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## *Editorial* AS WE SEE IT

Prestige! It is a word to conjure with, or at least so believe the political hopefuls of 1960. Those who would replace the Republicans in the White House with deserving Democrats are quite certain that our prestige has badly deteriorated abroad during the past eight years, and they are leaving no stone unturned in their efforts to make the great rank and file see it as they do, or profess to do. The Republican candidate goes to the other extreme, never tiring of telling one and all that the prestige of this country was never so high the world over. The matter seems to have become one of the major issues of the campaign. The President himself has had some things to say in this general area—in particular about our military power and the like. It appears that certain "surveys" of foreign populations have been made in recent months, and Mr. Kennedy has been hounding the Administration and, of course, Mr. Nixon to make the results known since he apparently is quite sure that they would favor his side.

But just what is this thing they call "prestige," and how important is it in any event? No one, so far as we are aware, has taken the trouble even to ask the question, let alone undertaken to answer it. Some of those who are having a good deal to say about the matter appear to mean simply our military might—particularly as compared with that of the Soviet Union. They are particularly interested in changes that may have occurred in the relative positions of these two countries in recent years. They make the welkin ring with claims that Russia has been overtaking us rapidly in this area, and some even go so far as to say that today the Soviet Union is a greater military power than are we. But the real point of their argument has to do less with the actual relative military strength than with what the peoples of the world believe it to be. Now, of course, which one is the more powerful military force is a highly technical question, and one that could not be answered intelligently, even by the expert, without much more information than is at hand. The *(Continued on page 28)*

# Moderate Liquidation by Funds While the Stock Market Tumbled

By A. Wilfred May

**Analysis of investment companies' portfolio operations during September quarter's falling market reveals renewed overall retrenchment in common stock buying, with a shift into fixed-income securities. This policy was particularly pronounced among the "balanced" open-end funds. Most favored groups included aircrafts, beverages, finance, food, natural gas, utilities and publishing issues. Widely sold were aluminum, automotive, rubber, steel and textile-rayon stocks. Other groups, including oils, elicited divergent reactions. Most popular issue was ATT. Most heavily liquidated were Merck, Montgomery Ward and International Paper. Continuing interest in foreign stocks was supplemented by buying of high-yielding European bonds.**

This survey of third quarter portfolio operations covers a period of substantial stock market decline. The fall came to about 9½% in the common stock averages, a slightly greater fall than occurred during the past March quarter. (The Blue Chippy Dow-Jones Industrial Average ended the September quarter at 580, the June period at 640, and the March quarter at 616.)

The market's third quarter decline prompted similar cautionary portfolio policies by fund managements as did the general market's comparable downward pattern during the year's first quarter.

Our analysis of the portfolio operations of the 86 leading investment companies under 62 managements reveals renewed overall retrenchment of common stock buying, with shifting into fixed-income securities. This was particularly marked in the case of open-end balanced funds and of the closed-end companies, both of which operate under much greater freedom of action than do the open-end stock funds.

Net purchases of common stocks by the open-end balanced funds declined by 40.8% from the second quarter. The closed-ends still showed a net balance of common stock liquidation. The open-end

*[Tables appearing on pages 21 and 27 show fund's comparative investment positions; total common stock and other securities transactions; and individual common stock transactions by industry groups.]*

stock funds bought less commons, by 3%, than in the previous quarter, with their liquidation of commons 5.2% less.

Manifesting this pattern, the open-end balanced funds included 17 net stock buyers, down from 21 in the previous quarter, and 13 net sellers, up from 9. The closed-end companies showed only one net stock buyer, Tri-Continental; and 11 net sellers; with two stand-offs. The less flexible open-end stock funds showed 31 net buyers of commons, compared with 24 in the June quarter; and nine net sellers, against 14 in the June quarter (however, the volume of their net purchases of common stocks showed a decline of 43% from the first quarter).

Also manifesting the conservative attitude cited above, the open-end balanced funds stepped up their net purchases of corporate bonds and preferreds to \$68.4 million from \$32.7 million in the June quarter. Contrastingly, the open-end stock funds reduced their net buying of bonds and preferreds to \$6.4 million, from \$12.6 million. The over-all result shows that open-end and closed-end companies combined, increased their purchases of corporate fixed-income securities to \$75.3 million from \$49.2 million; with their total of fixed-income securities and cash rising to 17.5% of net assets from 16.8%.

### REDEMPTION OF FUND SHARES

"The Public," too, along with the Experts, has been retrenching. Although the *Redemptions* have recently shown some decline from their total during the first half of the year, their volume of \$203.8 million, or 41.4% of sales, during the September quarter, would seem to be disquieting. Redemptions were particularly *(Continued on page 20)*

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## This Week's Forum Participants and Their Selections

**Consultants Bureau Enterprises**—William A. Nelson, Research Department, Charles A. Taggart & Co., Philadelphia, Pa. (Page 2)

**Equity Oil Co.**—John W. Armsby, Securities Analyst, Wyatt, Neal & Waggoner, Atlanta, Ga. (Page 2)

WILLIAM A. NELSON

*Research Department, Charles A. Taggart & Co., Philadelphia, Pa.*

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**Consultants Bureau Enterprises**

The book publishing business is gaining allure for investors who see major growth potential in the industry in line with expanding demand for textbooks, scientific journals and encyclopedias.

Wm. A. Nelson

Consultants Bureau Enterprises, despite its unwieldy and prosaic sounding name, is a rapidly growing publishing company that has parlayed a shoestring operation into a multimillion dollar business translating Soviet scientific publications. More recently, the company has taken on a staff for the translation of material emanating from China.

The company has been actively engaged in this work for about five years, although its founders, Earl and Francis Coleman, began translating Russian into English in 1948. In 1949, Consultants Bureau initiated a program of cover-to-cover periodicals to be sold on a subscription basis. This was a pioneering effort in that such a method had not been used before.

By 1955, the company was translating and publishing five Russian scientific journals and in that same year Consultants Bureau translated and published the complete texts of an all-Russian conference on Nuclear Energy. The Atomic Energy Commission contracted with the company to reproduce and distribute this text on an even wider scale. Sales in that year were only $40,000. At the end of fiscal 1959, sales had expanded to $750,000, and for 1960 are expected to exceed $1,200,000, with the field just about opening up.

Since 1958, Consultants Bureau has had an agreement with the Soviet Government's export book agency whereby the agency sees to it that there are no infringements of translation rights by other concerns in return for royalty payments by the company. The agreement also provides for delivery to Consultants of drawings and pictures of scientific items.

Although the market for Russian translations is growing, there is another market perhaps even larger for the publication of books of a scientific, technical, business and reference nature originating in English. To facilitate this, a subsidiary, Plenum Press was organized. In 1959, eight books were published. In 1960, 25 titles are scheduled.

Plenum started in business to publish the proceedings of learned societies. These proceedings are printed and then sold through book stores and advertisements in technical journals using mailing lists catalogued as to scientists and specialties. Plenum has become the publisher for the American Astronautical Societies proceedings and plans to expand its participation in this field. It has published such books as "Advances in Astronautic Science," and "Exploding Wires." In 1959 the company decided to publish books not only of interest to scientists but to the general public as well. One of its recent books, entitled "M3 In the Battle Against Old Age," has created substantial public interest through its description of the use of novocaine to help illnesses of old age.

Another subsidiary, Interlanguage Dictionaries Publishing Corp., was organized in 1956 to produce bi-lingual dictionaries for scientists. The company is now engaged in compilation of a Russian-English Physics Dictionary and in conjunction with John Wiley & Sons, who will print and distribute these, the company is preparing a revised edition of Callahan's Chemical and Technical Russian-English Dictionary.

Consultants Bureau Enterprises is one of the first companies in the country to take advantage of coldtype composition. There are two basic methods of composing text for publication. One is by means of hot metal called "hot type" and the other is by various cold metal machines called "coldtype," such as typewriter, IBM Proportional Spacer, Varityper and Justowriter. CBE considers coldtype much cheaper and an equally satisfactory method for the production of scientific texts. The company is also in the process of exploring other uses for its coldtype facilities. Books for other publishers have been composed, using the process. Since coldtype work needs relatively unskilled operators, it is non-unionized, which makes it a much cheaper method.

Projected earnings for CBE this year are 60-75c on 221,400 shares outstanding. If the current rate of sales continues, CBE could earn $1.30 or more in 1961. The company is now studying three possible acquisitions in the textbook and technical book fields.

With a small equity base, seasoned management and a jump on competition, CBE is an intriguing speculation. Out of almost 15,000 letters of application received by the company, 250 people were chosen and are currently translating on a piecework basis. They are a variegated group, including graduate students, professors, research scientists on foundation or government sponsored projects, and engineers. CBE enjoys a class rating among learned societies.

Among the societies that hold contracts with CBE are the National Institute of Health, American Institute of Physics, American Institute of Biological Sciences and the American Geological Institute. Out of a total of 86 Russian journals translated on a continuing basis throughout the world, CBE publishes thirty-three. By way of camparison, its largest competitor, Pergamon Press, does about eighteen. Mr. Coleman, the President of CBE, foresees a 100-million-a-year industry, for the publication of technical and scientific texts, just around the corner.

SALES AND EARNINGS

| | Sales | Net After Taxes | Per Sh. Earns. |
|---|---|---|---|
| †1960 | $1.2-1.4 (m) | $120,000-130,000 | .60 |
| 1959 | 750,000 | 43,211 | .21 |
| 1958 | 586,530 | 21,171 | .10 |
| 1957 | 299,813 | (9,912) | * |

†Estimated. *Deficit.

The stock is traded in the Over-the-Counter Market at a price of about 12¾.

JOHN W. ARMSBY

*Securities Analyst, Wyatt, Neal & Waggoner, Atlanta, Georgia*

**Equity Oil Co.**

There is considerable sheeplike psychology in the securities business which gets translated into investment advice. This causes overcrowding in certain fields and leaves a partial vacuum in others as the hopeful surround the newest prophets to learn the latest truths. Anyone who can endure loneliness with patience will often find it profitable to look for values in the neglected industries with some confidence that the flock will eventually return. This is now new idea, but it seems to bear repeating occasionally.

J. W. Armsby

For a text-book example of this desertion, take a look at the natural gas industry, and particularly the stocks of established independent producers. In recent years many of these companies have been successful in every phase of operation. The price of gas at the well-head has tripled in the past ten years, in spite of regulation that was supposed to prevent this. Reserves are up over 50% for the country as a whole, but demand continues to increase, and pipeline construction remains high. An outstanding record! Yet the price which the public will pay for these achievements has fallen dramatically. For example:

| | High | Recent Price |
|---|---|---|
| 1. Delhi-Taylor | 22⅛ | 8¾ |
| 2. Colorado Oil & Gas | 24 | 8¼ |
| 3. Texas National Pet. | 9 | 2½ |
| 4. Western Natural Gas | 23⅞ | 9¾ |
| 5. Equity Oil | 44 | 12½ |

An extreme case in point is Equity Oil. The company is capitalized with only 1,500,000 common shares. It has no debt, no preferred stock, and no surprises in the form of warrants or stock options. The company has paid a dividend of 40c per share for ten years, and the balance sheet is immaculate with the ratio of current assets to current liabilities at 6.1 to 1. Cash is 4.6 times current liabilities. Over the past two years while the price of its stock has steadily declined, the company has been conducting a highly successful drilling program to evaluate an 80,000-acre lease block in Rio Blanco County of N. W. Colorado. The company's extremely conservative policy of reporting the results of this work has delayed recognition of its importance, but the general picture is now rather clear. A report prepared for the company in 1959 by Thurman Consultants, a leading Denver geological firm, reached the following conclusion:

"Total reservoir sand thicknesses vary from a few hundred feet to more than 1,000 feet, depending on location. . . . Due to lack of productive history the calculation of reserves is problemati-

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# Stock Market in Retrospect And Outlook in This Decade

*By* Hartman Butler, Jr,* *Partner of Duff, Anderson & Clark, Industrial Investment and Financial Analysts, Chicago, Ill.*

**Cold water is thrown on the belief that with the advent of the market's recovery the 1960's will continue the same automatic gains of the 1950's. Mr. Butler consigns short-term practitioners to the racetrack in pointing out that "true investors," which he defines, will only be able to do well in what he calls this "Decade of Selection." The writer sets forth six investment criteria revolving around management's performance, willingness to invest in plant-equipment and in research and development, and maintenance of an orderly financial house. He also expresses a strong preference for the British use of yields in place of our reliance on price-earnings ratio as a measurement tool.**

In considering the stock market from the decade standpoint—starting with 1920 and coming up into the decade of the 1960s—the seriousness of the recent market reaction seems exaggerated. We should note that a common stock is actually something intangible rather than an elaborate piece of paper. In buying a common stock, one is acquiring a call on future earnings and also possible problems. In a small way, we are going into partnership with the management.

Hartman Butler, Jr.

My review of the stock market, decade by decade, will use the Dow-Jones Industrial Average as the criterion. I fully recognize that it is fashionable in some investment circles to disparage the accuracy of the DJI as a measurement of the market as a whole. But to me the Dow-Jones is a trusted and long-time friend—admittedly not perfect but one with real virtues.

As the composite of 30 industrial common stocks, each widely held and with at least fairly good investment quality, the DJI gives a broad cross section of the stock market. The "average" is necessarily a high figure—many times that of the typical stock—as the original divisor of 30 has been steadily reduced to adjust for stock splits and other changes. There are admittedly some statistical aberrations in its compilation. My own view would be to substitute Coca-Cola for Swift and National Cash Register for Chrysler to give a better industry spread and also to eliminate unusual swings in earnings from year to year. Further, the Dow-Jones Industrial Average could well be "split" 10-for-1 by changing the present divisor from 3.38 to 33.8. This would eliminate the confusion of saying the market today is around 580 as "58" would be a more typical figure.

The recent market decline has carried the Dow-Jones Industrial Average considerably under the 600 level. It is interesting to note that the DJI was about 100 on the first day of 1920. Thus the increase during the past four decades has been 5% compounded annually.

### The Decade of Speculation

The 1920's might be called the "Decade of Speculation." These were years of unbridled, rampant speculation. Interest rates soared. Ridiculously small margins were needed to buy common stocks. The Dow-Jones Industrial Average reached 300 at the end of 1928. By this time the real investor should have made up his mind to take at least some of his profits. The market then entered the wild boom of 1929 and by summer reached 380. Then came the deluge a series of large declines in terms of both points and percentages. The market had daily declines of 6-12% three times in October, three days in November, and once in December.

