payment of a like amount of outstanding notes and the balance to 1960 construction expenditures (or reimbursement of the company's treasury thereof). **Underwriter** — To be determined by competitive bidding. Probable bidders: Eastman Dillon, Union Securities & Co. (managing the books), Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Smith (jointly). **Bids**—Expected to be received up to 11:00 a.m. (New York Time) on May 24.

Kenrich Petrochemicals, Inc. (5/16)
March 29 filed $175,000 of 7% convertible subordinated debentures due 1970, and 55,000 shares of class A common stock. **Price**—For debentures, 100% of principal amount; and $3.50 per class A share. **Proceeds**—$10,000 will be applied towards the repayment of demand notes, $115,000 for new plant facilities and equipment; and the balance for general corporate purposes. **Office**—120 Wall St., New York. **Underwriter**—First Philadelphia Corp., New York.

● Keystone Electronics Co., Inc. (5/9-13)
Feb. 12 filed 200,000 shares of common stock. Of this stock, 133,334 shares are to be offered for public sale for the account of the company and 66,666, being outstanding stock, by the holders thereof. **Price** — $3 per share. **Proceeds**—For additional equipment and inventory; for research and development; and the balance for working capital. **Office**—65 Seventh Ave., Newark, N. J. **Underwriters**—J. A. Winston & Co., Inc. and Netherlands Securities, Inc., both of New York.

★ Laboratory for Electronics, Inc. (6/20-24)
April 20 filed a maximum of 100,000 shares of common stock, to be initially offered to its stockholders. **Price**—To be supplied by amendment. **Proceeds**—For additional working capital and expansion, and the balance if any, to reduce bank loans. **Office**—1079 Commonwealth Avenue, Boston, Mass. **Underwriter** — Paine, Webber, Jackson & Curtis, Boston and New York.

Lamour (Dorothy), Inc.
March 30 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—65 E. 55th Street, New York 22, N. Y. **Underwriter**—Investment Securities Co. of Maryland, Baltimore, Md.

★ Laurel Planning & Redevelopment Corp.
April 12 (letter of notification) 300,000 shares of common stock, class A. **Price**—At par ($1 per share). **Proceeds** — For working capital. **Office** — 912 Montrose Avenue, Laurel, Md. **Underwriter**—None.

Liberty Records, Inc.
April 1 filed 150,000 shares of common stock (par 50c). **Price**—Approximately $8.00 per share. **Proceeds**—To be added to the company's general corporate funds, substantially to meet increased demands on working capital. **Office**—6920 Sunset Boulevard, Los Angeles, Calif. **Underwriter** — Crowell, Weedon & Co., Los Angeles, Calif. **Offering**—Expected mid to late May.

Litecraft Industries, Ltd. (5/9-13)
March 29 filed $750,000 of 6¼% subordinated sinking fund debentures, due 1980, and an undetermined number of common shares, to be offered in units. **Price**—$500 per unit plus accrued interest from May 1, 1960. **Proceeds**—For general corporate purposes. **Office**—Passaic, N. J. **Underwriter**—P. W. Brooks & Co., New York.

Lite-Vent Industries, Inc. (5/16-20)
March 25 filed 100,000 shares of common stock (par $1). **Price**—$5.20 per share. **Proceeds**—To be added to company's general funds, of which $200,000 will be used for repayment of indebtedness, $45,000 to acquire additional roll forming machinery and equipment, $74,000 to repay advances by two officers, and the balance for working capital and other corporate purposes. **Office**—14637 Meyers Road, Detroit, Mich. **Underwriter**—Peter Morgan & Co., New York City.

★ Lord Baltimore Hotel Associates
April 26 filed $2,465,000 of limited partnership interests. **Office**—New York City.

Loveless Properties, Inc. (5/2-6)
Jan. 20 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To pay bills, for acquisition of Lacey Shopping Center, and for working capital. **Office**—603 Central Bldg., Seattle 4, Wash. **Underwriter** — Andersen, Randolph & Co., Inc., Seattle, Wash.

Magnasyc Corp.
Feb. 26 filed 200,000 shares of capital stock. **Price** — $5 per share. **Proceeds**—To repay interim loans up to $100,000 to Taylor & Co.; $100,000 for expansion of laboratory facilities and personnel for research and development; $100,000 to increase plant production facilities; $116,000 for tooling and production of proprietary items; $110,000 for increase of inventory; $75,000 for research and development; and $2,000 for documentary stamps; $110,000 will be added to working capital; and the remaining $88,400 is unallocated. **Office**—5546 Satsuma Ave., North Hollywood, Calif. **Underwriter**—Taylor and Company, Beverly Hills, Calif.

● Magnin (Joseph) Co., Inc. (5/16-20)
March 25 filed $1,250,000 of 15-year convertible subordinated debentures due May 1, 1975, and 78,000 shares of common stock (par $1). The debentures and 35,000 common shares are to be offered for public sale by the issuing company and the remaining 43,000 common shares by the present stockholders thereof. **Price**—To be supplied by amendment. **Proceeds**—For the purchase of the Blum's interest in Specialty Shops, Inc., and the balance for general corporate purposes. **Office**—Stockton and O'Farrell Sts., San Francisco, Calif. **Underwriter**—F. S. Smithers & Co., New York City and San Francisco.

● Majestic Specialties, Inc. (5/2-3)
March 25 filed 150,000 outstanding shares of common stock, (no par) to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—2530 Superior Avenue, Cleveland, Ohio. **Underwriter**—Hayden, Stone & Co., New York.

● Major Pool Equipment Corp.
March 21 (letter of notification) 117,000 shares of common stock. **Price**—$2.50 per share. **Proceeds**—For general corporate purposes. **Office**—South Kearny, N. J. **Underwriter** — Hill, Thompson & Co., Inc., New York. **Offering**—Expected late in May.

● Marquette Corp. (5/9-13)
March 28 filed 461,431 shares of common stock, of which 391,431 shares will be offered for public sale. The shares to be offered for public sale include 275,031 shares to be offered for the account of the company and 116,400 which are outstanding and will be offered for the account of holders thereof. The remaining 70,000 shares are to be reserved for issuance under a new stock option plan. **Price** — For public offering, to be supplied by amendment. **Proceeds**—$400,000 will be expended for the acquisition of land, construction of a new plant, and installation of machinery and equiment for the enlargement of the company's welding electrode manufacturing capacity; an additional $100,000 will be used to retire notes payable to officers; and the balance will be added to working capital and approximately $1,000,000 may be used to reduce temporarily present bank borrowings. **Office**—307 East Hennepin Avenue, Minneapolis, Minn. **Underwriters**—Carl M. Loeb, Rhoades & Co., New York; and Piper, Jaffray & Hopwood, Minneapolis, Minn.

Maryland Credit Finance Corp. (5/6)
March 29 filed 28,250 common shares, of which 25,000 shares are being sold for the account of the issuing company, and 3,250 shares are being offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For working capital and the reduction of short-term indebtedness. **Office**—Easton, Md. **Underwriter**—Alex Brown & Sons, Baltimore, Md.

● Mattel, Inc. (5/31-6/3)
April 18 filed 300,000 shares of common stock, (par $1), of which 50,000 shares are to be offered for public sale for the account of the issuing company and 250,000 shares now outstanding, by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For additional working capital. **Office**—5150 Rosecrans Avenue, Hawthorne, Calif. **Underwriter**—Bache & Co., New York.

Mays (J. W.), Inc. (5/4)
March 29 filed 317,500 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholder. **Office** — Brooklyn, N. Y. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York City.

McCormick Selph Associates, Inc.
April 15 filed 130,000 shares of capital stock, of which 100,000 shares will be offered for public sale by the issuing company and 30,000 shares, being outstanding, by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To reduce outstanding indebtedness, to reduce accounts payable, and for additional working capital. **Office**—2308 San Felipe Rd., Hollister, Calif. **Underwriter**—Wilson, Johnson & Higgins, San Francisco, Calif.

Medallion Pictures Corp. (5/16-20)
March 29 (letter of notification) $300,000 of 6½% convertible subordinated debentures due March 30, 1968. **Price**—At 100%. **Proceeds**—For general corporate purposes. **Office**—200 W. 57th Street, New York 18, N. Y. **Underwriter**—Hancock Securities Corp., New York, N. Y.

● Menu-Matics, Inc. (5/2)
March 17 (letter of notification) 285,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For additional production equipment, inventory, and for publicity, research, marketing, and additional working capital. **Office**—176 Oak St., Newton, Mass. **Underwriter**—Pleasant Securities Co., 117 Liberty St., New York, N. Y.

Metalcraft Inc.
March 28 (letter of notification) 85,700 shares of common stock (par 10 cents). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes. **Office**—8608-130th Street, Richmond Hill 18, N. Y. **Underwriters**—First Broad Street Corp.; Bruno-Lenchner Inc., Pittsburgh, Pa.; Russell & Saxe; V. S. Wickett & Co., Inc. and Street & Co., New York, N. Y.

Miami Tile & Terrazzo, Inc.
March 11 filed 125,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—$150,000 as reduction of temporary bank loans, $140,000 in reduction of accounts payable, $65,000 to repay notes and loans payable to Barney B. and Nathan S. Lee, and the balance for general corporate purposes. **Office**—6454 N. E. 4th Ave., Miami, Fla. **Underwriter** — Plymouth Bond & Share Corp., Miami, Fla.

★ Michigan Wisconsin Pipe Line Co. (6/1)
April 20 filed $30,000,000 of first mortgage pipe line bonds, series due 1980. **Proceeds**—For construction program. **Office**—500 Griswold Street, Detroit, Mich. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. **Bids**—Expected to be received up to 11 a.m. (EDST) on June 1, Suite 1730, 165 Broadway, New York. **Information Meeting**—Scheduled for 11:30 a.m. (EDST), May 31, 5th floor, 20 Exchange Place, New York City.

● Microdot Inc. (4/29)
March 11 filed 204,000 shares of capital stock (no par) of which 60,000 shares will be offered for public sale by the issuing company, and 144,000 shares are presently outstanding and will be offered for sale by the holder thereof. **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans incurred for working capital purposes in the amount of $406,000; to pay in full promissory notes held by Trustees under the will of M. H. Lewis in the amount of $78,732, and (together with a portion of the proceeds from a bank loan) for the purchase of machinery and equipment costing $200,000, for property additions and improvements, and for working capital. **Office** — 220 Pasadena Ave., South Pasadena, Calif. **Underwriter**—White, Weld & Co., Inc., Los Angeles and New York.

★ Midwestern Gas Transmission Co.
April 22 filed $60,000,000 of first mortgage pipe line bonds, series due June 1, 1980, with attached warrants for the purchase of 240,000 shares of common stock (par $5). The bonds will be offered in denominations of $1,000 with attached warrants for the purchase of four shares of common stock at $15 per share on and after Jan. 1, 1964 through Dec. 31, 1973. **Price**—To be supplied by amendment. **Proceeds** — To finance construction of two natural gas pipe line systems. **Office**—Tennessee Building, Houston, Texas. **Underwriters** — Stone & Webster Securities Corp.; White, Weld & Co., and Halsey, Stuart & Co. Inc., all of New York. **Offering**—Expected in late May.

Midwestern Indemnity Co.
March 25 (letter of notification) 15,832 shares of common stock (par $5) to be offered for subscription by stockholders of record at the close of business on March 4, 1960 in the ratio of one share for each three shares held. Offering expires on May 5, 1960. **Price**—$17 per share. **Proceeds**—For working capital. **Address**—Cincinnati, Ohio. **Underwriter**—W. D. Gradison & Co., Cincinnati, Ohio.

Miller & Van Winkle Co. (5/23-27)
April 7 (letter of notification) 75,000 shares of class A stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—155 Sherman Ave., Paterson, N. J. **Underwriter**—Whitmore, Bruce & Co., New York, N. Y.

Milwaukee Gas Light Co. (5/17)
March 25 filed $22,000,000 of first mortgage bonds, series due 1985. **Proceeds**—Together with $4,000,008 to be received from the sale of additional common stock to American Natural Gas Co. (parent) and treasury funds, will be used to pay off $11,115,000 of bank borrowings for construction purposes and to provide additional funds for current construction expenditures or reimburse the company's treasury therefor. **Office** — 626 East Wisconsin Ave., Milwaukee, Wis. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co.; Kuhn, Loeb & Co. and Blyth & Co., Inc. (jointly). **Bids**—Tentatively to be received on May 17 at 10:30 a.m. (EDST) at the offices of the American Natural Gas Co., Suite 1730, 165 Broadway, New York City. **Information Meeting**—Scheduled for May 16 at 11:00 a.m. (EDST) 18th floor, 70 Broadway, New York City.

Missile Electronics, Inc. (5/16-20)
Feb. 5 filed 214,500 shares of common stock, of which 200,000 shares will be sold for the company's account

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and the remaining 14,500 shares will be offered for the account of certain selling stockholders. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—89 West 3rd St., New York City. **Underwriter**—Pleasant Securities Co. of Newark, N. J.

Mister Service, Inc. (5/16-20)
April 11 (letter of notification) 80,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—338 Lafayette Street, Newark, N. J. **Underwriter**—Jacey Securities Co., New York, N. Y.

● **Monarch Tile Manufacturing, Inc. (5/3-4)**
March 22 filed 58,337 shares of common stock (par $5) of which 30,000 shares are to be offered for public sale in behalf of the issuing company, and the remaining 28,337 shares are to be offered for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For repayment of bank loans and for general corporate purposes. **Office**—Oakes Street at Avenue B, San Angelo, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas, Texas.

Nalley's, Inc. (5/2-6)
March 25 filed $1,000,000 of convertible subordinated debentures due April 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—$300,000 will be used for the reduction of notes payable to banks and $150,000 will be invested in subsidiaries, either as additional equity or in the form of advances, and the balance of the proceeds will be used to augment the company's working capital position. **Office**—3410 South Lawrence St., Tacoma, Wash. **Underwriter**—Dean Witter & Co., San Francisco.

★ **National Aeronautical Corp.**
April 22 filed 143,255 shares of common stock, to be offered in exchange for outstanding shares of common stock of Air-Shields, Inc., at a rate of 2.9 shares of National for one share of Air-Shields. The offer will automatically terminate if holders of less than 80% of the outstanding shares of Air-Shields accept the offer; and the company reserves the right to withdraw the offer if holders of less than 100% accept. If the acquisition of Air-Shields by National is not consummated by the exchange of shares, Air-Shields will seek stockholders' approval of a statutory merger. **Office**—Fort Washington Industrial Park, Fort Washington, Pa.

National Old Line Life Insurance Co.
April 12 filed 128,329 shares of class BB (non-voting) common stock, of which 43,329 shares are to be offered for the account of the issuing company and 80,000 shares representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office** — Little Rock, Ark. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

National Lawnservice Corp. (5/9-13)
Jan. 11 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—410 Livingston Avenue, North Babylon, N. Y. **Underwriter**—Fund Planning Inc., New York, N. Y.

National Packaging Corp. (5/10)
March 30 filed 60,000 of common capital stock (par $1). **Price**—$6 per share. **Proceeds**—To retire $87,000 of indebtedness, to purchase $18,000 of additional machinery and equipment, to set up a small plant (at cost of $28,000) on the West Coast to service the fruit tray and vegetable tray business in that area, and for working capital. **Office** — 3002 Brooklyn Ave., Fort Wayne, Ind. **Underwriter**—First Securities Corp., 212 W. Jefferson St., Ft. Wayne, Ind.

National Union Life Insurance Co.
March 29 (letter of notification) 50,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For expenses in the operation of an insurance company. **Address**—Montgomery, Ala. **Underwriter**—Frank B. Bateman, Ltd., Palm Beach, Fla.

Newark Electronics Corp. (5/2-6)
March 17 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's working capital. **Office**—223 West Madison St., Chicago, Ill. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Ill.

● **New Jersey Aluminum Extrusion Co., Inc. (5/10)**
March 10 filed 110,000 shares of class A capital stock, of which 50,000 shares will be issued by the company and 60,000 shares are outstanding and will be offered by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and be available for general corporate purposes. **Office** — New Brunswick, N. J. **Underwriter** — Laird & Company Corp., New York and Wilmington, Del.

● **New Jersey Natural Gas Co. (5/2-6)**
March 29 filed $3,830,000 of convertible debentures, series due 1970, to be offered to holders of its outstanding common stock at the rate of $4 principal amount of convertible debentures for each share held. The debentures will be sold at principal amount in denominations of $50, $100, $500, $1,000 and multiples of $1,000. **Proceeds**—To be applied to the partial payment of short-term bank loans outstanding in the amount of $5,000,000 and obtained in connection with the company's construction program. **Office** — 601 Bangs Ave., Asbury Park, N. J. **Underwriter**—Allen & Co., New York.

North Central Co. (5/27)
March 11 filed 420,945 shares of common stock (par $1). The company proposes to offer 142,860 shares for cash sale at $7 per share. Additional shares (amount unspecified) are to be offered in exchange for outstanding shares of North Central Life Insurance Co., of St. Paul. The rate of exchange is to be supplied by amendment. **Proceeds**—To be added to the general funds of the company. **Office**—335 Minnesota St., St. Paul, Minn. **Underwriter**—None.

★ **Nuclear Engineering Co., Inc.**
April 18 (letter of notification) 30,000 shares of common stock (par 33.3 cents). **Price**—$10 per share. **Proceeds**—To replace bank financing, reduce accounts payable, purchase machinery and equipment and for working capital. **Office**—65 Ray St., Pleasanton, Calif. **Underwriter**—Pacific Investment Brokers, Inc., Seattle, Wash.

● **Obear-Nester Glass Co. (5/23-27)**
April 14 filed 210,045 shares of common stock (no par). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—Broadway and 20th, East St. Louis, Ill. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Oil Shale Corp.
March 30 filed 300,000 shares of common stock, to be offered to the holders of its outstanding common stock. The subscription date and record date will be supplied by amendment. **Price**—$2.50 per share. **Proceeds**—For general corporate purposes. **Office**—9489 Dayton Way, Beverly Hills, Calif. **Underwriter**—None.

OK Rubber Welders, Inc. (5/9-13)
Mar. 29 filed 50,000 shares common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—Together with the proceeds of a $1,100,000 insurance company loan and $700,000 realized from the sale of installment notes to its wholly-owned susbidiary finance company, OK Acceptance Corp., will be used to reduce bank loans in the amount of $1,300,000; to repay other indebtedness in the amount of $228,600; and the balance of approximately $800,000 will be added to working capital. **Office**—551 Rio Grande Avenue, Littleton, Colo. **Underwriter**—Bosworth, Sullivan & Co., Inc., Denver, Colo.

★ **Old Tucson Development Co.**
April 18 (letter of notification) 80,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For construction of new facilities and working capital. **Office**—3425 E. 2nd St., Tucson, Ariz. **Underwriter**—None.

Orange & Rockland Utilities, Inc.
March 17 filed 39,165 shares of convertible cumulative preferred stock, series E, 5% (par $100) being offered for subscription by holders of its outstanding common stock of record April 14, 1960, at the rate of one share of preferred for each 50 shares of common then held; rights expire at 5:00 p.m. (EDST) on May 2. **Price**—$100 per share. **Proceeds**—To be applied to the reduction of bank notes (the proceeds of which were used for construction) and the balance will be used for further construction. **Office**—10 North Broadway, Nyack, N. Y. **Underwriter**—The First Boston Corp., New York

Otarion Listener Corp. (5/9-13)
March 28 filed 141,750 shares of common stock (par 10c). **Price**—$4 per share. **Proceeds**—Company will apply $150,000 to repay existing short-term obligations to banks; $60,000 in payment for the net assets and name of Taconic Factors, Inc. ,the stock of which is presently owned by Leland E. Rosemond, President and Board Chairman of Otarion; $100,000 for dealer and consumer advertising of the company's new model hearing aids; $40,000 for the establishment of production and sales facilities of a low-cost hearing aid in the European common market; $35,000 for research and development of subminiature products; and the balance of approximately $100,000 to be added initially to working capital and used for general corporate purposes, including financing of finished and semi-finished inventory. **Office**—Scarborough Park, Ossining, N. Y. Underwriter—D. A. Lomasney & Co., New York.

Ott Chemical Co. (5/2-6)
March 17 filed $450,000 of convertible subordinated debentures due May 1, 1970. The company proposes to offer the debentures for subscription by common stockholders of record May 1, 1960, at the rate of a $100 debenture for each 3.11 shares then held. **Price**—100% of principal amount. **Proceeds**—For retirement of a note, for additional and improvements to properties, for equipment and the balance for working capital and other purposes. **Office** — 500 Agard Road, Muskegon, Mich. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Illinois.

★ **Owens-Corning Fiberglas Corp.**
April 22 filed 15,000 shares of common stock, to be issued in connection with the company's Savings and Stock Investment Plan for eligible employees. **Office**—National Bank Bldg., Toledo, Ohio.

● **Pacemaker Boat Trailer Co., Inc. (5/2-6)**
Feb. 29 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For purchase of equipment, raw materials and working caiptal. **Office**—622 E. Glenolden Ave., Glenolden, Pa. **Underwriters**—Jacey Securities Co., and First City Securities, Inc., New York, N. Y.

● **Pacific Coast Properties, Inc. (5/31-6/3)**
April 19 filed 2,610,301 shares of common stock (par $1), of which 917,835 shares will be offered at $10 per share to the holders of Food Giant Markets, Inc. common, preferred, and employee stock options. **Price**—For remainder of offering to be supplied by amendment. **Proceeds**—$906,000 toward cost of property acquisition and the remainder for general corporate purposes. **Office**—Beverly Hills, Calif. **Underwriter**—Bear, Stearns & Co.

● **Pacific Panel Co. (5/23-27)**
Feb. 8 filed 100,000 shares of class A common stock, subsequently increased to 150,000 shares (par 50 cents). **Price**—$3. **Proceeds**—For reduction of indebtedness, for working capital; for establishment of three additional outlets and to provide additional working capital for a new subsidiary. **Office**—1212 West 26th Street, Vancouver, Wash. **Underwriter**—Frank Karasik & Co., Inc.

Pacific Vegetable Oil Corp. (5/2)
March 24 filed $2,500,000 of convertible subordinated debentures due April 1975. **Price**—To be supplied by amendment. **Proceeds**—$600,000 will be used to retire a like amount of 6¼% promissory notes; $431,250 to pay the balance of the negotiated price for the minority interest of Utah Construction & Mining Co. in Stockton Elevators, a subsidiary; and the balance for working capital. **Office**—62 Townsend St., San Francisco, Calif. **Underwriters**—Dean Witter & Co., San Francisco and New York, and Hooker & Fay, Inc., of San Francisco, Calif.

Patrick County Canning Co., Inc. (5/31-6/3)
March 25 filed 140,000 shares of common stock. **Price**—$3 per share. **Proceeds**—About $162,000 will be applied to the payment of certain indebtedness; $25,000 for additional machinery and equipment; and $118,752 for working capital, promotion and advertising. **Office**—52 Broadway, New York. **Underwriter** — G. Everett Parks & Co., Inc., New York.

Pearson Corp.
March 30 filed 50,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—$60,000 will be utilized to repay the company's indebtedness to Business Development Co. of Rhode Island; the balance will be added to working capital for general corporate purposes, principally to finance inventory and for other manufacturing costs. **Office**—1 Constitution St., Bristol, R. I. **Underwriter**—R. A. Holman & Co., Inc., New York. **Offering**—Expected in June.

Pendleton Tool Industries, Inc. (5/16-20)
March 25 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire a 5% note given to the V-T Co. in partial payment of its business and certain of its assets, and the remainder of the net proceeds will be added to working capital. **Office**—2209 Santa Fe Ave., Los Angeles, Calif. **Underwriters**—Kidder, Peabody & Co., New York; and McDonald & Co., Cleveland, Ohio.

Pennsylvania Electric Co. (5/9)
March 10 filed $12,000,000 of first mortgage bonds, due May 1, 1990. **Proceeds**—To be applied to the company's 1960 construction program, or to partially reimburse its treasury for previous expenditures for that purpose. **Office**—222 Levergood St., Johnstown, Pa. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., Eastman Dillon, Union Securities & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); The First Boston Corp.; Harriman Ripley & Co. Inc. and Blyth & Co., Inc. (jointly); Equitable Securities Corp. **Bids**—Expected May 9 at 12 noon New York time at the offices of General Public Utilities Corp., 67 Broad St., New York City. **Information Meeting** — Scheduled for May 6 between 10:00 a.m. and 12 noon.

Peoples Telephone Corp.
March 29 filed 15,250 shares of common stock (par $50) to be offered to stockholders of record on May 13, 1960, at the rate of one additional share for each two shares then held with rights to expire at 3:30 p.m. (EDT) on June 15. **Price**—$75 per share. **Proceeds**—$1,100,000 will be used to repay in part short-term bank loans of $1,600,000 incurred during 1959 to provide funds for the company's continuing program of modernization, improvement and expansion; the balance of the proceeds will be added to its general funds. **Office**—218 South Washington Street, Butler, Pa. **Underwriter**—None.

Philippine Oil Development Co., Inc.
March 30 filed 103,452,615 shares of capital stock, to be offered for subscription by stockholders at the rate of one new share for each 5½ shares held. **Price** — To be supplied by amendment. **Proceeds**—To be added to the company's working capital. **Office** — Soriano Bldg., Manila, Philippines. **Underwriter**—None.

★ **Photo-Video Electronics Corp.**
April 26 filed 125,000 shares of class B stock. **Price**—$4 per share. **Proceeds**—$100,000 for research and development, $200,000 for working capital, and the balance for sales promotion expenses. **Office** — Cedar Grove, N. J. **Underwriter**—D. F. Bernheimer & Co., Inc., New York City.

★ **Pioneer Metals, Inc.**
April 20 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—To retire outstanding bank loans, inventory purchases, expansion and for working capital. **Office**—1900 N. E. Miami Court, Miami, Fla. **Underwriter**—Hancock Securities Corp., New York, N. Y.

Piper Aircraft Corp. (5/23-27)
April 15 filed 100,000 shares of common stock, (par $1). **Price—To** be related to the current market for outstanding shares at the time of offering. **Proceeds**—To repay a $1,000,000 short-term bank loan. **Office**—820 East Bald Eagle St., Lock Haven, Pa. **Underwriter**—The First Boston Corp., New York.

Plastic & Fibers, Inc.
Jan. 18 (letter of notification) 85,714 shares of common stock (par 40 cents). **Price**—$3.50 per share. **Proceeds**—For general corporate purposes. **Office** — Whitehead Ave., South River, N. J. **Underwriter**—Arnold Malkan & Co., Inc., New York, N. Y.

● **Precision Circuits, Inc. (5/23)**
March 7 filed $250,000 of convertible subordinated debentures, due April 1, 1970, and 37,500 shares of common stock (par 20 cents) to be offered in units consisting of one $100 debenture and 15 common shares. **Price**—$150 per unit. **Proceeds**—For equipping of new facilities, and for general corporate purposes. **Office**—705 South Fulton Avenue, Mount Vernon, N. Y. **Underwriter**—Myron A. Lomasney & Co., New York.

● **Premier Industrial Corp. (5/2-6)**
March 28 filed 212,500 outstanding shares of common stock (par $1) of which 200,000 shares will be offered for public sale and 12,500 shares to employees of the company by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—4415 Euclid Avenue, Cleveland, Ohio. **Underwriter**—A. G. Becker & Co. Inc., New York and Chicago.

● **Pyramid Electric Co.**
April 1 filed 89,675 shares of common stock to be issued to holders of the company's outstanding stock purchase warrants at the rate of one share for each warrant at a price of $3.25 per share. The warrants were issued in and after May, 1954, in connection with a previous public offering and included 46,000 to the underwriter, S. D. Fuller & Co., and 46,000 to the company's officers and employees. At present there are 89,675 warrants outstanding. The warrants are exercisable until June 25, 1960. **Office**—52 Broadway, New York. **Offering**—Expected in late May.

● **Pyramid Mouldings, Inc. (5/9-13)**
March 30 filed 158,000 shares of common stock (par $1) of which 3,588 shares are to be offered for public sale by the issuing company and the balance, being outstanding stock, by present holders thereof. **Price**—$11 per share. **Proceeds**—to be added to the company's working capital and used for general corporate purposes. **Office**—5353 West Armstrong Ave., Chicago, Ill. **Underwriters**—A. C. Allyn & Co., Inc., and Shillinglaw, Bolger & Co., both of Chicago, Ill.

Radiant Lamp Corp. (5/2-6)
Feb. 10 filed 120,000 shares of class A stock. **Price**—$5 per share. **Proceeds** — To repay a bank loan, and for working capital. **Office**—300 Jelliff Ave., Newark, N. J. **Underwriter**—Amos Treat & Co., Inc., New York.

● **Rajac Self-Service, Inc. (5/16)**
March 18 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—11 E. Second Street, Mt. Vernon, N. Y. **Underwriter**—Walter R. Blaha & Co., Inc., Long Island City, N. Y.

Raymond Corp. (5/2)
March 22 (letter of notification) 15,000 shares of common stock (par $5). **Price** — $20 per share. **Proceeds** — For general corporate purposes. **Office** — Village of Greene, County of Chenango, of New York. **Underwriter**—George D. B. Bonbright & Co., Rochester, New York.

Reeves Broadcasting & Development Corp. (5/31-6/3)
March 30 filed 487,392 shares of common stock, of which 300,000 shares are to be publicly offered and 187,392 shares are to be purchased by Christiana Oil at $4.75 per share and distributed as a dividend to its 2,800 stockholders. **Price**—$5 per share. **Proceeds**—To pay a $110,000 bank note and for general corporate purposes. **Office**—304 East 44th St., New York. **Underwriter**—Laird & Co. Corp., New York.