By the end of 1929, the market was down to around 250. Despite the decline of one-third in the latter months of the decade, the 1920's as a whole showed an increase of over 125%. During the decade of the 1920's, five years saw the market closing higher than in any previous year.

### The Decade of Frustration

We now come to the 1930's which I call the "Decade of Frustration." It is difficult to comprehend the situation facing investors at that time. In the spring of 1930, the market had a sharp rally—to nearly 300—and more money was probably lost by reinvestment at this time than had been lost in the crash of 1929. The market peaked out in April of 1930 and nearly a quarter of a century was to pass before the DJI would once again sell as high

This was a very easy time to lose money in the stock market—with three vicious declines. From the summer of 1930 to early 1932 the market was down nearly 90%. Following a sharp rally in mid-1932, the market declined 40% in the months prior to the presidential inauguration (March, 1933). A real bull market then developed but stocks virtually peaked out in 1936 with only a modest rise in early 1937. From Labor Day 1937 into the spring of 1938, the market declined an even 50%. There was then a fairly good rise but little progress thereafter as war clouds began to darken over the world — first with Munich and within a year the Wehrmacht blitz into Poland.

The market ended 1939 at 150

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# British Bank Rate Outlook And the U.S.A. Election

*By* Paul Einzig

**Dr. Einzig appeals to England and Western Europe to support gold unstintingly between now and election day. To indicate the seriousness of this, he notes that U. S. S. R. has deliberately refrained from making her seasonal gold sales. Britain's half-percent Bank rate reduction is not construed as a departure from hard money but to the anticipation by the authorities of a Democratic victory and, thus, the unlikelihood of a return flow of funds to New York. In fact, Dr. Einzig predicts a further cut if Senator Kennedy wins. As for the gold price rise, the writer reports the market believes pressures are bound to develop between November 8th-January 4 that are bound to continue after a Democratic victory.**

*LONDON, England*—For the first time in British monetary history the Bank Rate was changed on Oct. 27 as a result of a view taken on the outcome of a Presidential Election in the United States. This at any rate seems to me the only logical explanation of the decision to lower the Bank Rate by ½% to 5½%. It cannot be explained on the ground of any desire to reserve the trend of domestic trade. Indeed, the new Chancellor of the Exchequer, Mr. Selwyn Lloyd, in a speech delivered shortly before the Bank Rate announcement, made it quite clear that he was still more afraid of inflation than of deflation. And the fact that it is the declared intention of the authorities not to relax the credit squeeze for the time being and other disinflationary measures, speaks for itself.

Nor is the explanation that the object of the decision was to relieve the presure on the gold market very convincing. Had Britain embarked on a soft money policy it might have discouraged the flow of funds from New York to London for investment in sterling. But it would not have discouraged buying pressure on gold. But in any case Britain has not departed from the policy of hard money and there is no reason to believe that the moderate cut in the Bank Rate will make the dollar appear harder relative to sterling to any perceptible degree, especially as it coincided with a relaxation of reserve requirements in the U. S.

The change did not even check any flow of funds to London through covered interest arbitrage. Although the yield on short-term sterling investments is now ½% lower, the cost of covering the exchange risk is also slightly lower, so that there is still a margin of profit on the transfer of covered bank funds to London. As for the transfer of uncovered funds, it is determined by the prospects of the U. S. Presidential Election and not by interest differentials.

**Links Bank Rate Change to Senator Kennedy**

This brings us to the correct explanation of the Bank Rate change. That move seems to indicate that the Bank of England and the Treasury, like so many other quarters on both sides of the Atlantic, have arrived at the conclusion that Senator Kennedy's Election prospects have greatly improved. It is only under that assumption that the Bank Rate cut could appear to be justified. So long as the chances of a Republic Administration being returned were at least even the British authorities had to reckon with the possibility of a major reversal of the dollar trend in case of a Republican victory. They could not afford to weaken the defenses of sterling in face of an apparent strong possibility of a large-scale return of funds from London to New York.

Once, however, the British authorities had rightly or wrongly reached the conclusion that the odds are now strongly in favor of a Democratic victory they could feel justified in weakening the external defense of sterling. For it is taken for granted that a Democratic victory will be followed by a landslide-like flight from the dollar. On that assumption, the British authorities could have well afforded to cut the Bank Rate much more considerably. And there is no doubt that they would do so immediately on the announcement of a Democratic victory.

Throughout the last week of October buying pressure on gold continued, though the price had its ups and downs. Even though the United States Treasury reaffirmed its determination to leave the gold price unchanged, obviously it is not in a position to commit a future administration should the Election result in a change. Nor did Senator Kennedy's disclaimer of any intention to devalue impress the market for any length of time. It came too late. And in any case, many people feel that no matter how firmly Senator Kennedy may be determined to defend the dollar's strength, pressure is bound to develop during the two months of "interregnum" that will follow the Election in case of a Democratic victory.

Official American denials of any intention to support the price of gold, or to guarantee to foreign Central Banks the gold value of their dollar holdings, contributed toward accentuating the distrust reponsible for the persistance of buying pressure. These statements were intended to be reassuring gestures to indicate that the United States themselves trust implicitly their ability to hold the dollar and do not deem it necessary to go beyond selling gold at the official price for approved purposes. In normal circumstances such gestures might have been reassuring. In circumstances such as prevail at present, however, almost anything that can be said or done is apt to be interpreted as a sign of weakness.

Understandably enough, monetary authorities of other countries do not feel that need for stepping into the breech by resisting the buying pressure on gold at their own risk and expense. Yet it seems virtually certain that any devaluation of the dollar would force them to follow the example and devalue their currencies even if not necessarily to the same extent.

**Appeals to Western Europe**

The British Government would be utterly reluctant to devalue sterling because it would mean saying goodbye to the long period of stability of the British price level. On the other hand, in the absence of a devaluation the balance of payments would suffer. Having regard to the fact that a dollar devaluation would confront Britain with a choice between evils, it might well be worth while to take some risk by supporting the gold market between now and the Election. The fact that the Soviet authorities deliberately refrain from carrying out their seasonal gold sales is in itself an indication for the authorities of Western countries to do their utmost to relieve pressure on the dollar.

# Eugene Travis With Hayden Stone

CHICAGO, Ill.—Hayden, Stone & Co., members of principal security exchanges, have announced that Eugene C. Travis has joined the firm to head newly established Institutional Sales and Municipal departments in their Chicago office, 141 W. Jackson Blvd. His title will be Director of Institutional Sales.

Eugene C. Travis

Establishment of the new departments and the appointment of Mr. Travis are considered important steps in Hayden, Stone's nationwide expansion program, according to David N. Danielson, partner in the Chicago office.

Mr. Travis oins Hayden, Stone following 11 years with Harriman Ripley & Co., Inc. in their municipal bond trading and underwriting departments and as sales representative. Prior to that he was employed in the trust investment analysis and municipal bond departments of the Continental Illinois National Bank and Trust Company of Chicago.

# The State of TRADE and INDUSTRY

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

**General Business Conditions**

The tempo of business activity in October seemed to show up moderately better than that of the third quarter, although it is doubtful that any improvement exceeded seasonal expectations, says *The First National Bank of Boston* in the current issue of its *New England Letter.* Continuing, the bank says, this offered mild support to those who have held the view that 1960 would end on a rising trend, with the fourth quarter proving to be the best of the year measured by Gross National Product.

Automobile output was probably the brightest spot, as manufacturers moved quite confidently ahead with optimistic schedules. Active sales in the first 10 days of October, and generally favorable reception of new models, closely priced with respect to last year, offered some encouragement. On the other hand, stocks of last year's models remain substantial, and 1961 model output has been so brisk that stocks at the end of October, usually the year's low point, were likely well above the previous record for that date of less than 600,000. Consumer buying patterns have undoubtedly been changed by the growing role of compact cars and the various new models shown, and it will be some time before any clear-cut picture of prospects is available.

Steel output failed to develop the degree of improvement that had been expected for several months past. While recent production has been closer to the rate of new orders than for some time, demand from steel's major customers shows few signs of revival. On the other hand, a fairly substantial excess of steel consumption over mill shipments in the third quarter has brought fabricators' stocks close to the level at the end of the steel strike. While this should bring a turning point closer to reality, industry sources apparently do not expect this soon.

Despite the mixed trends which continue to prevail in such fields as production, employment, income, and trade, the over-all economy has clearly remained close to a record level. It is doubtful that the October data, as they become available, will wholly clarify our position as between readjustment and recession. But more and more evidence gathers that business plans, particularly for the first half of 1961, are making allowance for at least moderate further slackening in over-all activity.

**Bank Clearings up 10.0% Above Same 1959 Week**

Bank clearings last week showed 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, Oct. 29, clearings for all cities of the United States for which it is possible to obtain weekly clearings was 10.0% above those of the corresponding week last year. Our preliminary totals stand at $28,153,615,684 against $25,585,983,734 for the same week in 1959. At this center there was a gain for the week ending Friday of 14.3%. Our comparative summary for the leading money centers follows:

| Week Ended Oct. 29— | (000 Omitted) 1960 | 1959 | % |
|---|---|---|---|
| New York | $15,328,424 | $13,412,004 | +14.3 |
| Chicago | 1,242,637 | 1,206,414 | + 3.0 |
| Philadelphia | 1,062,000 | 1,054,000 | + 0.8 |
| Boston | 860,335 | 859,000 | + 0.2 |

*Estimated.

**Cites Possibility of Further Squeeze on Steel Profits**

A further squeeze is ahead on steel profits, *The Iron Age* says. Low profit margins, and some losses, in the third quarter will come under even greater pressure in the months ahead.

The magazine attributes the low profit outlook to these points:

(1) Higher labor costs following the general pay raise to steelworkers Dec. 1.

(2) More costly shorter rolling schedules, as mills try to provide fast service in a period of small orders.

(3) The high cost of carrying inventories of semi-finished and, in some cases, finished steel to provide fast delivery.

(4) The disturbing prospect of operations dropping further in the next few weeks.

These factors contributing to higher costs bring greater pressure on the price structure. But in spite of this, the chances of a general price increase until the market strengthens are small, *The Iron Age* reports.

There are some new indications of price weakness. While these

*Continued on page 30*

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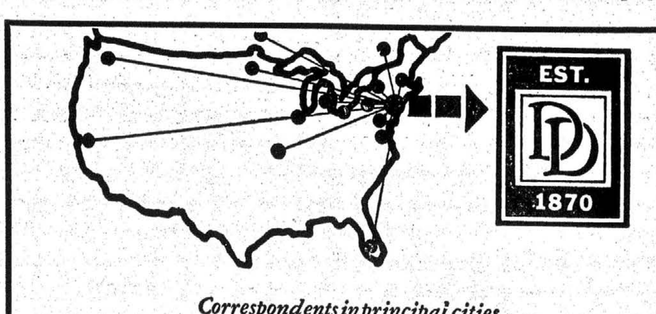


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# Mortgage Market Outlook; Coming Business Decline

*By* Dr. John Lintner,* *Professor of Business Administration, Harvard University, Cambridge, Massachusetts*

**A recession is in the making and its impact can be expected after the turn of the year. Its extent and pace, however, will be milder than in 1957-58. Other predictions made by the author, who furnishes the basis for all his conclusions, are: (1) declining interest rates with increasing relative attractiveness of mortgage investments over the next six to nine months and an increased flow of funds to mortgage loans; (2) housing starts in 1961, nevertheless, will fall below 1,420,000, or an increase of 7% over this year; (3) and a decline in new financing and capital expenditures. The expected moderate response of the housing market to easier credit is attributed to such factors as sluggish consumer home buying plans at present price and quality levels, and to the lessened effect today of interest rate reductions in stimulating buying under present supply and demand conditions.**

Any discussion of the mortgage market outlook necessarily requires an examination of the current position and prospects regarding the construction industry and the current levels and prospective changes in both the supplies of long-term investment funds and competing demands for these funds in the market. The prospective supplies of such funds in turn depend on levels of savings and changes in the forms in which these savings are held by individual savers. They also depend on prospects regarding further changes in Federal Reserve policy, and probable changes in the supplies and demands of—and related yields on—competing investments for insurance companies and commercial banks (and to a lesser extent savings banks) which provide the major "swing element" in mortgage financing. Since all these interrelated matters depend to an important degree upon general business prospects, I shall devote the first part of my remarks to my view of the more general business outlook. Within this framework, I will proceed to discuss the outlook for construction and mortgage financing.

John Lintner

Taken as a whole, the American economy has continued to operate at near record levels in recent months.

### Economic Plateau

The economy has thus been operating on a plateau which is relatively high by past standards in terms of Gross National Product, industrial production, and number of men employed. At the same time, this plateau is relatively lower than we have had in past cyclical peaks in terms of the utilization of our productive plant and available manpower.

As is true of the late stage of most business expansions, the economy this year has been marked by strong crosscurrents. Appliances and to a lesser extent automobiles have had to work off some inventory indigestion that followed overly optimistic estimates of this year's markets made earlier. Residential construction has been in a down trend throughout the year—as was true, incidentally, of both 1956 and 1957. The swing from a $12 billion deficit in fiscal '59 to a $1 billion surplus in 1960, of course, had a major dampening effect on business. The steel industry, having underestimated inventories remaining after the steel strike, and having succeeded in getting back to near capacity production much more promptly than anticipated, has seen demands and operating rates fall back to truly depression levels. In part, this situation was compounded by the fact that tighter money earlier in the year, the removal of expectations of higher prices, improved inventory controls, and recognition of the demonstrated ability of the steel industry to make deliveries on short order, all led to a market reduction in desired inventory stocks. Similar considerations have let to sharp reductions in the rate of inventory accumulation in other industries. All told, American business accumulated inventories at the rate of $11.4 billion in the first quarter of this year; the rate fell to $5.3 billion in the second quarter and to nothing (or less) in the third.

The fact that the Gross National Product—which includes "goods produced and sold to the balance sheet" by way of inventory accumulation, as well as sales of goods and services to final purchasers—could rise from its first-quarter levels in the face of such sharp reductions in the volatile inventory sector is eloquent testimony to the inherent strength of the expansionary forces in the economy earlier in the year. This is especially true when it is realized that the decline of $11 billion in the rate of inventory accumulation which we have already experienced this year is larger than the entire decline in the recession of 1957-58.

### Expansion Forces Waning

In recent months, however, substantial evidence has accumulated that the inherent strength of expansionary forces is waning, and a significant decline in business activity is in the making. The declining rate of increase in these final demands just noted is one important indication of this. Further evidence is provided by the fact that most of the leading indicators identified by the National Bureau of Economic Research have been pointing downward for some months. These include notably average hours worked and new orders for durable goods, residential construction, new incorporations, business failures, and industrial stock prices. Although in past experience none of these indicators individually has proved a reliable guide to business forecasts, and the "consensus" of these series has from time to time signaled down turns which did not occur, the fact that the consensus is currently quite bearish must be given considerable weight in any judgment of business prospects. This evidence is strengthened by the sluggishness in increasing numbers of "concurrent series" in recent months: retail sales; employment; unemployment; industrial production, especially durable; carloadings.