● **Reliance Manufacturing Co. (5/9-13)**
March 28 filed 150,000 shares of common stock (par $5), of which 40,000 shares are to be offered for public sale for account of company. The remaining 110,000 shares are now outstanding and are to be offered for sale by the present holder thereof. **Price**—To be supplied by amendment. **Proceeds**—For repayment of short-term bank debt. **Office**—350 Fifth Ave., N. Y. **Underwriter**—Glore, Forgan & Co., New York.

● **Renner, Inc. (5/9-13)**
March 11 (letter of notification) 75,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For working capital. **Office** — 1530 Lombard St., Philadelphia, Pa. **Underwriter** — Stroud & Co., Inc., Philadelphia, Pa.

● **Ritter Finance Co., Inc. (5/2-9)**
March 16 filed $1,500,000 of 6½% debentures due May 1, 1975 and warrants for the purchase of 75,000 class B common shares up to April 30, 1970. It is proposed to offer these securities of public sale in units, each consisting of one $1,000 debenture and a warrant for 50 class B shares. **Price**—$1,000 per unit. **Proceeds**—To be added to the company's general funds and used initially to reduce bank loans. **Office**—Church Road and Greenwood Ave., Wyncote, Pa. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa.

Roller Derby TV, Inc.
March 30 filed 277,000 shares of common stock, of which 117,000 shares are to be offered for public sale by the issuing company, and the remaining 145,000 shares will be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes relating to the production and sales of motion picture films of the Roller Derby, and the balance for working capital. **Office**—4435 Woodley Ave., Encino, Calif. **Underwriter**—To be supplied by amendment.

● **Savannah Newspapers, Inc.**
April 20 filed 480,000 shares of common stock. **Price**—$5.25 per share in lots of 20,000 or more; otherwise $5.55 per share. **Office**—Savannah, Ga. **Underwriter**—Johnson, Lane, Space Corp., Savannah, Ga. **Offering**—Expected sometime in June.

Schaevitz Engineering (5/2-6)
March 29 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Address**—U. S. Route 130 and Schaevitz Boulevard Pennsauken Township, N. J. **Underwriter**—Woodcock, Moyer, Fricke & French, Inc., Philadelphia, Pa.

Scott Aviation Corp.
Mar. 29 filed 169,680 shares common stock (par $1), of which 62,000 shares are to be offered for public sale by issuing company and 107,680 shares, being outstanding stock, by the holders thereof. 8,000 shares are to be reserved for allotment to directors, officers and employees of the company. **Price** — To be supplied by amendment. **Proceeds**—To pay off $300,000 of bank indebtedness and for general working capital purposes. **Office**—225 Erie St., Lancaster, N. Y. **Underwriter**—The First Cleveland Corp., Cleveland, Ohio. **Offering**—Expected in mid-May.

● **Seaboard Plywood & Lumber Corp (5/2-6)**
Feb. 25 filed $300,000 of 6½% subordinated convertible debentures, due April 1, 1970, and 30,000 shares of common stock, to be offered in units, each unit consists of $500 principal amount of debentures and 50 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire a term bank loan, and for working capital. **Office**—17 Bridge St., Watertown, Mass. **Underwriter**—Peter Morgan & Co., New York.

Security Industrial Loan Association (5/23-27)
April 13 filed $500,000 of 7% convertible subordinated debentures due May 1, 1975, and 50,000 shares of common stock. **Prices**—To be supplied by amendment. **Proceeds**—To be available for loans to customers. **Office**—Central National Bank Building, Richmond, Va. **Underwriter**—Lee Higginson Corp., New York.

● **Service Instrument Corp. (5/16-20)**
March 23 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds** — For general corporate purposes. **Office** — 693 Broadway, New York, N. Y. **Underwriter** — Pearson, Murphy & Co., Inc., New York, N. Y.

Sierra Electric Corp. (5/23-27)
March 29 filed 100,000 shares of common stock, of which 80,000 shares are to be sold for the account of the issuing company and 20,000 shares are to be sold for the account of the present holder thereof. **Price**—$9 per share. **Proceeds**—To reduce bank loans and for working capital. **Office**—Gardena, Calif. **Underwriter**—Marron, Sloss & Co., Inc., New York City.

Simmonds Precision Products, Inc. (5/16)
March 30 filed 112,500 shares of common stock (par $1) constituting its first public offering, of which 100,000 shares are to be offered for public sale by the issuing company and 12,500 shares being outstanding stock, by Geoffrey R. Simmonds, president. **Price** — To be supplied by amendment. **Proceeds** — To be added to company's working capital, thereby reducing the amount of funds required to be borrowed under its revolving credit agreement and putting the company in a more favorable position to secure, through borrowings, such additional funds as may be required from time to time. **Office**—105 White Plains Rd., Tarrytown, N. Y. **Underwriter**—Shearson, Hammill & Co., New York.

Sire Plan of Normandy Isle, Inc. (5/16)
March 9 filed $225,000 of 10-year 7% debentures and 4,500 shares of $3.50 cumulative, non-callable, participating preferred stock (par $5), to be offered in units, each unit consisting of one $50 debenture and one preferred share. **Price**—$100 per unit. **Proceeds** — To finance acquisition. **Office**—Ingraham Bldg., Miami, Fla. **Underwriter**—Sire Plan Portfolios, Inc., New York.

● **Skyline Homes, Inc.**
April 15 filed 115,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's working capital and used for general corporate purposes. **Office**—2520 By-Pass Road., Elkhart, Ind. **Underwriter**—Rodman & Renshaw, Chicago, Ill. **Offering**—Expected in mid-June.

● **Smilen Food Stores, Inc. (5/16-20)**
March 25 filed in association with Heritage Industrial Corp. 200,000 shares of Smilen common (par $1) and 200,000 shares of Heritage (par $1). It is proposed to offer these securities for public sale in units, each unit consisting of one share of Smilen and one share of Heritage stock. **Price**—To be supplied by amendment. **Proceeds**—Smilen will use $95,000 of its share of the proceeds for remaining payments under a contract for purchase of two supermarkets and commissary from Windmill Food Stores, Inc.; $300,000 for inventory and supplies for the opening of three new supermarkets; $300,000 to repay bank loans; and the balance for general corporate purposes. Heritage will use its share of the stock as follows: $175,000 for construction and equipping of a supermarket in Franklin Square, L. I., to be leased to Smilen; $500,000 to purchase fixtures and equipment to be leased to Smilen for use in the three supermarkets to be constructed for Smilen by others; $25,000 to pay an indebtedness due Smilen; and the balance for general corporate purposes. **Office** — 47-02 Metropolitan Ave., Brooklyn, N. Y. **Underwriter**—Federman, Stonehill & Co., New York City.

● **Southeastern Security Insurance Co.**
March 25 filed 2,133,333 shares of common stock (par $1), of which 1,633,333 shares are to be publicly offered; $500,000 of these shares are reserved for the granting of restricted stock options to management officials and employees. **Price** — $3 per share for public offering. **Proceeds**—To increase capital and surplus. **Office**—707 Market St., Knoxville, Tenn. **Underwriter**—Lucien L. Bailey & Co., Knoxville, Tenn.

★ **Southern Electric Generating Co. (6/2)**
April 25 filed $40,000,000 of first mortgage bonds, series of 1960 due 1992. **Proceeds**—For capital expenditures. **Office**—600 North 18th Street, Birmingham, Ala. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Blyth & Co., Inc. (jointly); Morgan Stanley & Co.; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. and Drexel & Co. (jointly). **Information Meeting** — Scheduled for May 31, 1960. **Bids**—Expected to be received on June 2.

Southern Nevada Telephone Co. (5/2-6)
March 16 filed 100,000 shares of $25 par cumulative convertible preferred stock. **Price**—To be supplied by amendment. **Proceeds** — To retire some $2,000,000 of bank loans and to finance in part the company's continuing construction program. **Office**—125 Las Vegas Blvd. South, Las Vegas, Nev. **Underwriter**—Dean Witter & Co. of San Francisco and New York.

● **Southwest Forest Industries, Inc.**
Jan. 29 filed $12,000,000 of 6¼% subordinated income debentures, due Jan. 1, 1985 and 360,000 shares of common stock (par $1), to be offered in units of $100 of debentures and 3 shares of common. **Price**—To be supplied by amendment. **Proceeds**—For working capital and the construction of new plant. **Office**—444 First National Bank Building, Phoenix, Ariz. **Underwriter**—White, Weld & Co., New York City. **Offering**—Expected sometime in May.

● **Southwest Indemnity & Life Insurance Co. (6/1)**
Mar. 29 filed 238,590 shares of common stock (no par). The company proposes to offer this stock for subscription by common stockholders of record May 1, 1960, at the rate of one new share for each 2½ shares then held. Unsubscribed shares will be offered to certain persons, some of whom are directors and stockholders of the company, together with stock purchase warrants for 23,859 shares, for purchase for investment. **Price**—To be supplied by amendment. **Proceeds**—To be used for the company's general insurance business, thus enabling the company to acquire additional reinsurance agreements with other insurance companies, service such agreements and meet legal reserve requirements with respect to additional insurance in force thus acquired. **Office**—2013 Cedar Springs, Dallas, Tex. **Underwriter**—None.

Southwestern Oil Producers, Inc.
March 23 filed 700,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For the drilling of three wells and the balance for working capital. **Office**—2720 West Mockingbird Lane, Dallas.

Spartans Industries, Inc. (5/2-6)
March 31 filed 120,000 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 1 West 34th St., New York. **Underwriters**—Shearson, Hammill & Co., and J. C. Bradford & Co., both of New York.

● **Spring Street Capital Co. (5/9-13)**
March 1 filed 3,000 shares of common stock (par $100) to be offered in units of five shares at $1,000 per share. **Proceeds**—For loans to and the purchase of securities of certain business concerns. It may also use a portion of the proceeds to pay the costs and expenditures incidental to its operatons until such time as it has an income from its loans and investments. **Office**—650 South Spring St., Los Angeles, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

Squan Marina, Inc. (5/9-13)
March 18 (letter of notification) 150,000 shares of class A common stock (par $1). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Address**—Route 70 & Upper Manasquan River Bridge, Brielle, N. J. **Underwriter**—B. Fennekohl & Co., New York, N. Y.

Sottile,Inc. (Formerly South Dade Farms, Inc.)
July 29 filed 2,000,000 shares of common stock (par $1), of which 1,543,000 shares are to be issued and sold for the account of the company, and 457,000 shares, representing outstanding stock, to be sold for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To retire 70% of the common stock outstanding at the date of the stock offering; to invest in the capital stocks of six of the company's seven bank subsidiaries; to repay a bank loan of $6,400,000; to add to working capital; to retire certain long-term indebtedness; and to develop citrus groves. **Office**—250 South East First Street, Miami, Fla. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Indefinite.

★ **State Loan & Finance Corp.**
April 25 filed 13,222 shares of class A common stock, issuable upon exercise of stock purchase warrants. According to the prospectus, on Sept. 30, 1959, the company merged with Equitable Credit Corp., which had outstanding warrants to purchase 52,890 shares of its participating preferred stock at various prices. Under terms of the merger, the company (State Loan), as the surviving corporation, agreed to issue one share of its class A common upon exercise of warrants to purchase each four shares of the said preferred, with the subscription price appropriately adjusted. The exercise price ranges from $19 to $24 per share. **Office**—1200 Eighteenth St., N. W. Washington, D. C.

● **Straza Industries (5/2)**
March 14 filed 230,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes and working capital. **Office**—790 Greenfield Drive, El Cajon, Calif. **Underwriter**—J. A. Hogle & Co., of Salt Lake City and New York.

● **Sun Finance & Loan Co. (5/2)**
April 5 (lettter of notification) $300,000 of 15-year subordinated debentures, series B, due April 1, 1975. **Price**—At face value. **Proceeds**—For working capital. **Office**—514 Franklin Street, Tampa, Fla. **Underwriter**—Security Associates, Inc. Winter Park, Fla.

★ **Sun Oil Co.**
April 21 filed 15,000 memberships in its Stock Purchase Plan for Employees of the company and its subsidiaries; 232,000 shares of common stock to be issued under said plan and 248,100 shares of outstanding common stock which may be offered for possible public sale by 21 holders thereof during the period July 1, 1960 to June 30, 1961. **Office**—1608 Walnut St., Philadelphia, Pa.

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Sun Rubber Co.
Feb. 26 filed $1,000,000 of 6% subordinated debentures due April 1, 1975, and 100,000 shares of common stock (no par), to be offered in units of $100 of debentures and 10 shares of common stock. **Price**—$100 per unit. **Proceeds**—To be used in reorganization. **Office**—366 Fairview Ave., Barberton, Ohio. **Underwriter**—McDonald & Co., Cleveland, Ohio.

● **Superior Electric Co. (5/9-13)**
March 17 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For construction. **Office**—Bristol, Conn. **Underwriter**—Lee Higginson Corp., New York City.

● **Swimming Pool Development Co., Inc. (5/31-6/3)**
April 15 filed 250,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — Principally for additional working capital. **Office**—Florence, Ala. **Underwriter**—Marron, Sloss & Co., Inc., New York.

Szemco, Inc.
March 28 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment, and not to exceed $1.50 per share. **Proceeds**—For working capital. **Office**—c/o Otto Edward Szekely, 112 Washington St., Commerce, Ga. **Underwriter**—Frank B. Bateman, Ltd., Palm Beach, Fla.

★ **Tampa Electric Co.**
April 21 filed 125,000 shares of common stock to be offered pursuant to the company's Employee Stock Purchase Plan. **Office** — 11 North Dale Mabry Highway, Tampa, Fla.

Tayco Developments, Inc.
Dec. 23 filed 5,390 shares of common stock being offered for subscription by common stockholders of record Mar. 25 at the rate of ten seventy-fifths of a share for each share held. **Price**—$28.75 per share, with rights to expire on May 5. **Proceeds**—For capital and to secure additional patents on present inventions, and to continue and expand research and development work in the field of liquid compressibility devices and other areas. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., New York.

● **Taylor Devices, Inc.**
Dec. 23 filed 18,705 shares of common stock (par 25 cents), being offered for subscription by common stockholders of record April 22 on the basis of 3 shares for each 5 shares held. **Price**—$28.75 per share, with rights to expire on May 6 at 12:30 p.m. EST. **Proceeds**—to repay a short-term loan, for additional working capital, and to establish expanded executive sales and manufacturing personnel and to continue research and development, and the balance to lease or purchase additional factory and office space. **Office**—188 Webster St., North Tonawanda, N. Y. **Underwriter**—C. E. Stoltz & Co., N. Y.

● **Telecomputing Corp. (5/16-20)**
April 11 filed 100,000 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholder. **Office** — 915 North Citrus Ave., Los Angeles, Calif. **Underwriter** — Dean Witter & Co., New York City and Los Angeles.