There are always many crosscurrents in different "current indicators" in the late stages of an expansion, and the consensus of the leading indicators often has such a long lead over an actual business down-turn that short-run prospects are seriously mistaken. The most recent illustration of this is that the consensus of leading indicators turned down in the fall of 1955, nearly two years ahead of general business activity. Firmer judgments must consequently rely upon specific analysis of the position and prospects of individual components of the Gross National Product and industrial production.

### Basis of Recession Forecast

Such an analysis at the present time in my judgment indicates that:

(1) A general business recession of substantial proportions is in the making. We are already seeing the cumulative impact of several months of sluggish sales, progressively declining order backlogs, declining profit margins, and declining rates of inventory accumulation. The principal additional factors in this recession will be:

(a) A marked decline in business plant and equipment expenditures after the end of the year, which will more than offset prospective increases in housing construction and government expenditures on goods and services.

(b) A period of significant reductions in over-all stocks of inventories, partly in response to declining incomes and sales consequent to the declines in plant and equipment expenditures.

(c) Some further significant declines in outlays on consumer durable goods.

(2) Most of the impact of this recession will be felt after the turn of the year. Indeed, the odds still appear to be about even that the fourth quarter will show nearly a seasonal rise over the third with the help of some temporary improvements in steel, autos, and consumer spending.

(3) The pace of the decline will be milder than in 1957-58, primarily because:

(a) Inventory stocks are more moderate in relation to sales than at the start of the previous down-turn.

(b) We shall enter the recession at a lower (perhaps zero) rate of inventory accumulation.

(c) Government orders will be increasing this time in contrast to the sharp cancellations just before and during the earlier stages of the last decline.

(4) The extent of the decline is also likely to be more moderate than in the last recession when industrial production, for instance, declined by nearly 15% from peak to trough. In this recession the decline is not likely to exceed 8 or 9% in the FRB index.

(a) A principal reason for the milder down-turn is that the plant and equipment expenditures boom has not been as exuberant in 1960 as it had been in 1955-57; indeed, allowing for price changes, plant and equipment expenditures have been running nearly 10% lower in real terms this year than in 1957 in spite of the fact that the overall volume of business activity (adjusted for prices) is substantially higher and the existing capital stock is considerably larger. Higher levels of funds available from depreciation will also cushion the decline in these outlays.

(b) Similarly, the extent of the absolute reduction in inventory stocks is likely to be smaller because over-all inventory-sales ratios are not now as excessive as in 1957 and because declines in sales and gross product will be more moderate due to the smaller decline in plant and equipment expenditures, the greater strength in other nonresidential construction, and the expansion already under way in government expenditures which will be stepped up after the election, however the voting goes.

### Easier Money Ahead

If business conditions evolve along these lines, it seems clear that the Federal Reserve will press further with its "easy money" policy. Problems of balance of payments and gold flows will temper the vigor and modify the form of monetary policy but not reverse its direction. Interest rate on outstanding securities will be declining. The volume of new public offerings and private placements from business will be significantly lower than last year. Yield differentials between relatively sticky mortgage rates and competing securities will widen by probably between one-fourth and one-half a point.

At the same time, the flow of funds into savings institutions will hold up well in 1961. In this connection, it is worth noting savings shares and time deposits both increased more in 1958 than in 1957, and savings through life insurance were likewise higher, while individual purchases of corporate securities and Federal obligations were lower. The same forces will be operating and similar results may be expected in 1961. The supply of funds for mortgages will be greatly improved from recent levels, at least until the latter part of next year.

### Construction and Mortgage Financing Outlook

In this context, we turn to consider more specifically the outlook for construction and mortgage financing. It has often been said that construction is one of our principal countercyclical industries. Perhaps the most notable instance of this is provided by the progressive decline in residential construction from January, 1955 right on through the next three years, while the rest of the economy was having its biggest postwar boom. As you all know, housing then provided one of the earliest and strongest supports to the recovery in 1958, due to the combined effects of special housing legislation and lower interest rates on government, corporate, and municipal securities which led to a marked increase in the flow of funds to mortgages and in the demands for houses.

There have been high hopes that the reversal in monetary policy earlier this year and the increasing ease in money markets during the year would provide a substantial increase in housing starts and residential construction long before this time. These hopes so far have proved abortive. Residential housing starts have continued to decline and in July fell to levels 25% below 1959. There has been much favorable comment recently on the fact that starts in August were up 8% from July. The fact is that most of the apparent gain is illusory, since the Bureau of the Census which prepares the figures does not allow for number of working days in making its seasonal adjustments and there were more working days in August than in July. Taking the two months together, housing continues in its down trend with only a small improvement, if any, shown in the most recent figures. Similarly, FHA applications have shown some increases in recent months, but once again there are problems of seasonal adjustment, and the levels are far below last year. Not only are housing starts and applications down, but builders continue to complain about disappointing sales and larger than normal backlogs of unsold existing houses. The second-hand housing

*Continued on page 33*

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# TAX-EXEMPT BOND MARKET

*BY DONALD D. MACKEY*

The timely action of the Federal Reserve Board announced late last Wednesday, Oct. 26, affected the tax exempt bond market considerably. From a passive phase, the market proceeded on a firm trend which has been continued to the present time and which seems likely to prevail for the near term future at least.

The Board's action in expanding the bank's lending power is a consequence of the law passed a year ago permitting member banks to include all vault cash in meeting reserve requirements, although raising reserve requirements of country banks is a partial offset. In reducing the reserve requirements of the central reserve city banks from 17½% to 16½% the act was further implemented. These expansive measures will not become fully effective until Dec. 1.

### A. T. & T. Issue Aided

One immediate result of this ofifcial action redounded to the benefit of the corporate bond market. The $250,000,000 American Telephone and Telegraph bond issue awarded on Tuesday a week ago had emerged as a very slow starter; not more than 20% of the issue had been sold prior to the Federal Reserve announcement. Demand was immediately created for these high grade seemingly well priced obligations and the underwriting was terminated successfully although bonds were still available at the issue price as we went to press.

In addition to being gradually helpful to the general economy, the announcement was reassuring to the Treasury in its offering of 15 month notes, and 5½ year bonds to the holders of $10.8 billion Treasury securities maturing Nov. 15. The notes will pay 3¼% and the longer bonds will pay 3¾%; no cash offering is proffered. This is expected to terminate the Treasury's borrowing of cash money for at least the rest of the year. The reception being given this offering appears to be favorable as a varying premium has been bid for the rights and the new securities, when issued.

Currently, the Treasury and the corporate bond markets appear to be off slightly from their recently made tops. However, as has been apparent for many months, the Federal Reserve seems determined in its effort to keep an easy tone in the money market in order to effectively overcome or delay a slackening pace of business. The purchase of bills has been an effective instrument in this respect. The higher level of the bond market seems likely to consistently require this type of intervention by the Federal Reserve.

### Tax-Exempts Going Well

The state and municipal bond market has been invariably firm during the past week. The *Commercial and Financial Chronicle's* high grade bond yield index shows an average gain of ⅜s of a point for the short period. The yield index moved from 3.323% last week to 3.292% this week. Gains in the secondary market have been more apparent this week than earlier, since the new issue calendar has dwindled to small proportions during the pre-election period.

Moreover, several recent new issue accounts were broken up at variously reduced prices and the bonds were subsequently marked up to the original offering prices or better.

### Inventory Down Sharply

Retail tax exempt bond business has been better during the past week than during any other weekly period since early summer. This is partly documented by the fact that the total of municipal bonds as represented by the *Blue List* has been reduced from $347,863,600 on Oct. 26 to about $290,000,000 on Nov. 2. The new issue calendar is particularly light from now through election day. Further reductions in the *Blue List* total seem likely.

Technically the municipal bond market continues to be in splendid condition. The present calendar of competitive bidding offerings scheduled for award during the balance of the year is something less than of major proportions. This circumstance, combined with the relatively light inventory situation and the over-all easy money market condition, should forecast a firm tax-exempt bond market for a short period at least.

As we have previously pointed out, there are $3½ billion par value of issues at referendum on Election Day. If a sizable portion of this is voted, as seems likely, the volume of new issues will gradually increase during early 1961. This is not necessarily a market negative since much may depend, at that time, on the next President of the United States and his economic and financial policies and programs.

### New Business in Minor Key

Since our last writing, there have been relatively few important new issues in the market. The $7,600,000 New Orleans, Louisiana various purpose issues, awarded as we went to press last week, were well received by investors. The bonds have been subsequently sold completely out of account. New Orleans bonds have been consistently good sellers throughout good and bad market periods over the past several years.

The $2,500,000 Rochester, Minnesota school district No. 4 issue awarded on Oct. 26 also met with favorable investor interest. The Northern Trust Co.-Chase Manhattan Bank group bought this serial bond issue and scaled the bonds to a 3.40% yield for the 1978 maturity. The balance left in the account is less than $300,000. Rochester is the center of a rich agricultural area with industrial establishments developing. The city is better known for the Mayo Clinic. Minnesota municipal bonds are in considerable local demand because of the State's relatively high income tax.

This week's only voluminous issue involved $25,000,000 Cook County, Illinois, general obligation (1961-1975) bonds which were awarded on Tuesday to the group headed by the Harris Trust and Savings Bank, The Northern Trust Co., the Continental Illinois National Bank and Trust Co., The First National Bank of Chicago and The First National City Bank of New York. The issue was bought in highly competitive bidding and was priced to yield from 1.70% to 3.35%. At the end of the order period, the issue was more than half sold.

This $25,000,000 installment is part of an authorized issue of $245,000,000 Expressway bonds, of which $70,000,000 remain unissued. The Expressways are part of a modern transportation system throughout the Cook County area co-ordinating with the Illinois Toll Highway and other important traffic arteries.

### Illinois Highway Revenues Up Sharply

In this connection, it is interesting to note the recent increase in the revenues of the Illinois State Toll Highway. The Congress Expressway which was open for public traffic on Oct. 13, links the Loop with the toll highway. Other expressway segments northwest and southeast will subsequently be completed along with other facilities in expediting Chicago area traffic.

For the weekend ending Oct. 27, Illinois Toll Highway's daily average revenues totaled $61,361 or a percentage increase of 47% over the like period a year ago. Average daily revenue requirements for the year 1961 total only $64,-934. The Illinois Toll Highway system when completed will contribute tremendously to the growth of this dynamic area.

Continuing with the week's business, Tuesday also witnessed the sale by Mecklenburg County, North Carolina of $5,000,000 general obligation (1962-1987) bonds. The bonds were priced to yield from 2.00% to 3.45% in 1986. The 1987 maturity has a 1% coupon and was priced to yield 4.15%. The balance in account at this writing is about $2,000,000. The county seat is Charlotte, one of the South's most progressive cities.

North Carolina and its municipalities represent a high brand of credit. The North Carolina Local Government Commission, organized during the troublous financial times of the early 1930's, has accomplished a magnificent job in expanding high standards of municipal finance throughout the state.

On Wednesday, Nov. 2, the Town of Greenburgh, New York School District No. 8 awarded $3,600,000 (1961-1990) bonds to the group headed by Halsey, Stuart & Co., Kidder, Peabody & Co., Kuhn, Loeb & Co., George B. Gibbons & Co., R. W. Pressprich & Co. and others. The issue bore interest at 3.60% and the bonds were priced to yield from 1.70% to 3.75%.

New York State school district bonds seem more popular with fiduciaries and individual investors than ever before. The result of the initial offering is not as yet known. However, a good reception seems likely.

### Revenue Bonds Firm

During the past week state, municipal and authority revenue bonds have been firm. The toll road issues have been moderately active and the *Smith, Barney & Company* Toll Road Index indicates little net change in the general market. On Oct. 29 the yield index stood at a 3.35%, on Oct. 27, the last reporting date, the yield index was about unchanged.

The only sizable additions to the new issue calendar since last reporting are $14,500,000 Florida Development Commission (Hillsborough County) serial bonds scheduled for sale Nov. 30 and $12,500,000 Maryland State Road Commission serial bonds planned for Dec. 7. We know of no change in the negotiated offering calendar. The Oklahoma City Municipal Improvement Authority, Oklahoma (Water revenue issue) remains the single item tentatively set for December flotation. A firm quiet market continues in prospect.