Telectro Industries Corp. (5/9-13)
March 21 filed $1,000,000 of 6½% convertible subordinate debentures due 1970. **Price** — 100% of principal amount. **Proceeds**—To be used to eliminate an outstanding bank loan of $700,000 and to provide additional working capital, to be used in part to reduce outstanding accounts payable. **Office**—35-16 37th Street, Long Island City, N. Y. **Underwriter**—Milton D. Blauner & Co., Inc., N. Y. C.

● **Teleregister Corp. (5/9-13)**
March 30 filed $6,000,000 of 6% subordinated sinking fund debentures, due May 1980 (with attached warrants) and 240,000 shares of common stock (no par). These securities are to be offered for sale in units, each consisting of a $1,000 debenture (with 5-year warrants to purchase 20 common shares initially at $15 per share) and 40 shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For repayment of current credit agreement with bank and the balance will be applied to the company's construction program. **Office**—445 Fairfield Ave., Stamford, Conn. **Underwriters** — Ladenburg, Thalmann & Co., Bear Stearns & Co. and Sutro Bros., all of New York.

● **Teletray Electronics Systems, Inc. (5/2)**
Jan. 27 filed 150,000 shares of class A common stock. **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—880 Bonifant Street, Silver Spring, Md. **Underwriter**—A. T. Brod & Co., New York City has withdrawn as underwriter. New underwriter is Miller & Co., Inc., Philadelphia, Pa.

Texas Eastern Transmission Corp.
April 11 filed $25,000,000 of debentures, due 1980. **Price**—To be supplied by amendment. **Proceeds**—For the reduction of indebtedness and for construction expenses. **Office**—Houston, Texas. **Underwriter**—Dillon, Read & Co., Inc., New York City. **Offering** — Expected late in May.

● **Thermal Industries of Florida, Inc. (5/2-6)**
Feb. 26 filed 120,000 shares of common stock (par $1). **Price**—$6 per share. **Proceeds**—To be added to the company's general reserves. **Office**—Miami, Fla. **Underwriter**—Peter Morgan & Co., New York.

Three-L-Corp.
March 24 filed 3,500,000 shares of common stock. **Price**—$1 per share. Proceeds—$46,098 will be applied to the acquisition of 493 acreas of land in Fairfield Township, Hyde County, and $15,000 for payment of the July instalment on acquisition of about 12,726 acres in Hyde County; $500,000 for purchase and installation of machinery, equipment and saw mill and $75,000 for working capital in connection with lumber operations; $65,000 for January 1961 instalment payment on the 12,726 acres; and the balance to purchase livestock, planting feed and pasture, raising livestock, and additional working capital. **Office**—Fairfield, N. C. **Underwriter**—Participating dealers will receive 15 cents per share.

● **Thurow Electronics, Inc.**
March 28 filed 200,000 shares of class A common stock, (par $2.50) of which 100,000 shares are to be offered for public sale by the issuing company and the balance by H. M. Carpenter, President. **Price**—$3 per share. **Proceeds**—To be used as additional working capital for inventory and business expansion purposes. **Office**—121 South Water, Tampa, Fla. **Underwriter**—Donald V. Stabell, of St. Petersburg, Fla. **Offering**—Expected in the latter part of May.

Tourist Industry Development Corp.
March 22 filed $2,250,000 of 7% subordinated debenture stock, due July 1, 1978, to be offered in denominations of $500 and $1,000 and multiples of $1,000. **Price**—At 100% of principal amount. **Proceeds**—For general corporate purposes, including hotel and restaurant loans secured by real estate mortgages. **Office**—Jerusalem, Israel. **Underwriter**—None.

● **Trans Tech Systems, Inc. (5/23-27)**
March 29 filed 65,000 shares of common stock (par one cent). **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office** — 5505 Wilshire Blvd., Los Angeles 48, Calif. **Underwriter**—Myron A. Lomasney & Co., New York.

Tri-Point Plastics, Inc.
March 15 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—175 I. U. Willets Road, Albertson, L. I., N. Y. **Underwriters**—Amos Treat & Co., Inc. and Martinelli, Hindley & Co., Inc., New York, N. Y.

★ **Tulshop Inc.**
April 14 (letter of notification) 250,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase real estate. **Office**—1137 S. Harvard, Tulsa, Okla. **Underwriter**—None.

● **Union Financial Corp. (5/3)**
March 11 filed 325,000 shares of common stock ($1 par). **Price**—To be supplied by amendment. **Proceeds**—Together with bank loan, will be used to repay a $6,075,000 balance on an outstanding bank loan, and the balance will be added to working capital. **Office**—232 Superior Ave., Cleveland, Ohio. **Underwriters**—White, Weld & Co. Inc., Chicago and New York; The Ohio Company, Columbus, Ohio; and Sanders & Co., Dallas, Texas.

★ **Union Telephone Co.**
April 20 (letter of notification) 2,000 shares of common stock. **Price**—At par ($25 per share). **Proceeds**—For expansion purposes. **Address**—Farmington, N. H. **Underwriter**—None.

United American Life Insurance Co.
March 11 filed 50,000 shares of capital stock, to be offered for subscription by holders of outstanding stock in the ratio of one new share for each five shares held **Price**—To be supplied by amendment. **Proceeds**—To increase capital and surplus. **Office**—1717 California St., Denver, Colo. **Underwriter**—None.

United Components, Inc. (5/16-20)
March 2 filed 110,000 shares of common stock, of which 10,000 shares are to be offered to Sheldon Leighton, a director, at $2.50 per share and the remainder is to be publicly offered. **Price**—To be supplied by amendment. **Proceeds** — For new equipment, advertising, and other general corporate purposes. **Office**—Orange, N. J. **Underwriter**—Darius, Inc., New York City.

United Financial Corp. of California (5/16-20)
March 30 filed $6,000,000 of convertible subordinated debentures due April 1, 1975, and 120,000 shares of capital stock, to be offered in units of $100 of debentures and two capital shares. **Price**—To be supplied by amendment. **Proceeds**—Approximately $1,000,000 will be used for general corporate purposes, and the balance will be distributed to holders of the capital stock prior to the issuance and sale of the units. **Office**—425 South La Brea Avenue, Inglewood, Calif. **Underwriter**—Lehman Brothers, New York City.

United Industrial Corp.
March 21 filed 88,017 shares of series A convertible preferred stock, 614,130 shares of common stock, and 16,500 common stock purchase warrants. According to the prospectus, 88,017 shares of preferred and 88,017 shares of common stock may be offered for sale by the present holders thereof, namely 34,978 preferred and common shares by Bernard Fein, a Director, and 53,039 preferred and common shares by B. S. F. Co., 13% of whose stock is owned by Maurice Goodman, a Director, 16,500 warrants and 16,500 common shares are issuable to H. L. Federman and Herman Yaras in payment of a finder's fee incurred in connection with the merger. Stock purchase warrants were distributed prior to the merger on the basis of one warrant for each share of the company's common stock to stockholders of record Oct. 28, 1959; each warrant now evidences the right to purchase ½ share of common at $17 per share, and 509,613 shares are reserved for issuance upon exercise of these warrants. Additional common shares are issuable upon conversion of debentures and preferred stock and under a stock option plan. **Office**—5221 West 102nd Street, Los Angeles, Calif.

United States Boat Corp. (5/9-13)
March 28 filed 350,000 shares of common stock to be publicly offered. **Price**—$2 per share. **Proceeds**—$221,826 will be applied to the repayment of loans to United States Pool Corp. which were used for general corporate purposes, and the balance will be utilized for working capital, including a later repayment of $45,000 to U. S. Pool Corp. **Office** — 27 Haynes Avenue, Newark, N. J. **Underwriter**—Richard Bruce & Co., Inc., New York.

● **Universal Fabricators, Inc. (4/29)**
Feb. 29 (letter of notification) 60,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For general corporate purposes. **Office**—1827 Boone Avenue, Bronx 10, N. Y. **Underwriter**—S. Schramm & Co., Inc., New York, N. Y., has withdrawn as underwriter. New underwriter is the James Co., New York City.

Universal Marion Corp.
March 29 filed 31,361 shares of 4½% cumulative preferred stock ($100 par). **Price**—To be offered for sale in the over-the-counter market, or otherwise by public or private sale at $95 per share, or such lesser price or prices which may be obtained. **Proceeds**—To selling stockholders. **Office**—602 Florida Theater Bldg., Jacksonville, Fla. **Underwriter**—None.

Universal Marion Corp.
April 15 filed 435,120 shares of common stock, to be offered for subscription by common stockholders at the rate of one new share for each four shares or fraction thereof. The record date is to be supplied by amendment. **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and be available for use in developing the company's tract of land near Tampa, Fla., for working capital and for possible acquisition of other properties. **Office**—602 Florida Theater Bldg., Jacksonville, Fla. **Underwriter**—None.

● **Uranium Reduction Co. (5/9-13)**
March 31 filed 200,000 outstanding shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — 557 First Security Bldg., Salt Lake City, Utah. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

Uris Buildings Corp. (5/2-6)
March 29 filed $20,000,000 of sinking fund debentures (with attached warrants to purchase 800,000 common shares) and 400,000 shares of common stock. The offering will be made only in units, each unit consisting of (a) $100 principal amount of debentures with an attached warrant to purchase four shares of common stock (b) two shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To repay loans, defray construction costs, and general corporate purposes. **Underwriter**—Kuhn, Loeb & Co., New York.

● **Vector Manufacturing Co., Inc. (5/9-13)**
April 14 filed 250,000 shares of common stock (no par). Of this stock, 100,000 shares are to be offered for public sale by the issuing company and 150,000 shares, now outstanding, by the holders thereof. **Price**—To be supplied by amendment. **Proceeds** — For expansion. **Office** — Southampton, Pa. **Underwriter**—Paine, Webber, Jackson & Curtis, New York.

Viewlex, Inc. (5/16)
April 12 filed 200,000 shares of class A common stock (par 25 cents). The offering will include 175,000 shares to be issued by the company and 25,000 shares which are outstanding and will be offered for the account of the holders thereof. **Price**—$4 per share. **Proceeds**—$100,000 will be used to purchase additional high speed automatic production equipment; $150,000 for research and development of new products; $75,000 to be reserved to cover the costs of moving present facilities into new and enlarged quarters; and the balance for working capital. **Office** — 35-01 Queens Blvd., Long Island City, N. Y. **Underwriter**—Stanley Heller & Co., New York.

● **Vulcatron Corp. (5/10)**
March 11 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—To set up a plant and equipment, to purchase machinery and equipment, and for working capital. **Office** — c/o William L. Berger, 209 Washington St., Boston, Mass. **Underwriter**—P. de Rensis & Co., Inc., Boston, Mass.

Wallace Properties, Inc. (5/31-6/3)
April 5 filed $12,000,000 principal amount of 6% convertible subordinated debentures, due June 1, 1975 and 360,000 shares of common stock (par $2), to be offered only in units, each consisting of $100 principal amount of debentures and three shares of common stock. **Price**—To be supplied by amendment. **Office**—Dallas, Texas. **Underwriter**—Harriman Ripley & Co., Inc., New York.

● **Waltham Precision Instrument Co., Inc. (5/31-6/3)**
April 15 filed 700,000 shares of common stock (par $1). It is proposed that this offering will be on a subscription basis to the company's present common stockholders. **Price**—To be supplied by amendment. **Proceeds**—$600,000 to pay the balance of the purchase price for Boesch Manufacturing Co., Inc. stock; $350,000 to pay the 5% chattel mortgage note held by the Secretary of the U. S. Treasury as assignee of the Reconstruction Finance Corp.; $200,000 to pay the 6% secured notes issued as part payment for the stock of Electro-Mec Laboratory, Inc.; and the balance for working capital and other corporate purposes. **Office**—221 Crescent St., Waltham, Mass. **Underwriter**—Schweickart & Co., New York.

Waltham Watch Co.
March 30 filed $1,500,000 of 7% sinking fund subordinated debentures series A due April 30, 1975, with five-year common stock purchase warrants attached, and 275,000 shares of common stock (par 50 cents). A $1,000 debenture with warrants for the purchase of 50 common

shares at an initial exercise price of $3.50 per share, will be offered for sale at $1,000; a total of 75,000 shares being reserved for issuance upon exercise of the warrants. The additional 200,000 shares of common stock will be offered for subscription at $3.50 per share. The offer will be made first to stockholders of record on May 2, 1960, for a period of 30 days. Thereafter the unsubscribed debentures and stock will be offered to the public. **Proceeds**—For working capital. **Office** — 231 South Jefferson St., Chicago, Ill. **Underwriter**—None.

● **Weldotron Corp (5/2-13)**
March 23 (letter of notification) 66,666 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—841 Frelinghuysen Ave., Newark 12, N. J. **Underwriters**—Arnold Malkan & Co., Inc. and Street & Co., Inc., New York, N. Y.

● **Wells Industries Corp. (5/2)**
Jan. 29 filed 300,000 shares of common stock and warrants for the purchase of an additional 100,000 shares. **Price** — To be supplied by amendment. **Proceeds** — $350,876 will be used to retire certain debts, with the remainder to be used for construction, equipment, and working capital. **Office**—6505 Wilshire Boulevard, Los Angeles, Calif. **Underwriter**—A. T. Brod & Co., New York City.

● **Whitmoyer Laboratories, Inc. (4/29-5/3)**
Jan. 28 filed 85,000 shares of common stock and $500,000 of 6% subordinated debentures, due 1977, with warrants for the purchase of 10,000 additional common shares at $5 per share. **Price** — For the debentures, 100% of principal amount; for the 85,000 common shares, $6 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, sales promotion, and equipment. **Office**—Myerstown, Pa. **Underwriter**—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa.

Willer Color Television System, Inc.
Jan. 29 (letter of notification) 86,403 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Equity Securities Co., 11 Broadway, New York City.

★ **Win-Chek Industries, Inc.**
April 26 filed 150,000 shares of class A stock to be publicly offered, 15,000 shares to be issued pursuant to a restricted stock option plan, and 21,500 shares being registered but not offered at this time. **Price**—$3 per share. **Proceeds**—To purchase additional inventory and equipment and the balance to improve the company's working capital position. **Office** — Moonachie, N. J. **Underwriter**—Michael G. Kletz & Co. (managing).

● **Wisconsin Electric Power Co.**
March 22 filed 561,005 shares of common stock (par $10) to be offered to holders of its outstanding common stock on the basis of one share for each 10 shares held. **Price**—$32.25 per share. **Proceeds** — To be used to repay $12,000,000 of short-term bank loans incurred in connection with the company's construction program, and for further construction expenditures. **Office**—231 West Michigan Street, Milwaukee, Wis. **Underwriter**—None.

Wisconsin Telephone Co. (5/10)
April 15 filed $20,000,000 of 35-year debentures, due May 1, 1995. **Proceeds**—To be applied toward the repayment of advances from American Telephone & Telegraph Co. (parent) which are expected to approximate $20,300,000 at the time the proceeds are received. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co. **Bids**—Expected to be received on May 10 up to 11:00 a.m. (DST) at Room 2315, 195 Broadway, New York City.