### MARKET ON REPRESENTATIVE SERIAL ISSUES

| | Rate | Maturity | Bid | Asked |
|---|---|---|---|---|
| California (State) | 3½% | 1978-1980 | 3.75% | 3.60% |
| Connecticut (State) | 3¾% | 1980-1982 | 3.35% | 3.25% |
| New Jersey Highway Auth., Gtd. | 3% | 1978-1980 | 3.30% | 3.15% |
| New York (State) | 3% | 1978-1979 | 3.15% | 3.05% |
| Pennsylvania (State) | 3⅜% | 1974-1975 | 2.95% | 2.80% |
| Vermont (State) | 3⅛% | 1978-1979 | 3.15% | 3.00% |
| New Housing Auth. (N. Y., N. Y.) | 3½% | 1977-1980 | 3.25% | 3.10% |
| Los Angeles, Calif. | 3¾% | 1978-1980 | 3.75% | 3.60% |
| Baltimore, Md. | 3¼% | 1980 | 3.40% | 3.30% |
| Cincinnati, Ohio | 3½% | 1980 | 3.30% | 3.15% |
| New Orleans, La. | 3¼% | 1979 | 3.70% | 3.60% |
| Chicago, Ill. | 3¼% | 1977 | 3.75% | 3.60% |
| New York City, N. Y. | 3% | 1980 | 3.70% | 3.60% |

November 2, 1960 Index=3.2923%

# 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.***

| | | | |
|---|---|---|---|
| **Nov. 3 (Thursday)** | | | |
| Minneapolis, Minnesota | 1,500,000 | 1963-1980 | 10:00 a.m. |
| Oyster Bay and North Hempstead Union Free S. D. No. 15, N. Y. | 2,010,000 | 1962-1990 | 2:00 p.m. |
| Santa Clara, California | 5,650,000 | 1961-1985 | 8:00 p.m. |
| Trenton, New Jersey | 10,875,000 | 1961-1985 | 11:00 a.m. |
| Will Co. Sch. Dist., Illinois | 1,950,000 | 1962-1977 | 7:30 p.m. |
| **Nov. 7 (Monday)** | | | |
| Bethlehem & New Scotland Cen. Sch. Dist. No. 6, New York | 3,075,000 | 1961-1989 | 12:30 p.m. |
| Coahoma County Sch. Dist., Miss. | 1,200,000 | 1962-1981 | 2:00 p.m. |
| Oklahoma County Ind. Sch. Dist. No. 1, Oklahoma | 1,170,000 | 1962-1972 | 7:30 p.m. |
| Rock Island, Illinois | 1,750,000 | 1961-1990 | 4:00 p.m. |
| **Nov. 9 (Wednesday)** | | | |
| Alhambra Union High S. D., Calif. | 1,000,000 | 1961-1980 | 10:30 a.m. |
| Maui, Hawaii | 1,700,000 | 1964-1980 | 9:00 a.m. |
| Mississippi | 12,000,000 | 1961-1980 | 10:00 a.m. |
| **Nov. 10 (Thursday)** | | | |
| Eminence, Kentucky | 1,150,000 | 1962-1981 | 7:30 p.m. |
| Hampton, Virginia | 2,000,000 | 1961-1980 | Noon |
| Odessa, Texas | 2,836,000 | -------- | 2:30 p.m. |
| Ysleta Independent S. D., Texas | 2,000,000 | 1961-1980 | 7:30 p.m. |
| **Nov. 14 (Monday)** | | | |
| Multnomah County School District No. 40, Oregon | 1,839,000 | 1961-1980 | 8:00 p.m. |
| Orange County, Texas | 3,200,000 | 1962-1990 | 2:00 p.m. |
| South Euclid-Lyndhurst City Sch. District, Ohio | 1,050,000 | 1962-1982 | 1:00 p.m. |
| **Nov. 15 (Tuesday)** | | | |
| Clinton Township, Michigan | 1,415,000 | 1964-1999 | 8.00 p.m. |
| Groton, Connecticut | 1,000,000 | 1961-1980 | 11:30 a.m. |
| Hudson County, New Jersey | 5,096,000 | 1961-1985 | Noon |
| Jefferson County Sch. Dist., Colo. | 1,390,000 | -------- | -------- |
| Massachusetts | 34,750,000 | 1961-2009 | Noon |
| Port of Los Angeles, California | 14,000,000 | 1963-1985 | 9:00 a.m. |
| San Diego, California | 3,600,000 | 1961-1985 | 10:00 a.m. |
| Tennessee Valley Authority, Tenn. | 50,000,000 | -------- | Noon |
| **Nov. 16 (Wednesday)** | | | |
| Dayton, Ohio | 4,800,000 | 1962-1981 | Noon |
| Northview School District, Mich. | 1,350,000 | 1962-1987 | 7:30 p.m. |
| Philadelphia, Pennsylvania | 35,085,000 | 1962-1991 | Noon |
| Riverview Community S. D., Mich. | 3,200,000 | 1961-1987 | 8:00 p.m. |
| South Carolina | 5,000,000 | 1961-1980 | 11:00 a.m. |
| University of Illinois | 7,950,000 | -------- | 11:00 a.m. |
| **Nov. 17 (Thursday)** | | | |
| Alliance, Nebraska | 1,750,000 | 1961-1982 | -------- |
| Brandywine Area Joint School Authority, Pennsylvania | 1,075,000 | 1961-1990 | 8:00 p.m. |
| Cedar Rapids, Iowa | 1,917,000 | 1961-1980 | 10:00 a.m. |
| Charlotte, Gerry, etc., Central School District, No. 1, New York | 1,040,000 | 1961-1980 | 3:00 p.m. |
| Spring Branch Ind. Sch. Dist., Tex. | 2,000,000 | 1962-1991 | 8:00 p.m. |
| **Nov. 18 (Friday)** | | | |
| University of California, Calif. | 3,700,000 | 1961-1988 | 10:00 a.m. |
| **Nov. 19 (Saturday)** | | | |
| University of Washington | 2,050,000 | 1962-1999 | 10:00 a.m. |
| **Nov. 21 (Monday)** | | | |
| Maricopa County, Scottsdale Sch. District, Arizona | 3,945,000 | 1961-1974 | 11:00 a.m. |
| Montana State Board of Ed., Mont. | 4,080,000 | 1961-1999 | 10:00 a.m. |
| **Nov. 22 (Tuesday)** | | | |
| Cajon Valley Union School Dist., California | 1,220,000 | -------- | -------- |
| **Nov. 29 (Tuesday)** | | | |
| Natchitoches, Louisiana | 1,250,000 | 1962-1990 | 11:00 a.m. |
| **Nov. 30 (Wednesday)** | | | |
| Florida Development Comm., Fla. | 14,500,000 | 1964-1990 | 11:00 a.m. |
| **Dec. 1 (Thursday)** | | | |
| *Oklahoma City Improve. Author., Oklahoma | 45,000,000 | -------- | -------- |

*A negotiated sale of a minimum of $45,000,000 and a maximum of $65,000,000, to be underwritten by a syndicate managed by John Nuveen & Co., Allen & Co., B. J. Van Ingen & Co., Inc., and Leo Oppenheim & Co.

| | | | |
|---|---|---|---|
| **Dec. 6 (Tuesday)** | | | |
| San Diego Unified Sch. Dist., Calif. | 10,000,000 | 1963-1982 | -------- |
| **Dec. 7 (Wednesday)** | | | |
| Fairfax County, Virginia | 8,500,000 | 1962-1988 | -------- |
| Maryland State Road Comm., Md. | 12,500,000 | | |
| **Dec. 13 (Tuesday)** | | | |
| Los Angeles County Hospital Dist. California | 7,000,000 | | |

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# Income Tax Pointers for Present Security Market

*By J. S. Seidman, C. P. A., Seidman & Seidman, New York City*

**Individual and corporate investors are provided a quick check list on taking advantage of tax laws affecting their holdings, sales and purchases. Reviewed are such items as: capital gains; profits and losses; short sales; put and call options; tax-exempt securities; mutual funds; wash sales; identification of securities of the same company purchased at different times that are sold; and treatment of commissions and such other expenses as subscriptions to investment literature. Mr. Seidman stresses the importance of timing and spacing, and remindfully points out that the latest day for taking 1960 profits is Friday, Dec. 23, if not sold for cash. Also stressed is the difference between treatment of dividends and wash sales allowed for corporations as against individuals.**

Taxes play an important part in an investor's net profit or loss picture. This simplified explanation in question and answer form, of the tax rules as applied to security transactions can help an investor minimize his taxes.

J. S. Seidman

"Capital gain" is a magic word in Federal income taxes. The reason is simple. Individual tax rates can go to 91%. Corporate rates can go to 52%. But with a capital gain, Uncle Sam's maximum take is 25%. Hence, the big push is for capital gains.

What is a capital gain? By and large, it is the profit on the sale of securities or anything else other than the merchandise of a business. Everything here will be described in terms of securities, but what is said will also apply to commodities, foreign exchange, real estate, etc.

The rules for the security "investor" are different from the rules for those who do enough buying and selling to be a "trader" or "dealer." Only the investor will be considered here—first the individual investor, and then the corporate investor.

### The Individual Investor

*How does the 25% Rule Work?*

Security profits and losses go in one of two baskets, based on the length of time the securities are owned. Six months is the dividing line. Profits and losses on securities held for more than six months (here called over-six-month profits) go in one basket. Profits and losses on securities held six months or less (here called under-six-month profits) go into the second basket.

Each basket is taxed differently. If there is a net profit in one basket and a net loss in the other, the two are netted. If this leaves a net profit in the under-six-month basket, that profit is reportable in full, in the regular way. If it leaves a net profit in the over-six-month basket, there is a two-way play, whichever gives the lower tax: (1) a flat tax rate of 25% of the profit, or (2) reporting half the profit in the regular way.

**To Illustrate:** Assume a net long-term capital gain of $5,000 was realized by a married man filing a joint return, reporting ordinary net income reduced by exemptions to $10,000. The tax on $10,000 is $2,200. The tax on $12,500, which results from adding one-half of the $5,000 capital gain is $2,870. The increase of $670 is less than 25% of $5,000. The flat rate of 25% generally applies when the net taxable income of the married man exceeds $32,000 and of a single person exceeds $16,000.

*What About Security Losses?*

If the net results of the under-six-month basket and the over-six-month basket taken together, show a loss, then regardless of what basket it comes from, the loss is deductible, within certain limits.

**To Illustrate:** Suppose the net of all trades for 1960 is a $10,000 loss. Only $1,000 of this loss can be deducted in the 1960 return. The other $9,000 goes in the under-six-month basket for the five years 1961 to 1965, to apply against the first $9,000 of any net security profits in those years. If there are no net security profits in those years, $1,000 can be taken as a regular deduction from other income in each of the five years. That absorbs $5,000. Nothing can be done about the other $4,000. Security losses of any year can be carried forward only, not backward.

As this rule about carrying forward losses for five years has been in effect for some time, it means that losses as far back as 1955 can be used in 1960 returns, if not previously absorbed by profits.

Losses are always figured in full whether under-six-month or over. The tax savings from losses can run as high as 91%. Suppose, for example, Jones is in the 91% bracket, and that in 1960 he takes a $1,000 under-six-month profit. His tax on that $1,000 will be $910. However, if he also takes a $1,000 loss on securities, whether over-six-month or under, that will exactly offset the $1,000 profit, and wipe out the $910 tax. In other words, the $1,000 loss saves Jones 91% in tax or $910.

*Why is the Six-Month Line So Important?*

There is an obvious advantage in taking profits after a six-month holding. The tax rate then ranges from as little as 10% to a maximum of 25%. Before six months, the range is from 20% to 91%.

The six-month line also needs watching on losses, to make sure they offset the heaviest taxed profits. For example, suppose Jones has $2,000 of under-six-month profits and $2,000 of over-six-month profits. He also has an open loss of $2,000 on newly bought securities. If he waits to take the loss until after the six-month line has been passed, he must apply it against the $2,000 of over-six-month profits. That leaves him with the $2,000 of under-six-month profits to report. If he had taken his loss before the six-month period had run, it would have been applied against the $2,000 of under-six-month profits that would have left him with the $2,000 of over-six-month profits, of which only $1,000 need be reported (with a maximum tax of $500), compared with $2,000 of regular income the other way around.

All this means alertness throughout the year. To wait until the end of the year, as is so frequently done, may let the six-month date line slip by.

*Does it Pay to Space Transactions over Two Different Years?*

Where there are over-six-month profits and no under-six-month profits, it is an advantage to take losses in a different year from the profits. For example, suppose Jones has $2,000 of open over-six month profits and $2,000 of open losses. If he takes both in 1960, the net result is zero.

If he takes the $2,000 losses in 1960 and the $2,000 profits in 1961, he is ahead of the game by a $500 deduction. It is figured in this way: For 1960, the $2,000 losses give him a $1,000 deduction and $1,000 to carry forward into 1961. This $1,000 is applied against the $2,000 of over-six-month profits in 1961, making a net profit for 1961 of $1,000, one-half of which, or $500, is reportable. Jones, therefore, has a $1,000 deduction in 1960 and $500 income in 1961, or a net deduction for both years of $500.

Jones' best bet, however, is to switch the thing the other way around and take the $2,000 over-six-month profits in 1960 and to take the $2,000 losses in 1961. By doing this, he reports in 1960 one half the $2,000 profits, or $1,000. In 1961, he has a deduction of $1,000 of the $2,000 of losses. In 1962, he can deduct the remaining $1,000 of the $2,000 losses. The net effect for the three years is a deduction of $1,000, whereas taking the losses first, resulted in a net deduction of only $500, and taking the profits and losses in the same year was merely a stand-off.

*How Can Short Sales Be Used to Tax Advantage?*

Through a short sale it is possible to shift profits or losses from 1960 to 1961, or for that matter indefinitely. This is because of the rule that no gain or loss need be reported on a short sale until the short position is actually closed out.

Here is how the shift is accomplished: Jones has in his box 100 shares of stock that he bought in August, 1960 at 60. In December, 1960, or four months later, the market is 85. He is leery about the future of the market and wants to freeze the $2,500 profit. He goes short the stock with his broker in December. He holds off covering the short sale until some time in 1961. That takes it out of his 1960 return and puts it in 1961.

No matter when Jones covers, it is an under-six-month profit, because when he went short, he owned the same stock for less than six months. If when he went short he owned the stock more than six months, the profit on the close-out of the short position is an over-six-month profit.

*What Are Put and Call Options?*

A call option is the right to purchase specific stock at a set price on or before a specified date. A put option is the right to sell

*Continued on page 28*

*This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities. The offering is made only by the Prospectus.*

NEW ISSUE

November 3, 1960

$50,000,000

## Commercial Credit Company

### 4¾% Notes due November 1, 1980

Dated November 1, 1960 Due November 1, 1980

Price 99% and accrued interest

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# DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

**Bank Stock Notes** — Circular on leading New York City Banks—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

**Bank Stocks** — 114th consecutive quarterly comparison of leading banks and trust companies of the United States—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

**Canadian Business & Finance** — Review — Equitable Securities Canada Limited, 60 Yonge St., Toronto 1, Ont., Canada.

**Capital Investments by the World Petroleum Industry** — Report — Chase Manhattan Bank, 18 Pine St., New York 15, N. Y.

**Chemical and Pharmaceutical Briefs**—Survey with comparative figures on common stocks in the **Ethical Drug** and **Chemical** industries—Smith, Barney & Co., 20 Broad St., New York 5, N. Y.

**Cigarette Makers** — Survey — Abraham & Co., 120 Broadway, New York 5, N. Y.

**Gold Stocks**—Data on 25 issues—Draper Dobie and Company Ltd., 25 Adelaide St., West, Toronto, Ont., Canada.

**Government Bond Market**—Review—Aubrey G. Lanston & Co., Inc., 20 Broad St., New York 5, N. Y.

**Japanese Stock Market**—Survey—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also available are analyses of **Yawata Iron & Steel; Fuji Iron & Steel; Hitachi Limited** (electronics); **Kirin Breweries; Sumitomo Chemical; Toyo Rayon; Toanenryo Oil Company; Sekisui Chemical Co.** (plastics); **Yokohama Rubber Co.;** and **Showa Oil Co.**

**Japanese Market** — Review — Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available are reports on **Nippon Sheet Glass Co., Ltd.** and **Shin-Etsu Chemical Industry Co., Ltd.**

**Liquor Stocks**—Review—Hemphill, Noyes & Co., 15 Broad St., New York 5, N. Y. Also available is an analysis of the outlook for **Gold** stocks.