● **Wolverine Shoe & Tanning Corp. (5/2-6)**
March 28 filed 100,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—For additional working capital. **Office** — Rockford, Mich. **Underwriter**—A. G. Becker & Co., Chicago, Ill. and New York.

Wonderbowl, Inc.
April 14 filed 3,401,351 shares of common stock. **Price**—$2 per share. **Proceeds**—For purchase of certain property, for constructing a motel on said property and various leasehold improvements on the property. **Office**—7805 Sunset Blvd., Los Angeles, Calif. **Underwriter**—Standard Securities Corp., Los Angeles.

Yale Express System, Inc. (5/9)
March 25 filed 300,000 shares of class A stock (par 25 cents) of which 150,000 shares are to be offered for public sale by the issuing company and the balance by the company's board chairman. **Price** — $5.50 per share. **Proceeds**—$400,000 to restore working capital expended to acquire American Freight Forwarding Corp. and for expansion of the freight forwarder operation; $150,000 to restore funds advanced in connection with the terminal recently constructed in North Bergen, N. J. and the balance for expansion and improvement. **Office**—460 12th Avenue, New York. **Underwriter**—Michael G. Kletz & Co., Inc., New York.

Zero Manufacturing Co. (5/9-13)
March 28 filed 200,000 shares of common stock, of which 125,000 shares are being issued and sold by the company and 75,000 shares are being sold by certain stockholders. **Proceeds**—$250,000 will be used for the construction of a new 33,600 square foot industrial building in Burbank, Calif., $250,000 for the purchase and installation of new machinery and equipment; $150,000 for further research and development in the modular container field; and the balance will be added to working capital. **Office**—1121 Chestnut St., Burbank, Calif. **Underwriter**—Shields & Co., New York.

Prospective Offerings

Acme Steel Co.
March 25 the company's annual report stated that capital improvements during 1960-63, inclusive, have been projected to cost between $40,000,000 and $45,000,000. It is anticipated that a substantial proportion of this money will be forthcoming from depreciation and retained earnings. In addition, the sale of $10,000,000 of preferred stock in 1960 is planned to supply a part of these overall capital requirements. **Office**—Chicago, Ill.

American Cement Co.
March 14 it was announced that the company will issue up to a maximum of 422,030 common shares, which are to be used in connection with the recent acquisitions by the issuer of M. F. Hickey & Co. Inc. of New York City and Graham Brothers, Inc., of Los Angeles.

Arco Electronics
Mar. 2 it was reported that sometime soon this company is expected to file approximately $500,000 of common stock. **Underwriter**—Michael G. Kletz & Co., of New York City.

Baltimore Gas & Electric Co.
March 3 it was announced by J. Theodore Wolfe, President, that the company plans record construction expenditures of $50,000,000 during 1960, probably financed through the sale of first mortgage bonds. **Offering**—Expected during the first half of 1960.

● **Black Hills Power & Light Co.**
Feb. 11 it was announced that the Federal Power Commission has authorized this utility, of Rapid City, S. D., to issue 7,727 shares of common stock (par $1) as a 2% dividend to its present common holders. No fractional shares will be issued, and stockholders will have the option of buying the additional fractional interest required to make full shares, or to sell their fractional interests. On March 11 the company also filed for FPC approval to issue $1,000,000 of first mortgage bonds, due 1990. April 14 it was announced that the FPC has authorized the issuance and sale of $1,000,000 of first mortgage bonds, due 1990. The bonds will be sold to the Equitable Life Assurance Society of the U. S. for 98.20% of principal amount and will bear interest of 5½%. Proceeds, estimated at about $968,000, will be used for additions and improvements of the company's properties.

Columbia Technical Corp.
April 20 it was reported that a "Reg. A" filing is imminent covering the company's first common stock offering. **Office**—Woodside, L. I., N. Y. **Underwriter**—Diran, Norman & Co., Inc., New York City.

Central Illinois Electric & Gas Co.
Feb. 3 it was reported that around July about $10,000,000 of first mortgage bonds will be filed. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kidder, Peabody & Co., and White, Weld & Co. (jointly); First Boston Corp., Blair & Co., Merrill Lynch, Pierce, Fenner & Smith Inc. and Stone & Webster Securities Corp. (jointly).

Chicago, Milwaukee, St. Paul & Pacific RR. (5/4)
April 8 it was reported that $4,650,000 of equipment trust certificates is scheduled for sale. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and Salomon Bros. & Hutzler. **Bids**—Expected to be received on May 4 up to 1:00 p.m. (EDT).

City Gas Co.
March 10 it was reported that this company is expected to file an undetermined amount of common stock sometime in April or May. **Underwriter**—Kidder, Peabody & Co., New York City.

Columbia Gas System, Inc.
March 11 it was announced that further debt financing is planned for later in the year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc., Merrill Lynch, Pierce, Fenner & Smith, Inc., and White, Weld & Co. (jointly); Morgan Stanley & Co.; Lehman Brothers., Eastman Dillon, Union Securities & Co., and Goldman, Sachs & Co. (jointly).

Consolidated Edison Co. of New York (6/14)
April 8 it was reported that the company expects to sell $50,000,000 of first refunding mortgage bonds, due 1990. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and First Boston Corp. (jointly), and Morgan Stanley & Co. **Bids**—Expected to be received on June 14.

Consolidated Research & Mfg. Corp.
Dec. 16 it was reported that this firm, founded last August as a Delaware corporation, plans its first public financing in the form of a common stock offering scheduled for next spring. **Business**—The company produces spray containers to combat ice, snow, and fog. **Proceeds**—For expansion. **Office**—1184 Chapel St., New Haven, Conn. **President**—Marvin Botwick.

Consumers Power Co.
March 2 it was reported that this company is planning to raise new funds probably from the sale of first mortgage bonds and debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co. and Shields & Co. (jointly); First Boston Corp. and Harriman Ripley & Co. (jointly).

Deckert Dynamics, Inc.
March 16 it was announced that 100,000 shares of common stock are expected to be filed in early May. **Proceeds** — For general corporate purposes. **Office** — Palmyra, Pa. **Underwriter**—Plymouth Securities Corp., New York City.

Equitable Gas Co.
March 16 stockholders approved a proposal to increase the company's number of authorized preferred shares to 300,000 from 100,000 and to issue a new non-convertible preferred series. **Proceeds**—To be used to repay approximately $5,000,000 in short-term bank loans and to help finance 1960 construction. **Office** — Boulevard of the Allies, Pittsburgh, Pa.

Florida Power Corp.
March 10 it was reported that $25,000,000 of first mortgage bonds will be sold by this utility, possibly in the fourth quarter of this year. **Proceeds** — For new construction and repayment of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); First Boston Corp.; Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co. (jointly); Lehman Brothers and Blyth & Co. (jointly).

Florida Power & Light Co.
March 15 it was reported that the company will need about $25,000,000 of new money. The nature of the securities to be issued has not as yet been determined.

Ford Motor Credit Co.
March 28 it was reported that this company is developing plans for borrowing operations, which may include the issuance of debt securities, and possibly occur later this year. **Office**—Detroit, Mich.

Georgia Power Co. (11/3)
Dec. 9 it was announced that the company plans registration of $12,000,000 of 30-year first mortgage bonds with the SEC. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Scheduled for Sept. 26. **Bids**—Expected to be received on Nov. 3. **Information Meeting**—Scheduled for Oct. 31.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration with the SEC of $5,000,000 first mortgage 30-year bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly); Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Bros. & Hutzler, and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co. **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

Gulf Power Co. (7/7)
Dec. 9 it was announced that the company plans registration of 50,000 shares of preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co.; Eastman Dillon, Union Securities & Co., and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; Kidder, Peabody & Co., and White, Weld & Co. (jointly). **Information Meeting**—Scheduled for July 5, 1960. **Bids**—Expected to be received on July 7. **Registration** — Scheduled for June 3.

Gulf States Utilities Co. (6/20)
April 19 it was reported that the company will issue and sell $17,000,000 of 1st mtge. bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers. **Bids**—Expected to be received on June 20 at 12 noon.

Hayes Aircraft Corp.
Feb. 12 it was reported that an issue of convertible debentures is being discussed and may occur in the next few months. **Office**—Birmingham, Ala. **Possible Underwriter**—Sterne, Agee & Leach, Birmingham, Ala.

Houston Lighting & Power Co.
March 22 it was announced in the company's annual report that it anticipates approximately $35 million in new money will be required in 1960 to support the year's construction program, and to repay outstanding bank loans. Studies to determine the nature and timing of the issuance of additional securities are presently under way. Last August's offering of $25,000,000 of 4⅞% first mortgage bonds was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler. **Office** — Electric Building, Houston, Texas.

Idaho Power Co.
March 30 it was reported that the company plans to issue and sell $15,000,000 of 1st mortgage bonds due 1990. **Proceeds**—For capital expenditures, etc. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Lazard Freres & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp.

Illinois Bell Telephone Co.
March 24 directors authorized plans for a $61,000,000 issue of new common shares. The stockholders will have subscription rights on the basis of one new share for each 10 held at the time of issue. **Proceeds**—To help finance the company's construction program. **Offering**—Expected in June.

Indianapolis Power & Light Co. (9/27)
April 18 it was reported that the company will issue and sell $12,000,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Prob-

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able bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Goldman, Sachs & Co., and The First Boston Corp. (jointly); Eastman Dillon, Union Securities & Co.; White, Weld & Co., and Shields & Co. (jointly); Blyth & Co., Inc.; Equitable Securities Corp. **Bids**—Expected to be received up to 11 a.m. New York Time on Sept. 27.

Iowa Electric Light & Power Co.
March 11 President Sutherland Dows stated that bonds would be sold in order to supplement money to be obtained from temporary bank loans, to acquire the $10,000,000 required to finance 1960 construction. **Office**—Cedar Rapids, Iowa.

★ Louisville Gas & Electric Co. (10/18)
April 27 it was reported that this company plans the issuance and sale of $16,000,000 of first mortgage bonds. **Proceeds**—For construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers and Blyth & Co., Inc. (jointly); Kuhn, Loeb & Co., American Securities Corp. and Wood, Struthers & Co. (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Kidder, Peabody & Co. and Goldman, Sachs & Co. (jointly). **Bids**—Expected to be received on Oct. 18.

Mac Panel Co.
March 23 it was reported that negotiations are still pending regarding the filing of an issue of common stock. **Office**—High Point, N. C. **Underwriter**—Bache & Co., New York City and Charlotte, N. C.

Midland Enterprises Inc.
April 8 it was stated in the company's annual report that it contemplates the issuance on or before March 31, 1961 of a bond issue in an aggregate amount not to exceed $4,000,000. **Proceeds** — To finance river transportation equipment presently on order and expected to be ordered. **Office**—Cincinnati, Ohio.

★ Missouri Pacific RR. (5/25)
April 27 it was reported that the Road plans to sell $3,975,000 of its equipment trust certificates on May 25. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

● Mohawk Insurance Co.
March 16 it was announced that the company expects to register its first public offering in early May. The offering will consist of 75,000 common shares. **Price** — To be supplied by amendment. **Proceeds**—For expansion. **Office**—198 Broadway, New York City. **Underwriter**—R. F. Dowd & Co., Inc., 38 Broadway, New York City.

Moore-McCormack Lines, Inc. (5/13)
April 18 it was reported that $10,000,000 of U. S. Government insured merchant marine bonds, 5% SS Argentina series, due Nov. 1, 1978 are expected to be delivered on or about May 13. Bonds will be callable beginning May 1, 1965, at prices ranging from 105 down to par. **Price**—Expected to be at par. **Agents**—Kuhn, Loeb & Co. and Lehman Brothers.

Nedick's Stores, Inc.
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York.

Neptune Meter Co.
April 20 it was announced that this New York City company may issue not more than 133,334 shares of common stock in connection with a proposed acquisition by Neptune of Power Equipment Co. Stockholders of the Galion, Ohio, company will vote on the acquisition May 6, 1960.

New Jersey Power & Light Company (7/19)
Feb. 17 it was reported that this utility is planning the sale of $5,000,000 of first mortgage bonds, due in 1990. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly). **Bids**—Expected to be received on July 19.

Northern Illinois Gas Co. (7/13)
Feb. 16 the company's annual report stated that $120,000,000 of new capital will be needed to meet its five-year construction program. April 5 it was announced that the company will sell $25,000,000 of first mortgage bonds. **Proceeds**—To finance a portion of the 1960-1964 construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: A Halsey Stuart & Co. Inc. group. **Bids**—To be received on July 13.

Northwestern Bell Telephone Co. (6/7)
March 24 directors authorized the sale of a $45,000,000 debenture issue dated June 1, 1960, with maturity in not more than 40 years. **Proceeds**—The funds are needed to meet strong demand for service and to put into effect such service improvements as direct customer dialing of long distant calls. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; The First Boston Corp.; Morgan Stanley & Co.; Eastman Dillon, Union Securities & Co. **Bids**—Expected to be opened on or about June 7.

Norwalk Co.
March 30 it was reported that the company plans to file an undetermined amount of common stock sometime in May. **Proceeds** — For expansion of business and general corporate purposes. **Office** — Norwalk, Conn. **Underwriter**—Myron A. Lomasney & Co., New York.

Orange & Rockland Utilities, Inc.
April 18 it was stated that the company presently expects that such part of its construction program through 1962 and the refunding of $6,442,000 series B bonds maturing in 1961 as is not financed by the sale of the company's 39,165 shares of its convertible cumulative preferred stock, series E, 5% (par $100) will be financed from the proceeds of sale in 1961, subject to market conditions, of $10,000,000 of its first mortgage bonds, from depreciation and retained earnings and, to the extent of any remaining balance, from the proceeds of additional short-term borrowings.

Pacific Power & Light Co.
Jan. 29 it was announced that the company plans to issue at least $20,000,000 of securities, the date and form of which will be announced at a later date. **Proceeds**—To retire $20,000,000 of unsecured promissory notes, to mature on or prior to July 31, 1961. The notes will be issued to finance part of the issuer's 1960-61 construction expenditures, which are expected to total about $61,000,000. **Office**—Portland, Ore.

Panhandle Eastern Pipe Line Co.
April 19 it was reported that this company might sell about $65,000,000 of debentures, possibly in the third quarter of this year. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Peabody & Co., both of New York.

Potomac Electric Power Co.
March 21 it was stated in the company's annual report it is anticipated that their 1960 construction program will amount to $39 million and there will be further financing of about $15 million of an as yet undetermined type. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp.; Dillon, Read & Co. and Johnston, Lemon & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Eastman Dillon & Union Securities & Co. and Stone & Webster Securities Corp. (jointly).

Public Service Electric & Gas Co.
Feb. 24 it was reported that this company is planning an undetermined type of financing of approximately $85,000,000, sometime this year. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc.