**Money Market**—Review—C. F. Childs and Company, Inc., 141 West Jackson Blvd., Chicago 4, Ill.

**New York City Bank Stocks** — Comparative figures — The First Boston Corporation 15 Broad St., New York 5, N. Y.

**Oils** — Survey with particular reference to **Phillips Petroleum** and **Champlin Oil & Refining** — Shields & Company, 44 Wall St., New York 5, N. Y. Also available are a survey of **Southern Railway** and data on **Fischbach and Moore.**

**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.

**Philadelphia Bank Stocks**—Quarterly comparison of 11 Philadelphia Bank Stocks—Stroud & Co., Inc., 123 South Broad St., Philadelphia 9, Pa.

**Preferred Stocks** — Bulletin — Courts & Co., 11 Marietta St., N. W., Atlanta 1, Ga.

**Public Utility Common Stocks**—Comparative figures—G. A. Saxton & Co., Inc., 52 Wall St., New York 5, N. Y.

**Saving Through Tax Switching**—A list of suggestions—A. M. Kidder & Co., Inc., 1 Wall St., New York 5, N. Y. Also available are reports on **Revlon, Inc.** and **Friden Inc.**

**Selected High Yielders**—Bulletin—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

**Sensible Over the Counter Stocks** — Quarterly review — George, O'Neill & Co., Inc., 30 Broad St., New York 4, N. Y. Also available is a bulletin on **Professional Golf Company.**

**Stock Market in Canada**—Review—Bank of Nova Scotia, Toronto, Ont., Canada.

**Stocks for Capital Gains**—Review of 26 selected stocks — George, O'Neill & Co., Inc., 8929 Wilshire Boulevard, Beverly Hills, Calif.

**Timing the Purchases and Sales of Common Stocks** — The De Goumois Method—An exposition of trend phenomena — Cohen, Simonson & Co., 25 Broad St., New York 4, N. Y. Also available is an analysis of **Gustin-Bacon.**

**Treasury Refunding**—Comment—New York Hanseatic Corp., 120 Broadway, New York 5, N. Y.

**World Time Chart**—Showing time differences in over 100 countries as compared with Eastern Standard Time, including a map of time zones in the United States, including Alaska & Hawaii—Manufacturers Trust Co., International Banking Department, 55 Broad St., New York 15, N. Y.

* * *

**Aluminium Ltd.**—Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are reports on **American Machine & Foundry Co., E. I. du Pont De Nemours & Co., Sterling Drug, Inc.,** and **C. M. Hall Lamp Co.**

**American Insurance of Newark**—Analysis — Dempsey-Tegeler & Co., 210 West Seventh St., Los Angeles 14, Calif.

**American Marietta Company** — Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a bulletin on merger possibilities in the **Oil** industry, and a report on **Pfaudler Permutit Inc.**

**American Telephone & Telegraph**—Bulletin—The Illinois Co., 231 South La Salle St., Chicago 4, Ill.

**American Viscose** — Bulletin — Winslow, Cohu & Stetson, Inc., 26 Broadway, New York 4, N. Y. Also available is a discussion of **American & Foreign Power.**

**Amphenol Borg Electronics Corp.**—Analysis—Hornblower & Weeks, 40 Wall St., New York 5, N. Y.

**Baltimore & Ohio**—Analysis—Schirmer, Atherton & Co., 50 Congress St., Boston 3, Mass. Also available is an analysis of the **Gillette Company.**

**Birtcher Corp.**—Bulletin—De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y. Also available is a bulletin on **Suburban Propane Gas Corp.**

**British Columbia Power Corp., Ltd.**—Review—James Richardson & Sons, Inc., 14 Wall St., New York 5, N. Y.

**British Columbia Power Corp.**—Analysis—McLeod, Young, Weir & Co., Ltd., 50 King St., West Toronto, Ont., Canada.

**Brunswick Corp.**—Analysis—Hill, Darlington & Grimm, 2 Broadway, New York 4, N. Y.

**Brunswick Corp.** — Review — Hirsch & Co., 25 Broad St., New York 4, N. Y. Also available are reviews of **Pure Oil** and **Southern Natural Gas.**

**Campbell Soup** — Analysis — In November "Investornews" — Francis I. du Pont & Co., 1 Wall St., New York 5, N. Y. In the same issue are analyses of **Motion Picture Companies** and reports on **Dentists Supply, Interstate Department Stores, United Merchants & Manufacturers, Kerr McGee Oil, Melville Shoe** and **American Machine & Foundry.** Also available are memoranda on **Cities Service, Crown Cork & Seal** and **Bell Telephone of Canada.**

**Chase Manhattan Bank**—Review—F. S. Moseley & Co., 50 Congress St., Boston 2, Mass. Also available are reviews of **Gillette Co., Newmont Mining, Standard Oil of Ohio, Brunswick Corp., Financial Federation, Ferro Corp., Majestic Specialties** and **Metro Goldwyn Mayer,** and comparative figures on a list of stocks representative of major industries.

**Citizens & Southern National Bank of Georgia** — Analysis — Johnson, Lane, Space and Co., Inc., Florida Title Building, Jacksonville 2, Fla. Also available are analyses of **Florida Steel Corp.** and **Jim Walter Corp.**

**Coastal States Gas Producing** — Memorandum—Hayden, Stone & Co., 25 Broad St., New York 4, N. Y.

**Collins Radio**—Data—Cooley & Co., 100 Pearl St., Hartford 4, Conn. Also in the same circular are data on **Beckman Instruments** and **American Hospital Supply.**

**Commercial Solvents**—Memorandum—Spear, Leeds & Kellogg, 111 Broadway, New York 5, N. Y.

**Douglas Microwave Co., Inc.** — Analysis—Bruno-Lenchner Inc., Bigelow Square, Pittsburgh 19, Pa.

**Electrolux**—Memorandum—A. C. Allyn & Co., 122 South La Salle St., Chicago 3, Ill.

**Garrett Corporation**—Analysis—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y. Also available is a memorandum on **Columbian Carbon Co.**

**Girard Trust Corn Exchange Bank** — Data — Paine, Webber, Jackson & Curtis, 25 Broad St., New York 4, N. Y. Also available are data on **Granite City Steel, Philadelphia Electric** and **Tidewater Oil Co.**

**Gro-Rite Shoe Co.**—Memorandum—Blaha & Co., 29-28 Forty-first Ave., Long Island City 1, N. Y.

**Gulf & Western Industries, Inc.** — Analysis — J. R. Williston & Beane, 2 Broadway, New York 4, N. Y.

**Hamilton Cosco**—Report—Loewi & Co., Inc., 225 East Mason St., Milwaukee 2, Wis. Also available is a report on **Clark Oil & Refining Corp.**

**Hercules Powder Company** — Analysis—J. A. Hogle & Co., 40 Wall St., New York 5, N. Y. Also available is an analysis of **Campbell Machine Inc.** and a memorandum on **Tri-Point Plastics.**

**Hewlett Packard Co.**—Memorandum—Schwabacher & Co., 100 Montgomery St., San Francisco 4, Calif. Also available are memoranda on **Van Camp Sea Food Co.** and **U. S. Leasing Corp.**

**Imperial Oil** — Report — Ross, Knowles & Co., 25 Adelaide St., West, Toronto, Ont., Canada.

**J. E. Plastics Manufacturing** — Memorandum—Havener Securities Corp., 165 Broadway, New York 6, N. Y.

**Lite-Vent Industries**—Bulletin—Walter F. Merkel & Associates, 92 Liberty St., New York 6, N. Y.

**Martin Co.** — Memorandum — Fahnestock & Co., 65 Broadway, New York 6, N. Y. Also available is a memorandum on **Central Illinois Public Service.**

**Monsanto Chemical Company** — Bulletin—Auchincloss, Parker & Redpath, 2 Broadway, New York 4, N. Y. Also available is a review of **Worthington Corporation** and a memorandum on **United Artists.**

**Movielab Film Laboratories** — Analysis—Granbery, Marache & Co., 67 Wall St., New York 5, N. Y.

**Nationwide Corporation** and the **Insurance Industry** — Study — Blalack & Co. Incorporated, 2477 Huntington Drive, San Marino, Calif.

**New Yorker Magazine, Inc.** — Analysis—Moynahan & Co., Inc., 111 Broadway, New York 6, N. Y.

**J. J. Newberry** — Analysis — Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

**Propulsion Development Laboratories, Inc.** — Circular — W. F. Taylor, 639 South Spring St., Los Angeles 14, Calif.

**Public Service of Colorado** — Analysis—W. E. Hutton & Co., 14 Wall St., New York 5, N. Y.

**Random House, Inc.**—Analysis—Carreau & Co., 115 Broadway, New York 6, N. Y.

**Reynolds Tobacco** — Review — Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y. Also available is a review of **Boeing Airplane.**

**Reynolds Tobacco**—Memorandum — Jas. H. Oliphant & Co., 61 Broadway, New York 6, N. Y.

**Sports Arenas (Delaware) Inc.**—Analysis — H. Hentz & Co., 72 Wall St., New York 5, N. Y. Also available are analyses of **Diamond National Corp.** and **Southern Indiana Gas & Electric Co.**

**Standard Motor Products**—Report—Eastman Dillon, Union Securities & Co., 15 Broad St., New York 5, N. Y.

**Stelma, Inc.** — Report — Amos Treat & Co., Inc., 79 Wall St., New York 5, N. Y.

**Stouffer Corp.**—Memorandum—Fulton, Reid & Co., Inc., Union Commerce Building, Cleveland 14, Ohio.

**Sun Oil**—Review—Colby Letter, 31 Milk St., Boston 9, Mass. Also in the same letter are data on **Heyden Newport Chemical** and **Vendo Company.**

**Tata Electric Companies**—Bulletin — Harkisondass Lukhmidass, 5 Hamam St., Bombay, India. Also in the same bulletin are brief reviews of **Imperial Tobacco Co. of India Ltd.** and **Gwalior Rayon.**

**U. S. Bowling**—Memorandum—Irving J. Rice & Co., Inc., Pioneer Building, St. Paul 1, Minn.

**Wells Fargo Bank American Trust Company**—Analysis—Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif.

## Kranz Mutual Fund Dir. For Hill, Darlington

George Kranz has become associated with the investment firm of Hill, Darlington & Grimm, 2 Broadway, New York City, members of the New York Stock Exchange, as Director of the firm's mutual fund activities, it was announced.

Mr. Kranz was previously partner in charge of mutual fund activities with Grimm & Co. Prior thereto, he was a Vice-President with Putnam Fund Distributors, Inc., Middle Atlantic Division.

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# International Bank

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

**A report on one of the most diversified banking organizations in America, rapidly expanding, and managed with considerable intelligence and imagination.**

International Bank of Washington, D. C., is a great deal more than a bank—it's a financial department store embracing almost every banking and insurance service and including substantial commercial and industrial activities as well.

Starting out as a private merchant bank in 1920, it is now a holding company providing guidance for a complex of corporations with total combined assets of around $800 million. International Bank itself pioneered in Officers Financial Plan, a thrift and personal loan program designed especially for officers and senior non-commissioned officers in the Armed Forces. This business has been expanding rapidly; and during 1959 the bank stepped up its activities in trade financing and the making of collateral loans. International Bank has three wholly-owned domestic subsidiaries — a trading company, a foreign trade company and an automobile finance company.

**International Trust Company**

Overseas the major investment is in the International Trust Company of Liberia, one of the most successful banking operations in Africa. It offers not only the standard international banking services, but provides world wide registration of vessels, arranges for the creation, domiciling and complete banking accommodations for Liberian corporations; and is the largest writer of fire and casualty insurance in Liberia. The breadth of the maritime service facilities afforded by International Trust Company is indicated by the fact that Liberian flag vessels now make up the third largest merchant fleet in the world.

The latest expansion of International Bank into overseas finances will be the opening, before the end of this year, of a subsidiary "Credit Europeen" in Luxembourg City. According to Major Gen. Olmsted (U. S. A. R.) President of International Bank, "This is the first charter granted in Europe for a bank patterned after the original "Morris Plan" institutions that pioneered consumer bank credit in America 50 years ago."

**Financial General Corporation**

International Bank is developing major stature on the American commercial banking scene through its working control of Financial General Corporation. Chairman of Financial General is Arthur J. Morris, (originator of the "Morris Plan"), with General Olmsted serving as President. Financial General is a leading exponent of group banking. This has been described as a "third force" in American banking, supplementing the traditional unit and branch banking systems. Bank holding company chains aim to retain, in each local bank, the personalized nature and home town character of the institution and its regional services. But the local bank, by affiliation with a major group, gains many significant benefits: a larger reserve of capital, sharing of loans and referral of clients; unified and more efficient accounting and auditing; group insurance; more effective investment and credit analysis; streamlined sales promotion and advertising; and larger opportunities for advancement of personnel.

Stressing these very significant advantages of group banking, Financial General has become a leading exponent in this field. It conducts the only interstate group banking system in the U. S., east of the Mississippi. Altogether the Financial General group comprises 17 banks with combined resources of about $650 million. Five of these banks are in the Washington area, three in the Chicago district; others in New York, Tennessee, and Georgia in rapidly growing areas. Expansion of the stature and earning power of these banks, and addition of others from time to time to the Financial General banking family, are expected.

Financial General is not just a bank holding company, however. It has many other interests. Affiliated are five insurance companies including two life companies, United Security Life Insurance Company of Washington, and Bankers Security Life Insurance Society of New York. There are also two finance companies and one insurance agency, tied in to Financial General. One of these finance companies. American Installment Credit Corp. and the insurance agency together operate the American Bank Credit Plan which finances the sale of automobiles in 118 cities through approximately 100 banks.

Last year Financial General spread out into industry by acquiring Atlas Plywood Corp. and Argo Knitting Mills. These purchases brought with them substantial cash resources and useful tax benefits; and the company is on the lookout for other attractive purchases in the industrial field.

Altogether Financial General is an eager and animate corporate affiliate for International Bank. It is steadily building up sizable equities in property and earning power.

In real estate, International Bank participated (through International Trust Company) in the building of the Ducor Palace Hotel in Monrovia, the most modern hotel in West Africa. Further plans are now complete for the construction of a 12-story Home Office Building for International Bank in Washington. The building will be completed in late 1961.