Public Service Co. of New Hampshire
April 4 it was stated in the company's annual report that short-term borrowings will increase progressively during 1960 until further permanent financing is undertaken later in the year. The timing, type, and amount of this financing has not been determined.

Rochester Gas & Electric Corp.
March 1 it was stated in the company's annual report that the company has filed an application with the New York State Public Service Commission for the right to issue $10,000,000 of new preferred stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., White Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Blyth & Co., Inc.; The First Boston Corp.

San Diego Gas & Electric Co.
April 8 it was reported that $25,000,000 of bonds is expected to be sold sometime in the third quarter of this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp., Eastman Dillon, Union Securities & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Salomon Bros. & Hutzler (jointly).

Saucon Development Corp. Ltd.
April 20 it was reported that this corporation will issue a letter of notification covering an issue of common stock in the near future. **Office** — Montreal, Canada. **Underwriter**—T. Michael & Co., Garfield, N. J.

(Jos.) Schlitz & Co.
March 11 it was reported that a secondary offering might be made this summer. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Harriman Ripley & Co. Inc., both of New York City.

★ Seaboard Air Line RR. (5/2)
Bids will be received up to 12 noon (EDT) on May 2 for the purchase from the Road of $6,720,000 of its equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Sierra Pacific Power Co.
April 18 it was reported that this public utility will issue and sell $3,000,000 of bonds, due 1990. **Underwriter**—to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Stone & Webster Securities Corp. and Dean Witter & Co. (jointly). Bids—Expected to be received sometime in June.

South Carolina Electric & Gas Co.
March 25, S. C. McMeekin, President, informed this paper of plans to sell an undetermined principal amount of bonds, the timing of which will be subject to market conditions. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately.

Southern California Edison Co.
March 15 it was stated in the company's annual report that besides the $30,000,000 issue of series L mortgage bonds sold to underwriters in January, 1960, an additional $51,000,000 will be needed to complete its estimated $120,000,000 construction program for 1960. This financing is dependent upon market condition, and will probably be some type of debt security.

Southern Natural Gas Co.
April 4 it was stated in the company's annual report that the company expects to provide for the payment of certain outstanding notes through the issuance of first mortgage bonds and other debt securities. The timing of the issue or issues was not stated in the report. **Office**—Birmingham, Ala.

Southern Union Gas Co.
Feb. 5 it was reported that $11,000,000 in new financing is planned for the late Spring of this year, of an undetermined type. **Underwriters** — A. C. Allyn & Co., and Snow, Sweeney & Co., both of New York City.

Southwestern Bell Telephone Co. (8/9)
March 28 directors of this company recommended a $100,000,000 debenture issue, subject to approval by regulatory authorities. **Proceeds**—To finance an expansion and improvement program over the next five years. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on or about Aug. 9.

System Meat Co.
March 18 it was reported that this company will file about $1,000,000 of common stock. **Underwriter**—Purvis & Co., Denver, Colo. **Registration**—Imminent.

Tampa Electric Company
Feb. 2 it was stated in this company's prospectus of its most recent offering, that it contemplates some additional permanent financing in 1960. The exact nature and amount of this financing has not been determined but the company presently believes it will take the form of senior securities.

Tennessee Valley Authority
Jan. 20 announced that, pursuant to August, 1959, authorization from Congress to have $750,000,000 of revenue bonds outstanding at any one time, it plans its first public offering, expected to be about $50,000,000, for sometime in the fall. **Proceeds**—To finance construction of new generating capacity. Probable bidders: First Boston Corp. (managing), Salomon Bros. & Hutzler; Eastman Dillon, Union Securities & Co., and Lazard Freres & Co. Power Financing Officer: G. O. Wessenauer. Financial Advisor: Lehman Brothers.

Trans-Canada Pipe Lines Ltd.
April 13 James W. Kerr, President, announced that the company planned to sell $13,000,000 of first mortgage bonds. **Proceeds**—To meet the company's 1960 financial requirements. The company will continue to sell all securities in Canada to the maximum extent considered practical, Mr. Kerr said.

Trans World Airlines, Inc.
April 8 it was announced that the company plans to offer to its stockholders $100,000,000 of subordinated income debentures with detachable common stock purchase warrants, and Hughes Tool Co. (parent) will purchase not only its pro-rata portion ($78,000,000) but also enough of any debentures not taken up by others to provide TWA with at least $100,000,000. **Proceeds** — Together with $190,000,000 proposed private placement which is presently being worked on by this company's bankers, will be used for expansion of the company's jet fleet. **Underwriters**—Dillon, Read & Co., Inc., Lazard Freres & Co., and Lehman Brothers, all of New York.

Union Electric Co.
March 16 it was announced by Dudley Sanford, Executive Vice-President, that the company plans an offering of debt securities in the range of $30,000,000 to $35,000,000. **Proceeds**—To meet construction expenses. **Office**—315 No. 12th Blvd., St. Louis, Mo. **Offering**—Expected in the latter part of this year.

★ Union Trust Co. of Maryland
April 21 directors of this bank announced plans to boost its capital stock by 100,000 shares to 500,000 shares, $10 par, by offering for subscription to present holders one new share for each four held. A special meeting of stockholders was called for May 25 to consider the plan. **Price**—To be set shortly before the offering. **Proceeds**—To increase capital and surplus. **Underwriter**—Alex Brown & Sons, Baltimore, Md. **Offering**—Expected in late May.

Utah Power & Light Co.
April 12 it was reported that this company will ask stockholders at the annual meeting on May 16, to authorize 2,000,000 shares of $25 par preferred stock, part of which will be sold competitively. **Proceeds**—For construction purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. and First Boston Corp. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lehman Bros.; Bear, Stearns & Co.

Virginia Electric & Power Co. (9/13)
Feb. 5 it was reported that approximately $25,000,000 first mortgage bonds will be offered for sale. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. **Bids**—Expected to be received on Sept. 13.

Washington Gas Light Co. (6/7)
March 30 it was reported that the company plans to issue and sell $12,000,000 of refunding mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Equitable Securities Corp. **Information Meeting** — Scheduled for June 3 in New York at 11 a. m. **Bids**—Expected to be received up to 11:30 a. m. on June 7.

Businessman's BOOKSHELF

Automatic Data-Processing Systems—Principles and Procedures —Robert H. Gregory and Richard L. Van Horn—Wadsworth Publishing Company, 431 Clay Street, San Francisco 11, Calif.—cloth.

Banker Discusses Inflation, Credit Control, Interest Rates—Committee for Economic Growth without Inflation, The American Bankers Association, 12 East 36th St., New York 36, N. Y. (paper), 15 cents (quantity prices on request)

Blindness—Ability, Not Disability — Maxine Wood — Public Affairs Pamphlets, 22 East 38th St., New York 16, N. Y.—(paper)—25¢.

Causes and Effects of Higher Interest Rates—Jules I. Bogen and Paul S. Nadler—Graduate School of Business Administration, New York University, New York, N. Y. (paper).

Ceylon—Fact sheet on economic aid to Ceylon under Mutual Security Program — Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. (paper), 10c.

Changed Status of the Dollar—C. J. Devine Institute of Finance, Graduate School of Business Administration, New York University, New York, N. Y.

Charles Dow and the Dow Theory — George W. Bishop, Jr. — Appleton - Century - Crofts, Inc., 35 West 32nd St., New York 1, N. Y. (cloth), $6.00

Chartered Property Casualty Underwriter Examination Questions & Composite Answers, 1959 — American Institute for Property and Liability Underwriters, Inc., 3924 Walnut Street, Philadelphia 4, Pa.

Charting Steel's Progress — Graphic facts book on the iron and steel industry — American Iron and Steel Institute, 150 East 42nd St., New York 17, N. Y.—paper—50¢.

Classics in Management — Selections from the historic literature of management—Edited by Harwood F. Merrill—American Management Association, 1515 Broadway, New York 36, N. Y.—cloth—$9.00.

Conscience of a Conservative — Barry Goldwater — Victor Publishing Company, Inc., Sheperdsville, Ky.—(cloth)—$3.00.

Developing the "Little" Economies—A survey of Area Development Programs in the United States—Donald R. Gilmore—Committee for Economic Development, 711 Fifth Avenue, New York 22, N. Y., $3.00 (quantity prices on request).

Economic Growth Inflation and You — Committee for Economic Growth without Inflation, The American Bankers Association, 12 East 36th St., New York 16, N. Y. (paper), 15 cents (quantity prices on request).

Freeman—April 1960 issue—Containing articles on Socialized Medicine; Mid-Income Housing; Scientific Free Enterprise; Tricky Four Freedoms; ABC's of Modern Economics, etc.—The Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y. (paper), 50 cents.

Garden Safety—Andrew S. Wing —Garden Blue Book, 13 Laight St., New York 13, N. Y.—(paper).

Government Securities Market — Treasury-Federal Reserve Study —in three parts (Part I: Report on Consultations; Organized Exchange or a Dealer Market?; Part II: Factual Review for 1958; Part III: Supplementary Studies) — (paper)—Federal Reserve Bank, Washington, D. C.

Impact of Defense Procurement— Hearings before the Subcommittee on Defense Procurement — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), $1.75.

Industrial Retirement Plans—1960 Study—Bankers Trust Company, 16 Wall Street, New York 15, N. Y.—paper.

Inflation, Unions and Wage Policy—Chamber of Commerce of the United States, Washington 6, D. C. (paper), $1 (quantity prices on request).

Information in Print — Catalogue of current publications of American Bankers Association—American Bankers Association, 12 East 36th Street, New York 16, N. Y. —Available only to ABA member banks.

Let's Take Stock: An Inside Look at Wall Street—Don G. Campbell — Bobbs Merrill Company, Inc., Indianapolis 6, Ind. (cloth), $2.50.

Loans at Work — Report of the World Bank—International Bank for Reconstruction and Development, 1818 H Street, N. W., Washington 25, D. C. (paper).

Marketing Methods for Your Block of Stock — An Investment Manager's Handbook — The New York Stock Exchange, 11 Wall St., New York 5, N. Y.—(paper).

Medical Fee Guide—Including tabulation of Workmen's Compensation, Medicare and Blue Shield Fees—Medical Fee Guide Publication, P. O. Box 3705, Stanford, Calif., $20.

Niagara-St. Lawrence Power Projects—Progress report—Power Authority of the State of New York, Albany, N. Y. (paper).

New York State Bridge Authority —1959 Annual Report—New York State Bridge Authority, Albany, N. Y. (paper).

Northern Ireland, A new Horizon for Industrial Development—U. S. Representative, The Northern Ireland Development Council, 99 Park Avenue, New York 16, N. Y.

Operating Ratios, Earnings and Expenses of Second District Member Banks — 1959 — Federal Reserve Bank of New York, New York, N. Y.—(paper).

"Peaceful Co-Existence!" — What It Means to Khrushchev—American Committee for Liberation, 1657 Broadway, New York 19, N. Y.—(paper).

Press Appraises the Tulsa Case —American Petroleum Institute, 1271 Avenue of the Americas, New York 20, N. Y. (paper).

Proper Monetary and Banking System for the United States — Edited by James Washington Bell and Walter Earl Spahr — The Roland Press Co., New York, N. Y. (cloth).

Puerto Rico — Information portfolio including pamphlets on "What Happens When Exemptions End: Retrospect and Prospect in Puerto Rico" by Milton C. Taylor; "Tax Aspects of Operations under the Puerto Rican Exemption Program" by Harry J. Rudick and George S. Allan; Special report by Coopers & Lybrand Inc. on new tax developments in Puerto Rico; 1960 edition of "What You Should Know About Taxes in Puerto Rico" by Puerto Rico Treasury Department; and full text of "Puerto Rico Industrial Incentives Act of 1954 as amended up to June 30, 1960" — Economic Development Administration, 666 Fifth Avenue, New York, N. Y., Dept. PR.

Puerto Rico Water Resources Authority—Special Report—Government Development Bank for Puerto Rico, San Juan, Puerto Rico—(paper).

Radio Isotopes in Science and Industry—Special report of the U. S. Atomic Energy Commission—Superintendent of Documents, Government Printing Office, Washington 25, D. C.—(paper), $1.25.

Savings and Loan Annals 1959— United States Savings and Loan League, 221 North La Salle Street, Chicago 1, Ill. — (cloth), — $5.00 ($3.00 each for five or more).

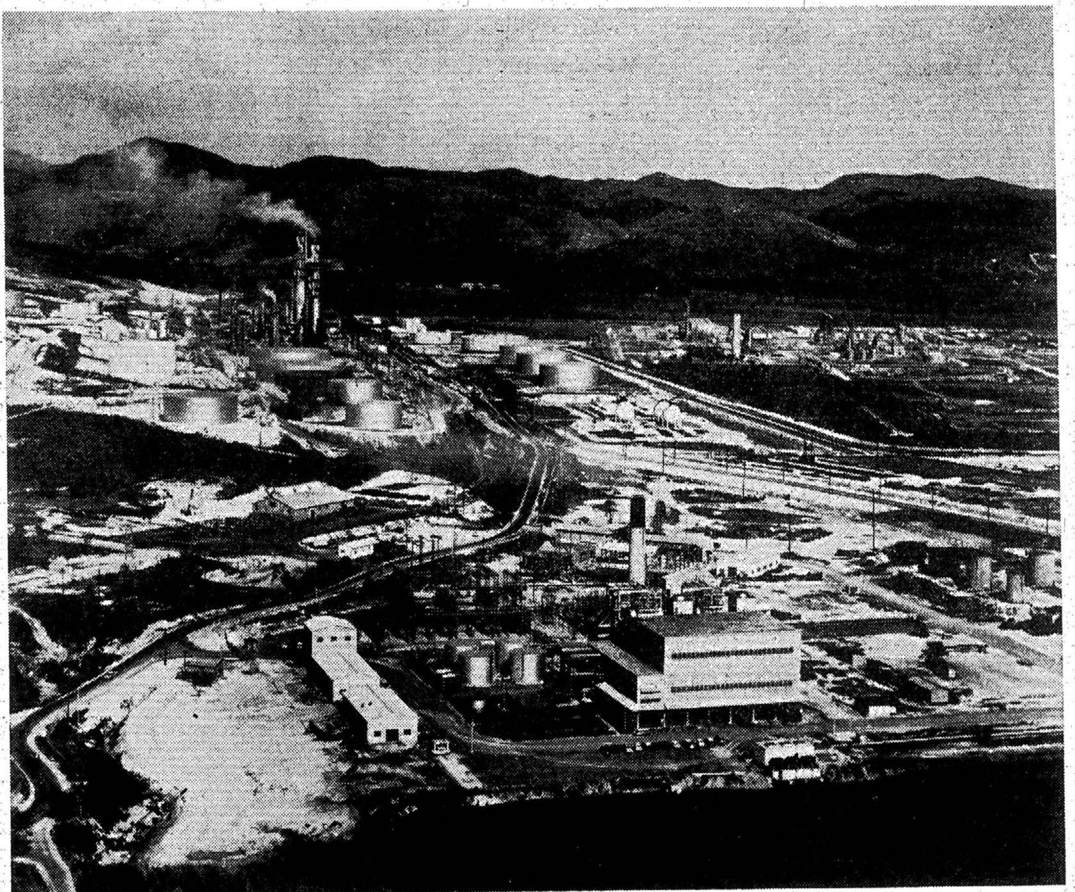
Unionism Reappraised: From Classical Unionism to Union Establishment — Goetz Briefs — American Enterprise Association, 1012 Fourteenth St., N. W., Washington, D. C. (paper), $1.00 (quantity prices on request).