**Growth**

You've got to admit that International Bank is a dynamic and diverse enterprise energetically expanding in a dozen fields. Unlike most banks it does not stress a liberal policy with respect to cash dividends. The accent is rather on plow-back of earnings, and the building of surplus values on the balance sheet. International Bank has been doing a pretty good job of that. For the past five calendar years gross assets (which include unrealized gains in investments and equity in Undistributed earnings of non-consolidated affiliates) have blossomed in the following manner:

| | |
|---|---|
| 1955 | $3,184,408 |
| 1956 | 5,494,865 |
| 1957 | 6,632,568 |
| 1958 | 16,695,349 |
| 1959 | 22,526,834 |

International Bank reports its earnings along similar lines; that is, it records undistributed income and appreciation of the equity interest in unconsolidated affiliates. On this basis International Bank common earned $1.23 per share in 1959 and should do even better this year, perhaps $1.50.

There are 1,900,000 common shares of International Bank outstanding of which over one million are quite closely held. The stock was split 5-for-1 last June and currently sells in the Over-the-Counter Market at around 6½ a share. The current dividend is at the annual rate of 6c a share.

Those attracted to International Bank shares are of a speculative turn of mind, and persons quite willing to forego cash dividends in order to achieve greater long term gains. As a speculative vehicle for the bold and the patient, International Bank shares present a number of attractive features. The leverage is high geared, with 1,900,000 shares benefitting from the growth in earnings and equity value stemming from energetic companies aggregating some $800 million in asset value. The earnings per share, principally because of this leverage, are unusually high for a banking enterprise and the growth rate in earning power appears most unusual. Management is in extremely competent hands and the Financial General theory of group banking is capable of large scale expansion.

There is the further facet in the expansion program for non-banking enterprises. At the moment, analysis of International Bank stock is a little confusing as the company is moving forward in so many different directions. However, a consolidation and full development of all the assets and earning power controlled here might create the potentials for a unique and even exciting speculation for those willing to accept its risks.

## With I. J. Schenin

Thomas G. Crisona, formerly associated with Sutro Bros. & Co., has become associated with I. J. Schenin & Co., 39 Broadway, New York City, as a representative.

## DAC Mutual Funds Formed

(Special to THE FINANCIAL CHRONICLE)

LOS ALAMITOS, Calif. — DAC Mutual Funds, Inc. has been formed with offices at 2732 Bostonian Drive to continue the investment business of Mutual Fund Investments. Officers are Donald A. Coscarelli, President and Treasurer, and S. T. Coscarelli, Vice-President.

# Cleveland Dir. of So. Natural Gas

BIRMINGHAM, Ala.—C. T. Chenery, Chairman of the Board of Directors of Southern Natural Gas Co., has announced the election of J. Luther Cleveland as a director of the company.

J. Luther Cleveland

Mr. Cleveland was Chairman of the Board of the Guaranty Trust Co. of New York until the Morgan Guaranty Trust Co. of New York merger, at which time he became Chairman of the Executive Committee. He retired from that post on July 1 of this year.

Mr. Cleveland has had long experience with the oil and gas industry and, under his leadership, Guaranty Trust Co. pioneered in that field of banking.

## Form McRae Securities

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—McRae Securities Corporation has been formed with offices at 444 17th Street to engage in a securities business. Officers are James A. McRae, President and Edward C. Dorroh, Secretary-Treasurer.

## With Bosworth, Sullivan

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Joseph L. Cavanagh is now associated with Bosworth, Sullivan & Company, Inc., 660 17th Street, members of the New York and Midwest Stock Exchanges. He was formerly with Colorado National Bank.

# Paul Aschkar With Sellgren, Miller

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Paul H. Aschkar has become associated with Sellgren, Miller & Co. of Oakland. Mr. Aschkar who has been in the investment business in Los Angeles for many years formerly with Dempsey-Tegeler & Co. in the trading department.

# Bargmann Is Now With Greene, Ladd

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio—Carl F. Bargmann has become associated with Greene & Ladd, Third National Building, members of the New York Stock Exchange. Mr. Bargmann was formerly an officer of Braun, Bosworth & Co. Incorporated, with which he had been associated for many years.

## Pacific Coast Securities Absorbs Two Firms

SAN FRANCISCO, Calif.—Pacific Coast Securities Company, 240 Montgomery Street, has absorbed the investment business of Merrick & Co., San Meteo, Calif., and Salisbury Securities Co. of Las Vegas, and will operate these offices as branches.

## Transan Properties, Inc.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Transan Properties, Inc. is conducting a securities business from offices at 1080 Chestnut Street. Officers are Herbert Scheftel, President; Alfred G. Burger, President; John P. Parsons, Vice-President; Martin J. Dinkelspiel, Secretary; and John W. Dinkelspiel, Assistant Secretary.

Richard M. Bossone and Warren G. Pechner are also associated with the firm.

NOT A NEW ISSUE November 2, 1960

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# Miracle Theory of Spending Is a Dangerous Delusion

*By* Maurice H. Stans,* *Director of the Bureau of the Budget, Executive Office of the President*

**To draw into sharper focus the economic choices confronting us, Mr. Stans quotes Mr. Khrushchev's prediction that our way of life will break down, not on the battlefield, but through our own failures. The Federal budget official avers that forced economic growth is the suicidal way to pursue the legitimate and proper goal of economic growth. He refers to the pace of our debt and government spending trend, and other facts of our fiscal life, and warns that we must hold back the four horsemen of economic destruction: "compulsive spending," "cancerous taxation," "government-by-credit-card," and "inflation." The proper choice, he says, is the non-glamorous positive route of fiscal responsibility and encouragement of free enterprise instead of stifling it through trap door economics.**

I would like to report on the state of our country's financial situation, and to express my own evaluation of where we stand and where we are heading.

Maurice H. Stans

Anyone who mounts a platform these days, especially if he comes from Washington, is suspected of expressing a wholly partisan interest. I'm going to do my best to stick to the facts, and to identify my own opinions as being personal convictions. I would not want my remarks to be interpreted as campaign material. My interest is to discuss the issue of conservatism versus its alternative, which is sometimes called "liberalism" in Government, with particular reference to Federal finances. This is a clean-cut issue which touches every one of us, not just in election years but in the whole of our lives.

In another sense, everything I propose to state here is tied to the question of our national security, and when I speak of the national security I mean the maintenance of an America that is strong both militarily and economically — not just the one nor just the other.

We're at a point where the decisions we make as a Nation count for more than at any time in the past. These decisions, wise or unthinking, as the case may be, will set our country on its course for the hazardous trip into the Nineteen Sixties. And it's very important that we know just what we're doing; that we separate fact from fantasy; because we have a terrific responsibility to do the right thing, to make the right decisions.

### Dispelling the Illusions

How do we really stand on the two fronts that count most — the military front and the economic front?

First, the military: Here we are second to none. We seek no conquests. Our aim has been to build forces versatile enough and powerful enough to deter attack, along with a retaliatory capability to strike back decisively if attacked. In this we rely on many weapons and many strategies. In this we believe in an orderly, sustained, deliberate effort through the years rather than the extremes of panic or complacency with irregular ups and downs. And the result is that today the aggregate of our strength far exceeds that of any potential enemy, considering the diversity of our forces and striking capacity, and I believe the gap in our favor is widening. I submit one comforting and yet appalling fact to consider: In our various weapons systems, we would be able to hit an enemy in one day with more than a thousand times the destructive force unleashed by all nations throughout all the wars of human history. Militarily we are the strongest nation on earth, and we're going to stay that way—despite what you may hear from the critics and doubters who would sell this country short!

Next, the economic front — and this is just as important to our national strength as the military: We are strong here, too. All the evidence points that way. Americans are earning more, investing more, saving more, and spending more than any people in history.

This is the second line of America's defense, never to be underestimated nor tampered with except at a cost we could not tolerate. We must keep this front defended and forever strong. The hard fact is that we can as easily lose the security we value through neglect of sound economic principles as through neglect of our military needs. As the President said recently, weakness on the economic side is fully as dangerous as weakness on the military side, and in the long run it is more dangerous.

And how could we lose our economic security? We could lose it by being taken over by the pressure groups, or the "something-for-nothing" artists, or the economic medicine men who spring out from the shadows of every crisis with trick answers.

This is not an unwarranted alarm. Here is how I would sum up my impression of how far we have already gone down that path: In the past quarter of a century we have drifted to a state of mind concerning the role of the Federal Government that has altered our political mentality. We have become hardened to financial practices in Government that we would not think of in our private affairs. We have dug up a variety of excuses for disregarding fiscal prudence. We have been bemused by the delusion that if the money comes from Washington it is the other fellows who provide it. We have succumbed to the miracle theory of Government spending—that money will buy everything, and more money will get it faster. We have abandoned time-proven beliefs in frugality, thrift and self-reliance in exchange for economic nostrums that promise more for everyone from a Federal free-lunch counter. And the result is that today we are faced with fiscal problems that can no longer be covered up by the smoke-screen of rationalization. We need to face them in the open before we succumb further to those who would promise us more and more without thought of the cost.

### The "Growth" Fantasy

Meanwhile, a new fantasy is being spun for us. The advocates of bigger Government have now adopted forced economic growth as the excuse for abandoning our present national policy of fiscal responsibility. Using the familiar technique of "alarm and divide" they tell us that we'll lose the economic race with Russia unless we turn on the spending spigot and let it run. We're told that needs are being neglected while the country is growing fat with self-indulgence. We're told that a little inflation is all right, and needn't worry us. We're told to disregard deficits and debt, because everything will be fixed up after a while. This is just the old doctrine of spending ourselves into prosperity, if we will only recognize it. It hasn't worked yet, and it has failed many times, in many countries. It is trapdoor economics, pure and simple.

And let's not make the initial mistake of exaggerating the real significance of recent Soviet economic growth. Of course, they have made gains in industrial output. The Industrial Revolution has just begun to have meaning for them. But there are vast differences between the two economies. Everyone knows that. Their percentage rate of growth starts with a very much smaller base than ours, and their actual increase in the absolute amount of goods and services produced each year is much less than ours. I don't see any likelihood of their catching up to us in seven years or 27 years, unless we make it easy for them by defaulting on all the economic principles that have made us great.

Growth is a legitimate and proper goal, but it should not be a cloak to cover irresponsibility in Government finance. And Government has a role to play in achieving growth, not by using mirrors or hat tricks, but by relying on the interworkings of free enterprise in an atmosphere of incentives for performance.

### "Believe It or Not"

There is an institution in American journalism known as "Believe It Or Not," where you can read about some astounding facts of life. I have my own version of "Believe It Or Not," applied to our Government finances, and at this point I'm going to expose it.

First—the Federal budget has grown 25 fold in just 30 years—from \$3 billion in 1930 to \$9 billion in 1940, to \$40 billion in 1950, and to almost \$80 billion in 1960. Simple arithmetic shows that if the trend were permitted to continue we would have a Federal budget of \$160 billion by 1970.

Second—our interest-bearing debt of \$285 billion exceeds the combined debt of 67 other free world countries by about \$90 billion; the per capita national debt of the United States is higher than that of any other free world country for which figures are available.

Third—even that is far from all we owe. If you add to this our already-enacted commitments to veterans and our unfinanced liabilities for Government employee and military pensions—all for past services—and our fixed commitments for future benefits and subsidies, the Federal Government's mortgage on America's future works out to \$750 billion; and this doesn't include future tax increases already scheduled to finance the social security system.

Fourth—the pressure on the Federal budget from special interest groups for more spending is relentless. Just as one indication, major bills introduced during the last Congress would, if enacted, have added \$50 to \$60 billion a year to our present spending. The advocates of these new programs are all very sincere. But each feels that his particular concern should be met right away, ahead of the others, and they don't stop to figure out how the money is to be found. Everything they propose has its merits, but taken together they add up to far more than we can finance at a given time with the resources available.

Fifth—even without any new or expanded programs, future annual budgets are headed upward. Built-in increases in many existing activities, from outer space to veterans' pensions, and from public works to overseas economic loans, and many others, will push expenditures higher year after year. In making up the 1961 budget we found that uncontrollable built-in increases came to more than \$2 billion; they will be a further \$1½ billion in 1962. And past experience gives us little hope for the reduction or elimination of any going programs.

Sixth—interest on our Federal debt now takes up 11 cents out of every dollar in taxes. In fact, we pay more for interest than for farm price supports or veterans' benefits. And we're not succeeding in improving this condition very much. Common sense would tell us that deficits and debt increases in bad years should be made up by surpluses in good years, but when we tried to gain back some of the \$15 billion we went in the red in the 1958 recession, we found the Congress unwilling to go along with the President's proposals that would have given us a good-sized surplus this year.

Seventh—our international balance of payments has been adverse by a total of \$10 billion in the last three years. This means we have created that much more in claims against us by other countries than our claims against them.

Eighth—although inflation is now checked, its threat persists. Nearly half of the free world countries have suffered inflationary price increases of 50% or more in the last 10 years; this is a kind of sickness that is catching and we have no assurance that it can't happen here.

I don't say that we've gone beyond the point of no return. I do say that these are danger signs. These trends have solidified on the basis of committing big liabilities for the future without facing up to the necessity of finding the money to pay for them. We're practicing Government by credit cards, and we're hardened to living beyond our income, as you can see from the fact that in the last 30 years we have paid our way only six times and have borrowed to pay our bills 24 times.

### Summary—Facts of Fiscal Life

In summary, these are a few of the hard facts of fiscal life in the Federal Government.

—Spending is pleasant and deficits are easy to come by;

—Surpluses are heard to come by and they never catch up with the deficits;

—Interest costs are higher than any other class of Federal expenditures save those for defense;

—We are already committed to spend incredible sums in the future for past services;

—Higher levels of spending in the future are built into present programs;

—There are tremendous pressures to get the Federal Government to do still more; and

—There are all too few who are willing to face up to the problem of how to pay for it all.

And yet the reality is that today's promises are tomorrow's taxes!

So, believe it or not, we have our work cut out for us to keep this Government of ours solvent and capable of meeting the tests that are headed our way in the Sixties. It's going to take endurance, and understanding, and a belief in sound principles to get us through.

It comes down to this: While we recognize that we have a determined antagonist beyond the Iron Curtain, we must not forget that we have enemies here at home who will bear watching. I call them the Four Horsemen of Economic Destruction—

Compulsive spending—which has helped to multiply the Federal budget 25-fold in just 30 years;

Government-by-credit-card — which has helped to pile up a huge national debt;

Cancerous taxation—which erodes initiative;

And the final destroyer, Inflation, which unless it is held in constant check can wipe out the value of our savings, pensions and insurance, and cause untold suffering.

These are the forces that can weaken us from within, unless we recognize them for what they are, and deal with them as enemies.

### The Positive Side of Fiscal Responsibility

To hear the arguments that are filling the air these days, you would think that fiscal responsibility means putting an end to social progress. I have never been able to understand why we should have to be defensive about fiscal responsibility. It is the constructive way to solid growth, and not a philosophy of unconcern for the Nation's needs. Look at the record!