Uranium Hexafluoride: Base Charges, Special Charges, Specifications and Packaging — U. S. Atomic Energy Commission, Washington 25, D. C.

Working with People: Examples of U. S. Technical Cooperation— Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 15¢.

World Trade and the Dynamic Los Angeles Metropolitan Area—Robert R. Dockson—Union Bank, Los Angeles, Calif.—(paper).

Puerto Rico Steam Plant



South Coast Steam Plant of the Puerto Rico Water Resources Authority, which recently sold an issue of $20,000,000 electric revenue bonds to an investment banking group headed by The First Boston Corporation, Ira Haupt & Co. and B. J. Van Ingen & Co. Inc. In the background, to the left, is a plant of Commonwealth Oil Refining Company, Inc. and, to the right, a plant of Union Carbide Corporation.

NAIC Appoints Information Dir.

The National Association of Investment Companies has announced the apopintment of Joseph S. Rosapepe, former financial editor and public relations executive, as its Director of Public Information.

The NAIC, founded in 1941, is an Association of 180 management investment companies, of both open-end (mutual fund) and closed-end types. George A. Mooney, Executive Director of the NAIC, said Mr. Rosapepe's appointment was part of the Association's program to meet the demand for information on the investment company industry, a demand that has increased greatly over the years as more and more people become interested in this form of investment.

Blanchard With Godfrey, Hamilton

Stephen L. Blanchard has become associated with Godfrey, Hamilton, Magnus & Co., Inc., 101 Park Avenue, New York City, as Manager of the Trading Department. Mr. Blanchard was formerly with Riter & Co. and Schwabacher & Co.

Stuart Scott Pres. Of Travelers Aid

Stuart Scott, Jr., a member of the New York Stock Exchange and partner in the firm of Carlisle & Jacquelin, has been elected President of Travelers Aid Society of New York.

Travelers Aid Society of New York is a non-sectarian, social agency providing immediate, effective help to people alone and far from home. It serves the distressed traveler at all the major transportation centers, including International Airport.

Form Tower Securities

DALLAS, Tex.—Tower Securities Corporation is engaging in an investment business from offices in the Tower Petroleum Building. Officers are William W. Petree, President; Earle F. Lasseter, Vice-President, and J. T. Walker, Secretary-Treasurer.

Now Corporation

Russell & Saxe, Inc. is now doing business as a corporation from offices at 50 Broad Street, New York City. Officers are Sigmund Saxe, President and Treasurer, and Russell Safferson, Vice-President and Secretary.

With McDonnell & Co.

(Special to The Financial Chronicle)

DENVER, Colo. — Richard H. Woulfe is now associated with McDonnell & Co., Inc., Tower Bldg. He was formerly with Bosworth, Sullivan & Co.

Tucker, Anthony Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Edward W. Weld has been added to the staff of Tucker, Anthony & R. L. Day, 74 State Street.

Wolfson, Zalkind Opens

FALL RIVER, Mass. — Wolfson, Zalkind & Co. has been formed with offices at 105 Bank Street to engage in a securities business. Partners are Richard B. Wolfson and Norman Zalkind. Mr. Wolfson was formerly with McDowell, Dimond & Co.

Three With Dean Witter

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Richard L. Arington, John H. Everett and Joseph R. Hutchinson are now affiliated with Dean Witter & Co., 45 Montgomery Street, members of the New York and Pacific Coast Stock Exchanges.

Forms Cons. Planning

MARBLEHEAD, Mass. — Consolidated Planning Company has been formed with offices at 131 Humphrey Street to engage in a securities business. Bernard Glazer is sole proprietor.

Frank Drew Opens

(Special to The Financial Chronicle)

PASADENA, Calif.—Frank Drew is conducting a securities business from offices at 639 North Lake Avenue. He was formerly with Mutual Distributors, Inc.

In Securities Business

Nicholas Freund is engaging in a securities business from offices at 640 Fifth Avenue, New York City under the firm name of Planned Financial Services.

Form Beacon Associates

Martin Ehrlich and Robert Corso are engaging in a securities business from offices at 11 East 44th Street, New York City under the firm name of Beacon Associates.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	Apr. 30	§79.4	*78.5	88.7	92.8
Equivalent to—					
Steel ingots and castings (net tons)	Apr. 30	§2,261,000	*2,238,000	2,527,000	2,627,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Apr. 15	7,031,760	7,028,410	7,116,010	7,133,025
Crude runs to stills—daily average (bbls.)	Apr. 15	¶7,898,000	8,035,000	7,857,000	7,856,000
Gasoline output (bbls.)	Apr. 15	28,472,000	28,680,000	27,712,000	27,491,000
Kerosene output (bbls.)	Apr. 15	2,395,000	2,755,000	2,511,000	1,936,000
Distillate fuel oil output (bbls.)	Apr. 15	12,249,000	12,638,000	12,874,000	12,833,000
Residual fuel oil output (bbls.)	Apr. 15	6,761,000	6,913,000	7,025,000	6,410,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Apr. 15	224,797,000	224,995,000	224,464,000	212,742,000
Kerosene (bbls.) at	Apr. 15	18,853,000	18,221,000	18,784,000	19,846,000
Distillate fuel oil (bbls.) at	Apr. 15	76,378,000	74,419,000	82,442,000	81,518,000
Residual fuel oil (bbls.) at	Apr. 15	39,091,000	39,373,000	40,991,000	56,430,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Apr. 16	622,635	598,384	581,477	634,848
Revenue freight received from connections (no. of cars)	Apr. 16	552,553	549,252	552,600	575,645
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Apr. 21	$758,200,000	$397,800,000	$453,500,000	$314,300,000
Private construction	Apr. 21	529,600,000	171,400,000	240,100,000	141,200,000
Public construction	Apr. 21	228,600,000	226,400,000	213,400,000	173,100,000
State and municipal	Apr. 21	200,600,000	196,200,000	175,100,000	126,600,000
Federal	Apr. 21	28,000,000	30,200,000	38,300,000	46,500,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Apr. 16	8,775,000	8,310,000	8,720,000	8,152,000
Pennsylvania anthracite (tons)	Apr. 16	354,000	260,000	388,000	363,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Apr. 16	156	153	129	132
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Apr. 23	13,213,000	13,263,000	13,951,000	12,538,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Apr. 21	283	308	286	300
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Apr. 19	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	Apr. 19	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	Apr. 19	$33.50	$33.50	$33.33	$34.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Apr. 20	32.600c	32.600c	32.600c	31.200c
Export refinery at	Apr. 20	31.975c	31.725c	30.475c	28.550c
Lead (New York) at	Apr. 20	12.000c	12.000c	12.000c	11.155c
Lead (St. Louis) at	Apr. 20	11.800c	11.800c	11.800c	10.820c
‡Zinc (delivered) at	Apr. 20	13.500c	13.500c	13.500c	11.500c
Zinc (East St. Louis) at	Apr. 20	13.000c	13.000c	13.000c	11.000c
Aluminum (primary pig. 99.5%) at	Apr. 20	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	Apr. 20	98.875c	99.250c	100.125c	102.125c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Apr. 26	83.57	83.32	85.65	84.33
Average corporate	Apr. 26	85.20	85.33	85.20	88.67
Aaa	Apr. 26	89.51	89.51	89.51	91.77
Aa	Apr. 26	87.22	87.86	87.72	90.77
A	Apr. 26	84.68	84.81	84.43	88.81
Baa	Apr. 26	79.60	79.72	79.84	83.66
Railroad Group	Apr. 26	82.52	82.77	82.52	87.59
Public Utilities Group	Apr. 26	85.85	86.11	85.72	88.27
Industrials Group	Apr. 26	87.05	87.32	87.59	90.20
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Apr. 26	4.22	4.25	3.97	4.03
Average corporate	Apr. 26	4.77	4.76	4.77	4.51
Aaa	Apr. 26	4.45	4.45	4.45	4.29
Aa	Apr. 26	4.61	4.57	4.58	4.36
A	Apr. 26	4.81	4.80	4.83	4.50
Baa	Apr. 26	5.22	5.21	5.20	4.89
Railroad Group	Apr. 26	4.98	4.96	4.98	4.59
Public Utilities Group	Apr. 26	4.72	4.70	4.73	4.54
Industrials Group	Apr. 26	4.63	4.61	4.59	4.40
MOODY'S COMMODITY INDEX	Apr. 26	378.7	381.2	378.2	391.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Apr. 16	299,606	299,289	302,307	287,889
Production (tons)	Apr. 16	324,743	316,815	320,721	323,387
Percentage of activity	Apr. 16	95	94	94	95
Unfilled orders (tons) at end of period	Apr. 16	429,286	450,380	441,526	448,740
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	Apr. 22	110.36	110.71	110.72	110.19
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Apr. 1	1,827,240	2,246,500	2,529,710	2,505,290
Short sales	Apr. 1	317,230	396,200	381,580	394,040
Other sales	Apr. 1	1,470,190	1,706,740	2,126,710	2,074,590
Total sales	Apr. 1	1,787,420	2,102,940	2,508,290	2,468,630
Other transactions initiated off the floor—					
Total purchases	Apr. 1	271,370	331,940	395,680	381,410
Short sales	Apr. 1	38,140	44,600	49,900	17,400
Other sales	Apr. 1	261,370	270,130	443,240	370,220
Total sales	Apr. 1	299,510	314,730	493,140	387,620
Other transactions initiated on the floor—					
Total purchases	Apr. 1	703,440	685,215	730,305	669,645
Short sales	Apr. 1	98,170	126,450	102,810	85,830
Other sales	Apr. 1	530,212	593,934	697,230	633,399
Total sales	Apr. 1	628,382	720,384	800,040	719,229
Total round-lot transactions for account of members—					
Total purchases	Apr. 1	2,802,050	3,263,655	3,655,695	3,556,345
Short sales	Apr. 1	453,540	567,250	534,290	497,270
Other sales	Apr. 1	2,261,772	2,570,804	3,267,180	3,078,209
Total sales	Apr. 1	2,715,312	3,138,054	3,801,470	3,545,479
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Apr. 1	1,468,371	1,519,716	2,000,156	1,809,526
Dollar value	Apr. 1	$74,846,990	$73,033,522	$97,087,182	$100,603,462
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Apr. 1	1,314,930	1,298,812	1,648,132	1,629,361
Customers' short sales	Apr. 1	10,595	11,862	17,396	6,767
Customers' other sales	Apr. 1	1,304,335	1,286,950	1,630,736	1,622,594
Dollar value	Apr. 1	$66,261,004	$61,557,659	$79,320,887	$84,533,142
Round-lot sales by dealers—					
Number of shares—Total sales	Apr. 1	388,690	348,560	419,270	435,070
Short sales	Apr. 1	------	------	------	------
Other sales	Apr. 1	388,690	348,560	419,270	435,070
Round-lot purchases by dealers— Number of shares	Apr. 1	525,990	587,670	716,730	606,790
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Apr. 1	573,180	709,660	735,370	580,590
Other sales	Apr. 1	11,949,250	13,341,240	16,091,000	15,961,310
Total sales	Apr. 1	12,522,430	14,050,900	16,826,370	16,541,900
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Apr. 19	120.0	120.1	120.1	119.9
Farm products	Apr. 19	91.2	*91.2	90.9	92.5
Processed foods	Apr. 19	106.8	*106.7	107.2	107.5
Meats	Apr. 19	96.1	*95.6	96.8	102.3
All commodities other than farm and foods	Apr. 19	128.6	128.7	128.7	128.1

*Revised figure. ¶Includes 966,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of January	164,023	162,996	156,700
Stocks of aluminum (short tons) end of Jan.	127,532	111,638	175,108
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings, produced (net tons)—Month of February	11,119,000	*12,049,404	9,602,938
Shipments of steel products (net tons)—Month of February	7,583,033	8,429,696	6,524,374
AMERICAN PETROLEUM INSTITUTE—Month of January:			
Total domestic production (barrels of 42 gallons each)	253,398,000	252,125,000	250,623,000
Domestic crude oil output (barrels)	224,140,000	222,969,000	223,926,000
Natural gasoline output (barrels)	29,242,000	29,139,000	26,660,000
Benzol output (barrels)	16,000	17,000	37,000
Crude oil imports (barrels)	28,610,000	31,879,000	28,664,000
Refined product imports (barrels)	30,713,000	29,125,000	36,237,000
Indicated consumption domestic and export (barrels)	330,826,000	341,671,000	350,539,000
Decrease all stocks (barrels)	18,105,000	28,542,000	35,015,000
AMERICAN RAILWAY CAR INSTITUTE—Month of March:			
Orders for new freight cars	1,959	3,411	10,792
New freight cars delivered	5,950	5,052	2,797
Backlog of cars on order and undelivered (end of month)	42,131	46,323	35,487
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of March 31:			
Imports	$363,561,000	$350,346,000	$278,127,000
Exports	413,085,000	336,485,000	329,239,000
Domestic shipments	10,083,000	9,120,000	11,795,000
Domestic warehouse credits	133,746,000	122,070,000	70,099,000
Dollar exchange	200,924,000	192,574,000	111,173,000
Based on goods stored and shipped between foreign countries	244,399,000	229,105,000	253,314,000
Total	$1,365,798,000	1,239,700,000	1,053,747,000
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of March:			
Manufacturing number	224	196	210
Wholesale number	145	111	126
Retail number	607	609	625
Construction number	241	195	185
Commercial service number	120	103	316
Total number	1,335	1,214	1,263
Manufacturers' liabilities	$19,170,000	$21,527,000	$22,558,000
Wholesale liabilities	9,671,000	9,460,000	5,252,000
Retail liabilities	14,116,000	16,687,000	20,348,000
Construction liabilities	19,427,000	10,770,000	11,589,000
Commercial service liabilities	7,809,000	2,501,000	5,304,000
Total liabilities	$70,193,000	$60,945,000	$65,051,000
BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of March	17,437	14,669	18,176
COAL EXPORTS (BUREAU OF MINES)—Month of February:			
U. S. exports of Pennsylvania anthracite (net tons)	104,595	100,577	165,987
To North and Central America (net tons)	81,335	100,571	121,460
To Europe (net tons)	13,851	------	33,917
To South America (net tons)	9,358	6	------
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—As of March 31 (000's omitted)	$805,000	$718,000	$883,000
COPPER INSTITUTE—For month of March:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	117,161	*98,527	117,530
Refined (tons of 2,000 pounds)	129,758	105,417	140,928
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	122,752	111,851	124,220
Refined copper stocks at end of period (tons of 2,000 pounds)	61,598	64,007	82,952
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE—U. S. DEPT. OF LABOR—Month of March:			
Weekly earnings—			
All manufacturing	$90.68	*$91.14	$89.24
Durable goods	98.49	*98.98	97.10
Nondurable goods	79.52	79.95	79.00
Hours—			
All manufacturing	39.6	*39.8	40.2
Durable goods	40.2	*40.4	40.8
Nondurable goods	38.6	39.0	39.5
Hourly earnings—			
All manufacturing	$2.29	*$2.29	$2.22
Durable goods	2.45	2.45	2.38
Nondurable goods	2.06	2.05	2.00
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49 = 100—Month of Mar.:			
Seasonally adjusted	109	110	104
Unadjusted	110	111	105
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of March (1947-49 = 100)	61.7	60.9	63.9
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of March (in billions):			
Total personal income	393.5	393.0	375.4
Wage and salary receipts, total	269.0	268.8	354.0
Commodity producing industries	112.1	112.7	106.3
Manufacturing only	88.7	89.0	83.8
Distributing industries	69.8	*69.7	66.6
Service industries	39.0	*39.0	36.4
Government	48.1	*47.4	44.8
Other labor income	10.4	10.4	9.8
Business and professional	35.4	*35.4	34.0
Farm	10.3	*10.7	12.9
Rental income of persons	12.2	12.2	12.0
Dividends	13.6	13.6	12.8
Personal interest income	24.6	24.3	21.6
Transfer payments	27.7	*27.3	26.6
Less employees' contribution for social insurance	9.7	9.7	8.2
Total nonagricultural income	379.1	*378.2	358.5
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of February:			
Total operating revenues	$774,222,055	$789,265,270	$748,129,409
Total operating expenses	620,653,027	633,867,856	609,210,746
Taxes	83,795,454	84,362,913	74,185,789
Net railway operating income before charges	42,245,677	43,566,271	39,653,984
Net income after charges (estimated)	28,000,000	30,000,000	22,000,000
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of March:			
Net sales	------	------	------
Net purchases	$43,081,500	$16,464,300	$62,216,800