In the past seven and one-half years, under a President who has fought hard for restraint in spending, despite all pressures, and has managed against odds to produce three balanced budgets out of six—with a fourth hopefully coming up—and one big tax cut, here's what has happened in this Nation:

—GNP is up 90 billion in constant dollars, to a record-smashing \$500 billion;

—Savings of individuals have increased by \$70 billion;

—Employment has hit an all-time high of 68.7 million in July, a gain of 6.7 million over the corresponding figure for 1952;

—Classrooms in public elementary and secondary schools have increased by an estimated 400,000, without Federal intervention and control;

—Federal payments to individuals for welfare and veterans' programs, including social security and similar trust fund payments, have grown from \$11.7 billion to \$26.4 billion from 1952 to the 1961 budget;

—Expenditures for natural resources development and conservation have reached all-time high levels;

—The 1961 budget includes the highest program in history for scientific research and development at \$8.4 billion, several times the amount spent in 1952.

That gives a taste of the positive side of fiscal responsibility. That gives an answer for those who say we're not moving ahead. Everything I've said underscores the fact that far from stifling social progress, prudent management is what makes progress possible.

Don't let anybody state that fiscal conservatism is a "negative" force. Far from it. It's a process which finds and rejects the non-


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essential, the superfluous, the marginal, the outmoded, in order to find the right priorities for America and back them to the hilt. That's the definition of fiscal responsibility in a free enterprise society that was built and handed on to us by Americans who worked hard for their dollars and knew their value. I believe in it, and I think most of us do, too.

In short, I submit that in Government finances there is no acceptable alternative to dynamic conservatism. Any other choice means speculation. In plain words, that means gambling with our future as a nation. Within conservatism there is ample room to take up new ideas, to move ahead as we can afford to do so.

### A Matter of Choices

Everything I've said brings me to this conclusion: A solvent America, militarily, economically and financially secure, cannot be brought about just by Presidential exhortations or vetoes, nor by speeches by Budget Directors. America must want it and be willing to demand it. This is the responsibility of every American. In the months and decades ahead, the American people have to make a choice between two kinds of Government. I would like to show you the nature of the two alternatives.

One choice is to legitimize the cult of spending, and reject finally the standard of fiscal responsibility.

This means accepting the deficit mentality as a basic national philosophy. It means a willingness to saddle the future with even greater liabilities and obligations. It means giving Government a blank check. It means Government-enforced economic planning, a path leading directly to economic controls. It means an open flirtation with inflation. It means Government with a big front and an empty purse.

If that's the road we elect to go down, we'll be paying a high price for our thrills. We'll pay in the loss of economic freedom, in less value in our dollar, in more drain on our gold supply, in all the sacrifice and loss of values that go with inflation, in the destruction of free world confidence in our capacity to lead wisely, and ultimately in the decline of our strength and vitality in this age when Western man is being put to his greatest test. This is nothing less than a game of Russian roulette with the life of a nation at stake.

Well, what's the other alternative?

It's not so glamorous, perhaps, but it's built for endurance, for security, for strength.

It's disciplined Government which doesn't consider thrift a discredited word. It is Government which is prepared to seek out the right answers to our problems, in the right priorities and within our ability to pay, instead of the pressure-group solution. It is Government that can recognize danger signs and avoid financial brink-walking. It is Government that won't get in the way of sound economic growth, but will achieve it by encouraging free enterprise instead of stifling it. It is Government that believes, with Lincoln, that it should do for the people only those things that they can't do as well for themselves, not in the centralization of all wisdom in Washington. It is Government that believes in sound money, that debts must be paid, that the budget should be balanced in good years, and that the Treasury is a trust, not a gift shop.

President Eisenhower outlined his choice for "the way of responsible government" in four short propositions:

"It must not use the taxing power to weaken nor tyrannize the private economy.

"It must not resort to the borrowing power to escape the sacrifices that go with responsibility.

"It must not delude the people into taking the deceptively easy road of deficit spending, unbalanced budgets, or inflationary fiscal policies.

"It must not use the power of appropriation falsely to offer the people something for nothing."

These are principles we can all understand.

The American people, then, must choose one way or the other. And in choosing, they should remember this lesson from history: While economic soundness may not guarantee a nation greatness, no nation has ever been great without it.

So what we're considering here is not a narrow domestic question of one political party versus another or a balanced budget versus one that is in the red, but the whole question of the long-time strength of the nation. Our adversaries know that well.

Mr. Khrushchev has made it clear. He has predicted that our way of life will break down, not on the battlefield but through our own failures. He has said that our democratic free system is decadent and that communism will bury us.

I think we had better not ignore that prediction. What we need most of all today is to be true to our values and find the discipline, the dedication, and the determination which free men have always summoned when necessary. Then, and only then, will we meet our responsibilities as a free people. Then, and only then, will we marshall our full strength to answer the Soviet challenge. Then, and only then, will we prove emphatically to Mr. K. that when all is counted our system is the best.

*An address by Mr. Stans before the 42nd annual convention of the American Gas Association, Atlantic City, N. J., Oct. 10, 1960.

# Southeastern IBA Elects Officers

WASHINGTON, D. C.—F. Barton Harvey, Jr., Alex. Brown & Sons, Baltimore, Md., was elected Chairman of the Southeastern Group, Investment Bankers Association of America, according to an announcement by Joseph J. Muldowney, Scott & Stringfellow, Richmond, Va., retiring Chairman of the Group. Election was held at the 40th Annual Meeting of the Group, Oct. 28-30, at The Homestead, Hot Springs, Va. Elected with Mr. Harvey were the following officers:

**Vice - Chairmen:** Glenn E. Anderson, Carolina Securities Corp., Raleigh, N. C., and Millard F. West, Jr., Auchincloss, Parker & Redpath, Washington, D. C.

**Secretary-Treasurer:** George S. Kemp, Jr., Abbott, Proctor & Paine, Richmond, Va.

**Members of the Executive Committee:** Joseph J. Muldowney, Scott & Stringfellow, Richmond, Va.; John C. Hagan, III, Mason-Hagan, Inc., Richmond, Va.; Thos. L. Anglin, Mackall & Coe, Washington, D. C.; W. Olin Nisbet, Jr., Interstate Securities Corp., Charlotte, N. C.; and Leroy A. Wilbur, Stein Bros. & Boyce, Baltimore, Md.

Mr. Nisbet has been elected Governor of the IBA, representing the Southeastern Group, effective with the Annual Convention of the IBA, Nov. 27 to Dec. 2, at the Hollywood Beach Hotel, Hollywood Beach, Fla.

James J. Lee, Partner, W. E. Hutton & Co., New York, N. Y., President of the Investment Bankers Association of America, and Lewis F. Powell, Jr., Partner in the law firm of Hunton, Williams, Gay, Powell & Gibson, Richmond, Va., were featured speakers at the meeting.

# Presidential Election's Impact Upon the Economy

*By J. A. Livingston,* Financial Editor, Philadelphia Bulletin and Author, The American Stockholders*

**The historical record is exhumed and shown to reveal that a new Administration always creates business uncertainty. Mr. Livingston goes further in his analysis to show that when it comes to fighting a recession there is not much difference between either party. As for the general outlook, the financial editor contemplates a recovery in the second half of 1961 following any unsettlement in the forepart of 1961.**

Statistically, election years aren't good for business, and post-election years are even worse.

I've gone back to 1884, the first year for which we have reasonably good data on industrial production, to establish the fact that there's more than superstition to the adage that "Election years are bad for business."

J. A. Livingston

In 19 election years, starting with Grover Cleveland's victory over James G. Blaine, industrial production advanced in only nine years (47%). It was unchanged in four years (21%), and declined in six (32%). If 1960 were included, another minus would be added, and the respective percentages would be: Up 45%, unchanged 20%, down 35%.

In the 19 post-election years, production advanced in nine (47%), and declined in 10 (53%).

At first blush, this would seem all right. After all, the historical probability indicates an almost 50-50 chance for a business upturn in 1961.

Yet, 50-50 isn't good.

The long-term trend of business in the U. S. is up. Most years are up years. Thus, in the 38 other years in the period under review, production advanced in 27 (71%), was unchanged in four (11%), and declined in only seven (18%).

The frequency of down years was clearly most pronounced in post-election years:

| | |
|---|---|
| Election years | 32% |
| Post-election years | 53% |
| "Other years" | 18% |

This isn't an accident. A new administration always creates business uncertainty. When the President changes, so do Cabinet Officers. It takes time for new men to learn their tasks. This is true even if there is no change in party. If there's a party change, the turnover is more drastic.

A Democratic victory would be more unsettling to business in '61 than a Republican victory. If, for example, Mr. Kennedy were to win, expenditures would be carefully reviewed by incoming administrators. A new Secretary of State would want to be sure billions of foreign aid were being directed sensibly. A new Secretary of Defense would similarly want to know what he's approving.

This could mean holdups of orders, delays, in passing on military plans. There could be a spending hiatus as new men are shuffled around in new and larger responsibilities. Mr. Kennedy's appointees will have to become familiar with the problems they face and the proper solutions. The more honest and diligent an appointee, the more difficult will be his job of satisfying his conscience.

Under Mr. Nixon, the changes—the acclimatization—would be smoother.

Then there's the historical record.

In the post-election years following 10 Republican victories in this survey, production was up in six years and down in four—60%-40%.

In the case of nine Democratic victories, there were only three ups and six downs—33%-67%.

### Where Both Parties Agree

However, when it comes to fighting a business lull or a recession I don't think there is much difference between either party or candidate. Both Nixon and Kennedy will try to stimulate the economy either by tax cuts or increases in government outlays or both. They are committed to compensatory spending during an emergency. Nixon has indicated he would try to stimulate the private sector of the economy, Kennedy would be more likely to go in for massive government programs. But neither in this day and age of Keynesian economics spend and cut taxes. Circumstances rather than preconceptions, will dictate action once either is in office.

Furthermore, the government under Eisenhower has undertaken to speed up defense outlays, accelerate highway construction, and make housing credit as well as general credit easier. These will provide an upthrust next year. They will become more influential as the months go by. My hunch is, therefore, that after any unsettlement in the forepart of 1961, as a result of election uncertainty, a recovery will be in progress in the second half.

Both candidates are committed to higher employment and lower unemployment. A new administration, once it gets settled, is likely to attack a business lag with vigor and new ideas.

*A talk by Mr. Livingston before the 2nd Annual Meeting of the National Association of Business Economists, New York University, New York City, Oct. 19, 1960.

# A. C. Allyn Co. Names Officers

CHICAGO, Ill.—A. C. Allyn and Company, Incorporated, 122 South La Salle Street, announces the election of John H. Riley as chairman; John W. Allyn, as executive vice - president; and Arthur C. Allyn, Jr., as vice - president. Douglas Casey continues as president of the firm.

*This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offer is made only by the Prospectus.*

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# The Oil Industry: Its Problems and Potentials

*By John E. Swearingen,* President, Standard Oil Co. (Indiana)*

**A soul searching inventory of the negative and positive aspects of an industry geared to produce crude oil at a rate at least 50% in excess of current demand arrives at a net balance of optimism. Mr. Swearingen's analysis, liberally sprinkled with rhetorical questions, lays bare incongruities and anachronisms in production and marketing practice and policies; remindfully points out that what may be true for the industry as a whole need not be true for an individual firm; questions the stock market's verdict in terms of earnings and balance sheet reports; and asks if today's unused reserves are not a helpful guarantee of tomorrow's profits for an industry which resists downward pressures on sales and tends to rise as the economy expands. He concludingly advises the industry to take a second look at expansion programs and on behavior which might invite government regulation.**

Machiavelli, whose reputation as a political opportunist has sometimes obscured the fact that he had some very wise things to say, once remarked, "In the beginning a disease is hard to recognize and easy to cure. If neglected, it becomes easy to diagnose, and very difficult to cure."

I suggest to you that we have long since reached the point in our industry where recognition of what is wrong is easy. It is the cure that is difficult. And, as is so often the case, what makes the cure difficult is the attitude of the patient.

What I should like to do here is to discuss some of our industry's problems in terms of the way we approach them. I have no pat solutions to offer, but I hope I can discuss these problems from a little different point of view.

If this intention seems too modest, let me pass along a safety slogan I read the other day. It condensed a great deal of wisdom about viewpoints into 15 words. It said simply: "Don't drive as if you own the highway. Drive as if you own the car."

Many a driver has traded in his tail fins for a set of wings not because of the road he elected to take or because of the condition of his car or the weather, but because of the attitude he brought with him. The wrong viewpoint can sometimes prove fatal.

Too many of us in the petroleum industry have been driving as if we owned the highway, and forgetting that we own only the car!

### The Average Consumer

I suggest that it might be fruitful for us today to take a look at the petroleum industry through the eyes of one perhaps less knowledgeable about the industry than we, but one who is sufficiently removed to have a different perspective.

How, for example, does the average consumer, whose contact with the industry is largely limited to an occasional trip to a service station, the impressions he gains from newspapers, magazines and television, and perhaps from a few shares of stock he owns, feel about our industry?

First, I'm sure we would all agree that the average consumer and what he thinks and does, are of great importance to our industry. We have direct contact, through sale of gasoline, heating oil, natural gas, asphalt, or some other product, with practically every citizen of the United States. Mr. Average Consumer and his counterparts have control of the environment in which we operate, not only through the power they exercise in the market place but through their control of our legislative machinery at every step from the precinct organization to the Federal government. It is extremely important, then, what our customers think of us.

To the average customer, I dare say the first characterization of an oilman is the typical cartoon figure—a Texan with a 10-gallon hat, smoking a large cigar, riding in a Cadillac automoblie, and with derricks spouting oil over the countryside in the background.

*All of these shares having been sold, this advertisement appears as a matter of record only.*

NEW ISSUE

**74,750 Shares**

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It is true that our industry has had its share of fabulous and irresponsible individuals, but so too have many other industries in the past. For example, gold, silver, and copper mining a century ago, the railroads 75 years ago, the steel industry at the turn of the century, and the electric utilities pre-1929.

Regardless of the fact that our industry has largely outgrown its past extravagances, the popular impression still remains. This is a matter of serious concern for all of us in the industry today, and is one that I want to return to a little later.

Despite his initial reactions, however, our average customer has some very favorable attitudes toward our industry on the basis of past performance. He no longer worries about coal scuttles and ashes in heating his home; he rides in automobiles, trains, and airplanes powered with oil. His understanding of history may be faulty, but he has some sense of the constructive achievement of an industry that has provided mankind with more energy in its first 100 years than mankind was able to use in all its preceding centuries.