NSTA NOTES

SECURITY TRADERS ASSOCIATION OF LOS ANGELES

The Security Traders Association of Los Angeles held a big bowling party April 21 followed by a gala dinner on April 22 at the Sheraton-West Hotel.

Ralph M. Dahl

Ralph M. Dahl, Evans MacCormack & Co., President of the Association served as Master of Ceremonies for the occasion.

The association has announced that plans are all set for their Spring Outing to be held June 3, 4 and 5 at the Riviera, Palm Springs. Members planning to attend are asked to send in their reservations as early as possible.

FLORIDA SECURITY DEALERS ASSOCIATION

The Board of Governors of the Florida Security Dealers Association at a recent meeting scheduled the 1960 Annual Convention of the association for Nov. 3 and 4 at the Key Biscayne Hotel, Miami, Florida.

Form Rothenberg, Heller

Rothenberg, Heller & Co. Inc. has been formed with offices at 225 Broadway, New York City, to engage in a securities business. Officers are Nathaniel Rothenberg, President, and George Heller, Secretary-Treasurer. Both were formerly with George, O'Neill & Co., Inc. and Marron, Sloss & Co., Inc.

Form Atlantic Equities

WASHINGTON, D. C. — Atlantic Equities Company is engaging in a securities business from offices at 1500 Massachusetts Ave., N. W. Officers are Barbara J. Black, President; Ralph H. Pounds, Treasurer; and Joseph P. Cardillo, Vice-President and Secretary. All were with E. L. Wolf Associates, Inc.

$75 Million Bonds Of New York City Publicly Offered

An underwriting account managed by The Chase Manhattan Bank merged with a group headed by The First National City Bank of New York on April 27 to purchase an issue of $75,000,000 City of New York Serial Bonds, issued for School Construction and Various municipal purposes. The combined account submitted a bid of par, plus a nominal premium, for the bonds as 3.90s, 3.80s and 3½s, setting a net interest cost of 3.8561% to the city.

Due May 1, 1961 to 1990, inclusive, the bonds are being reoffered at prices to yield from 2.65% to 3.90%, according to maturity.

Other members of the offering syndicate include:

Chemical Bank of New York Trust Co.; Bankers Trust Co.; Manufacturers Trust Co.; Morgan Guaranty Trust Co. of New York; Lehman Brothers; Smith, Barney & Co.; Blyth & Co., Inc.; The First Boston Corp.; Lazard Freres & Co.; Harriman Ripley & Co., Inc.

Halsey, Stuart & Co., Inc.; Barr Brothers & Co.; R. W. Pressprich & Co.; The First National Bank of Chicago; Merrill Lynch, Pierce, Fenner & Smith, Inc.; C. J. Devine & Co.; Eastman Dillon, Union Securities & Co.; Salomon Bros. & Hutzler; Goldman, Sachs & Co.; Kuhn, Loeb & Co.

Bear, Stearns & Co.; Continental Illinois National Bank & Trust Co. of Chicago; The Northern Trust Co.; Kidder, Peabody & Co.; Harris Trust and Savings Bank; Phelps, Fenn & Co.; Equitable Securities Corp.; White, Weld & Co.; Drexel & Co.

W. H. Morton & Co., Inc.; The Philadelphia National Bank; Hornblower & Weeks; Carl M. Loeb, Rhoades & Co.; Ladenburg, Thalmann & Co.; Wertheim & Co.; Hallgarten & Co.; A. G. Becker & Co., Inc.; Blair & Co., Inc.; Federation Bank and Trust Co.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—Regardless of whom the Democrats nominate at their Los Angeles convention, a slight majority of the members of the American Society of Newspaper Editors think the 47-year-old Californian, Richard M. Nixon, will be the next occupant of the White House.

At a breakfast in the Nation's Capital the other morning in honor of the American Society of Newspaper Editors, 45 of the editors predicted the Republicans will win, and 42 thought the Democrats will elect the next President. The editors represented almost every state in the union.

Perhaps the only surprise of the secret ballot of the editors was the fact that 46 of them thought that Adlai E. Stevenson, who has had the nomination twice and is a two-time loser to Dwight D. Eisenhower, will oppose Vice-President Nixon for the nomination. Sixteen thought it would be Senate Majority Leader Lyndon B. Johnson of Texas; 14 predicted it would be Senator John F. Kennedy of Massachusetts; 11 predicted Senator Stuart Symington of Missouri, and one said he thought it would be Senator Hubert H. Humphrey of Minnesota.

GOP's Problems

While the Democrats are contesting for the Presidential nomination, and there are evidences that tempers will be ruffled before the balloting starts at Los Angeles, the Republicans have their problems too.

The Republicans have a difficult time staying on the front pages day after day. The Democrats are attracting most of the headlines because they are making the news. Also, the Republicans are apprehensive that their Chicago convention will be a great anti-climax after the shindig of the Democrats.

There have been reports that Mr. Nixon hopes to see an open contest for the Vice-Presidential nomination. At the same time he expects to make the final decision. Obviously, he wants someone that he can work with closely, should he be elected. President Eisenhower has given Mr. Nixon more participation in the government of the United States than any Chief Executive has ever given a Vice-President.

Because the government has become complex and has gotten so big and the problems so great, Mr. Nixon has said that he thought the Vice-President should have great participation in the executive branch of the government.

Conservative's Doctrine

With the conventions approaching there has been some pro and con speculation about the stand Vice-President Nixon apparently will take on the stump later this year. There has been some apprehension that he might try and compete with the Democrats for "liberal" or New Deal type votes.

Representative Bruce Alger, a Republican from Dallas, recently visited Mr. Nixon to pass on the views of his Texas area constituents that were assertedly disturbed over the Vice-President's more liberal image.

Representative Alger said after his conference with Mr. Nixon that "the conservative believes in a balanced budget for his government as he believes in one for his family. He believes in paying down our debts and in preserving a sound dollar, as well as protecting and strengthening individual freedom. He rejects the bureaucratic regimentation so dear to the self-styled liberals and is today opening his political eye. He is organized, and winning, in certain Congressional districts already. He needs and wants a leader he can follow."

Representative Alger, one of a handful of Republicans from the South, pointed out to the Vice-President that the Democratic Party has the liberal vote sewed up. Therefore, in attempting to win these groups, he would lose support among the conservative voters of the country.

"Dick Nixon has only to encourage and inspire action by stressing his own dedicated convictions on the role of Federal Government in our lives, as demonstrated by his own voting record," Mr. Alger said in a letter directed to his constituents.

Nixon's Thinking

Without quoting the Vice-President after his talk with him, Mr. Alger restated his own clear impressions of some points the Vice-President made, of which he agreed (1) Politically, he'd be foolish indeed to come out with a lot of flatfooted pronouncements on any and all issues until his opponent in the race is determined. (2) He has a responsibility, as Vice-President, to be a spokesman for the Administration positions, at this time. (3) The campaign against the Democrat nominee, when known, will permit a clear differentiation of viewpoints that will be encouraging to conservatives. (4) There is, and must always be, room for honest difference between members of the same party.

During the next seven months, the candidates of both major parties whoever they may be, will have to commit themselves in plain terms on a number of issues important to the country. As politicians have recognized in shifting their argument to suit their audience, many issues have differential meanings and importance for different sections of the country.

Vice-President Nixon appears today caught between two viewpoints within the Republican Party. Although many Republicans who adhere to the eastern-internationalist wing of the party were delighted by the results of the New Jersey contest between Senator Clifford Case and Judge Robert Morris, the former chief counsel of the Senate Internal Security Subcommittee, the Vice-President cannot afford to ignore the conservative Republican professionals.

Goldwater's Star Rises

Many rank and file Republicans who idolized the late Senator Robert A. Taft with a genuine personal fervor, have now pushed Senator Barry Goldwater of Arizona to the forefront as their spokesman. The Arizona Republican has already added his State's 14 national convention votes as a favorite son candidate for President as well as a handful of South Carolina votes which he picked up several weeks ago. Senator Goldwater has indorsed the idea of replacing the party platform with a statement of principle, followed by the GOP in Arizona in the 1958 election.

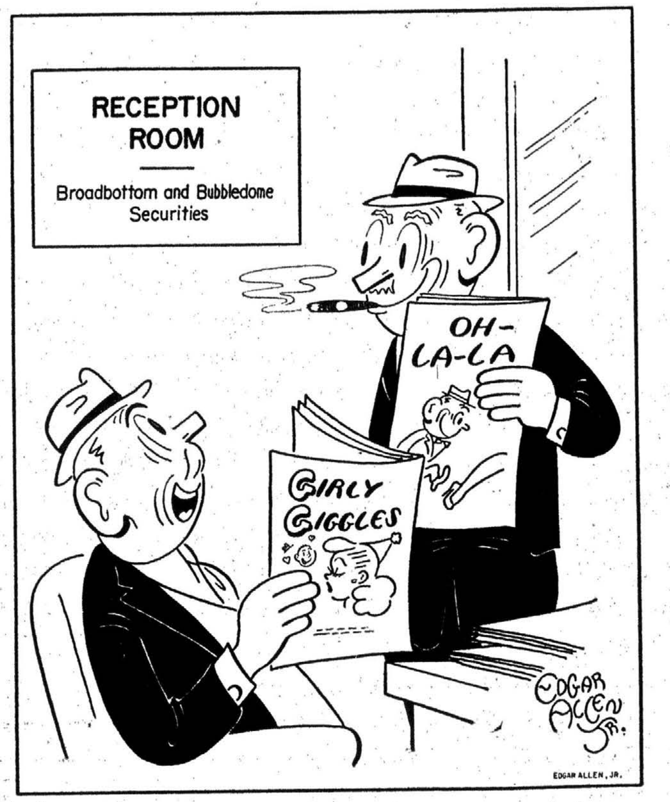
Representative John J. Rhodes, Republican of Arizona, has warned that unless the Vice-President campaigns to bring the conservative voters to the polls, "he will never get a chance to be the Republican President of the United States."

Vice-President Nixon has already shown, however, he has real voter appeal in the East in what proved to be purely a popularity contest. Mr. Nixon got more votes in the New Hampshire preference primary several weeks ago than President Eisenhower got in 1956. The showing by Mr. Nixon in Wisconsin was considered impressive based on the fact that more than 341,000 voters cast ballots for him in a primary in which there was no opposition. Some observers are of the opinion that he gained strength even though he polled only 28.7% of the total vote and ran third in the primary.

In a question and answer session before the American Society of Newspaper Editors meeting in Washington, Mr. Nixon described himself as a conservative in economic matters because "I believe conservative policies provide the surest and best road to progress for the great majority of the American people."

The Vice-President agreed with an editor that $5 billion-a-year payment on the national debt is a fine objective, but it may be unrealistic. With security the primary goal of America, what can be paid on the debt, will depend on the international situation.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]



"Actually I'd rather have Soupnoodle and Company handle my investments but this outfit has much spicier magazines."

COMING EVENTS

IN INVESTMENT FIELD

April 28-29, 1960 (St. Louis, Mo.)
St. Louis Municipal Dealers Group Spring Party: Luncheon at Missouri Athletic Club, cocktail party and banquet at Park Plaza Hotel, April 28; Field Day at Glen Echo Country Club, April 29.

April 29, 1960 (New York City)
Security Traders Association of New York annual dinner at the Waldorf Astoria.

May 9-10, 1960 (Atlanta, Ga.)
Association of Stock Exchange Firms meeting of Board of Governors at Hotel Atlanta Biltmore.

May 11-14, 1960 (White Sulphur Springs, W. Va.)
Meeting of the Board of Governors of the Investment Bankers Association.

May 17-18, 1960 (Omaha, Neb.)
Nebraska Investment Bankers Association annual Field Day.

May 19-20, 1960 (Nashville, Tenn.)
Nashville Security Traders Association Spring Party; cocktails and dinner May 19 at Hillwood Country Club; outing May 20 at Bellemeade Country Club.

May 20, 1960 (Baltimore, Md.)
Baltimore Security Traders Association annual spring outing at Maryland Country Club.

May 20, 1960 (Pittsburgh, Pa.)
Western Pennsylvania Group of Investment Bankers Association Meeting at Rolling Rock Club, Ligonier, Pa.

May 28, 1960 (Dallas, Texas)
Dallas Security Dealers Association annual spring party at the Northwood Club.

June 2-5, 1960 (Ponte Vedra, Fla.)
Southern Group of Investment Bankers Association meeting.

June 3-5, 1960 (Los Angeles, Calif.)
Security Traders Association of Los Angeles spring party at the Riviera, Palm Springs.

June 9, 1960 (Des Moines, Iowa)
Iowa Investment Bankers Silver Anniversary field day at the Wakonda Club.

June 10, 1960 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia summer outing at Overbrook Country Club, Radnor Township, Pa.