### Challenge and Response

He may have some inkling, too, of the pattern of challenge and response that has marked the industry, its recurring ability to develop new muscles with which to carry new loads, its aptitude for making fresh progress in the face of obstacles, its past record of turning dead ends into launching sites.

Here is an industry, Mr. Average Consumer is at least vaguely aware, that many once said could never supply all the gasoline that mass production of automobiles required. Here is an industry that many once said could not survive because it would soon run out of crude oil. To Mr. Average Consumer, it seems reasonable to expect that an industry that has successfully met the challenge of scarcity will be able to cope with the challenge of abundance.

Mr. Average Consumer probably has some notion too of the combination of ingenuity and circumstances contributing to petroleum's growth. In the industry's infancy, there was the kerosene lamp to absorb its output. In later stages, there were the automobiles, the airplane, farm mechanization, the home-heating market, railroad dieselization, and petrochemicals to provide impetus to growth.

Looking to the future, Mr. Average Consumer — particularly if he is a stockholder—sees no major innovation on the immediate horizon suggesting a spectacular expansion in petroleum such as followed in the wake of earlier discoveries. Rather he reads in the Sunday supplements of the reverse: alternative sources of energy — atomic, solar, electric, natural gas—to a greater or lesser degree rising as competitors.

He reads, too, that innovations such as the fuel cell, by providing a more efficient conversion of energy, could tend to lessen the demand for petroleum or its equivalent—overlooking the fact that the fuel cell has been worked on for more than 100 years with little practical success and that an economical cell, if it could be developed, would probably use hydrocarbon fuels in any event.

He is confused by claims and counterclaims over the equity and effect of percentage depletion, which he does not understand.

He has a feeling, fostered by numerous anti-trust and price investigations, coupled with his own personal observation of the frequent and violent fluctuations in retail gasoline prices, that somehow the industry is making exorbitant profits at his expense. Even though he won't be able to tell you the price he paid for gasoline that last time he filled his tank, he knows that there is a substantial tax on gasoline; but he doesn't get too excited about the tax averaging 10 cents a gallon because the industry buries the tax in its retail price quotation.

He is confused by the industry's claims of individual brand superiority and ever-increasing octane numbers — a terminology he doesn't understand. After all he seldom, if ever, sees, feels, tastes or even smells the product he buys.

Our average consumer may be among the increasing proportion of our customers who are buying compact cars and stopping at discount service stations in an effort to reduce the cost of automobile ownership.

He may even be on the waiting list for conversion of his home furnace from heating oil to natural gas, since he has been told that gas is much cheaper than oil. He doesn't know and couldn't care less that the price of gas is being frozen at a subnormal level by government encroachment under the guise of regulating as a utility the fiercely competitive exploration and producing business.

### Substantial Growth

Nevertheless, our average consumer probably realizes that economists still project a steady and substantial growth in petroleum demand — some 3.5% annually in the United States and some 7% annually in the foreign Free World.

Indeed, the industry's future — in terms of ultimate possibilities —probably looks no less bright than its past. Projections of a tremendous population explosion in all parts of the world, rising standards of living and accelerating industrialization of the less-developed countries, a technologically based society, which in the United States, according to James Killian, is doubling the total of its technology every 10 years—all suggest an energy market in the future of staggering proportions.

To further bolster his feeling of assurance for the future of his oil investments, Mr. Consumer, at this point, may recall a statement by Dr. Edward Teller, father of the H-bomb: ". . . I think we are going to need our gasoline for many decades, perhaps for centuries, in order to drive our cars, or fly our planes. I think the neat, handy chemical-energy package of gasoline is something which we shall not be able to replace for a long time."

In the midst of these optimistic reflections, however, Mr. Average Consumer is struck by the disquieting realization that his petroleum shares in recent years have not followed the upward trend on the stock market. He discovers, as a matter of fact, that in a generally advancing market, petroleum shares on an average declined 16% from four years ago while the industrial average rose 20%.

The verdict of the market is not absolute, nor is it always correct. Our average consumer, if he has any sophistication in such matters, suspects that some of the current glamor issues are being priced on the basis of reputations they have yet to earn, and that many of the positive factors in petroleum's future are being overlooked. Nevertheless, he is not inclined to quarrel too vigorously with this, an unfavorable appraisal of oil's future, for he has just taken a close look at the earnings statement and balance sheet of his company.

### The Figures

For convenience sake and to give his discovery a wider application, let us translate what he found out about a particular company into Chase-Manhattan Bank figures for some 32 major companies.

Over the past four years, the industry's capital expenditures and dividends paid to shareholders have exceeded cash earnings by $876 million. Over this same period total assets went up $7.1 billion, as compared to an increase in gross annual income of $3.3 billion. Thus, the industry spent more than two dollars to enlarge its business for each dollar of additional annual revenue gained.

During these same four years when total assets increased $7.1 billion, or 22%, profits, in spite of the greater investment base, declined $311 million, or 10%.

In short, petroleum has become a vastly larger but less profitable business. Under the circumstances, it is difficult not to conclude that the oil industry has been investing in growth for growth's sake, and not for profits.

Growthmanship, in this political year, is very much in fashion, and I am sure that Mr. Average Consumer would hestitate to deride it. But I am also sure he would conclude that growth in plant and facilities must have a firm and rational relationship to market growth. An ability to supply must be matched by a willingness to buy.

At this point, we come face to face with the paradox of an industry that has succeeded only too well, that has been too proficient for its own good. The Free World that produced 16.6 million barrels a day of crude oil in 1959 had a capacity to produce some 25 million barrels a day—though with additional wells and above-ground handling facilities in already known fields the industry could produce much more. Spare capacity at the wellhead of 8 million barrels a day—about half of which was in North America and half in the rest of the Free World —means that the industry is geared to produce crude oil at a rate at least 50% in excess of current demand.

In the Free World, refining capacity added up to 20.5 million barrels a day at the end of 1959, an increase during the year of 2.8%. Since runs averaged only 16.7 million barrels, this meant that if this capacity were used to the full, one barrel out of every five would go begging for a buyer.

### Over-Saturation?

In the absence of accurate data, Mr. Consumer-Investor hesitates to draw conclusions about marketing, but he does begin to wonder whether the plethora of stations that he has observed in riding about the country does not also represent an over-saturation. In the past he has happily accepted price wars as possibly the only form of conflict from which the noncombatant benefits, but Mr. Consumer-Investor, thinking of his investment, now finds them a disconcerting indication both of a surplus of products looking for a buyer and of a surplus of stations seeking an adequate volume.

This hypothetical person I have been talking about — Mr. Consumer-Investor — must come at this point to what seems to me to be an inescapable conclusion. It is this:

The petroleum industry's major problem has been of its own making.

Like someone afferted with a glandular disorder, it can't stop expanding. Its growth mechanism continues to grind relentlessly on without waiting for demand to catch up. It is anticipating opportunities that were used up yesterday.

In the process it has created a tremendous investment in facilities that currently cannot operate at a sufficiently high level to generate a satisfactory return, and it has created product surpluses that hang as constant

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threats over the industry's price structure.

At this point, however, it is appropriate to list some of the positive elements in the situation.

The industry's growth, however disproportionate with demand, is in itself a sign of the industry's vigor.

Over-capacity to the extent that it will be usable at some later date represents a pre-payment on the obligations of tomorrow. Today's unused reserves help to guarantee tomorrow's profits.

Though earnings in recent years have failed to grow commensurate with investment, these earnings nevertheless have a firm base from sales of products which resist downward pressures of the economy but which at the same time tend to rise as the economy expands.

Mr. Consumer-Investor, however, does not delude himself. To him the situation clearly calls for three things: (1) adjustment of operations to present realities; (2) a slowing down of new additions to capacity so that demand can catch up; and (3) a stimulus to demand by all available means, creating new markets rather than waiting patiently for them to develop.

**Puzzles**

And in the light of what seem to him apparent needs, Mr. Consumer-Investor finds many of the actions of the industry puzzling.

Why, for example, are different segments and groups within the industry so divisive in their attitudes, so reluctant to take an over-all view, so insular in their unconcern about the problems of other segments, so intent upon their own goals that they fail to see that these goals can be achieved only if the over-all industry is healthy?

Why, he wonders, is the industry at home and abroad still developing greater oil reserves in the light of a situation that puts their utilization far, far into the future?

Admitting the value of prorationing, isn't it time to eliminate the incentive to needless drilling embodied in the per-well concept of allocation?

Why cannot the producing industry in the United States move more vigorously in the direction of unitized operations as a means of reducing costs and achieving a greater efficiency?

In the area of refining are equally perplexing questions.

Granting that there is now little emphasis on refinery growth, *per se*, and that such expansion as is occurring is largely associated with serving rapidly growing markets abroad, it is still difficult to understand why some industries, such as steel, can live with their surplus capacity when petroleum refiners, at best, seem only sporadically attuned to the realities of the market.

It seems obvious that the last-in barrel, which costs so much less to process than the first, becomes by far the most expensive of all if with it the price structure comes tumbling.

In particular, Mr. Consumer-Investor cannot understand why a refiner who is aware of a problem in April should forget it in June. Or why, in view of the gravity of the situation, some refiners apparently think a solution can be achieved by a few weeks of restraint in refinery runs. Refiners all too often act like an overweight person who goes on a strenuous diet and then promptly regains the lost pounds by overindulgence when the diet ends.

As for marketing, Mr. Consumer-Investor wonders if the industry isn't staking its future on providing the most elaborate network of rest-room facilities the world has ever known.

**What Purpose?**

He may not have read a recent editorial in the *Oil and Gas Journal*, but he would probably agree with the following viewpoint it expressed: "Practices and policies which may have served well years ago have become blights on the industry's progress, on its profits structure, and on the facade it presents to its dealers, to its customers, and to the public."

Mr. Consumer-Investor is asking himself what purpose is served by buying volume through a distribution of cash in the form of unrealistic price cuts that liquidate the assets of the business. Or what purpose is served by saturating an already saturated market with new facilities that are almost exact replicas of the old instead of moving in the direction of marketing innovations and concepts that will increase volume per outlet.

If he were aware of it, Mr. Consumer-Investor would undoubtedly applaud the initial success of the industry in its efforts to revitalize the sale of fuel oil by making its advantages and economy in use more apparent, but he would probably wonder whether this effort will be sustained. And he would wonder, too, why similar efforts are not being launched to stimulate demand for other petroleum products.

And what of new products? Mr. Consumer-Investor is curious to know how much of his company's research dollar is being spent in really new and untried areas and how much of it is going into perfecting old processes and into subtile product refinements that contribute little to earnings. Are the company's scientists sufficiently free to follow new paths? Since the future sometimes ignores the past, is the company sufficiently uninhibited in its attitudes to permit research in areas of promise completely outside what is now considered the petroleum field?

And finally, Mr. Consumer-Investor has some questions about the top management of his company. By his reckoning, petroleum is a mature industry; having survived the mistakes of its youth, it is now in the position of having both a past to draw upon for guidance and a future to cultivate.

If recent history is any guide, much of the money now being poured into new capital expenditures by the industry has a long-deferred return for the stockholders. If this continues to be the case, should not management take a long, searching look at the industry's over-all direction and adapt itself to its current environment? Needless to say, there is no future in pursuing a goal of enlarging an individual company's position in the industry if the net effect is creation of such choas in the marketing area that the government regulators step in. And the fact shouldn't be overlooked that the mechanics for effective though currently indirect regulation are already at hand through the Federal oil-import control program and the FPC regulation of natural-gas prices.

**Forest and Trees**

Now it is easy to ask questions, and I think a fair one at this point is whether the questions that I have been putting into Mr. Consumer-Investor's mouth represent my own views when they imply an answer, and my own perplexity when they do not.

Mr. Consumer-Investor, it seems to me, from his vantage point at some distance from the actual problems of doing business, offers the value of clarification, but I would be less than frank if I did not admit his clarity is sometimes the result of oversimplification. In viewing the forest, one is apt to forget how easy it is to lose one's way among the trees.

We are—and I am speaking now in my own person—a growth industry in which our appetite for growth exceeds our customers' present appetite for our products. Since, grammatically, two negatives make a positive, this negative fact plus our recognition of it should result in positive action on our part.

The industry in the aggregate, I believe, must face its future with a fresh viewpoint. In the aggregate, it must, I think, slow down its growth rate until supply and demand achieve a balance, or else it must grow in new directions. And in the meantime it must face facts as they are.

The aggregate, however, represents a sum total of individual actions, and I disassociate myself from the viewpoint of Mr. Consumer-Investor to the extent of acknowledging freely that, as individuals, our decisions on the basis of the same kinds of objective, realistic criteria will not and should not be always in line with an over-all industry pattern. We may well expand when the industry does not; but if we do and our decision to do so is economically sound, then our expansion will be in response to a special set of circumstances peculiarly applicable to our own business.

**The Viewpoint**

To return to my opening remarks, let me remind you that I have not been concerned with attempting to present solutions for all the industry's problems, but rather with looking at them from a little different point of view. In doing so, I have used the license of exaggeration at times to emphasize a point.

Let me make clear, however, my conviction that a realistic viewpoint toward our industry is one of optimism. I am sure any businessman would prefer to struggle with the problems of abundance rather than the problems of scarcity. But I am also sure that our industry must take a fresh viewpoint in approaching its problems. There are no easy solution in our state capitals or in Washington, D. C.

Two points in particular seem to me to require special attention.

First, we must make a greater effort to conduct our business in a manner deserving the respect of our customers, government officials, and the public as a whole. One segment of the industry cannot build up its business by tearing down another, nor can we afford to appear to the public as immature, irresponsible citizens. There are too many people in America today who would like to see us regulated as a public utility.

Second, we must take another look at our expansion programs. Will our new facilities provide a commensurate return on investment, or will they merely add to the industry's current supply-and-demand difficulties? We can't long continue to spend more money than we're taking in without building bigger problems for the future than those we face today.

In spite of our problems and the challenge we face, petroleum still has a long road to travel and, I believe, a sure destination. Our best hope of reaching it, however, lies in heeding a bit of advice which I venture again to repeat:

**Don't drive as if you own the highway. Drive as if you own the car.**

*An address by Mr. Swearingen at the 58th annual meeting of the National Petroleum Association, Atlantic City, New Jersey.

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*LETTER TO THE EDITOR:*

# Says Gold Flow Drain Calls For Ending Foreign Aid

**Reader does not agree that we have an adequate supply of gold. He advocates that we end foreign aid payments and doubts, moreover, whether anyone in the Government knows the full extent of our foreign aid payments which he labels as stupidly unnecessary.**

Editor, *Commercial and Financial Chronicle:*

Your editorial in the Oct. 27, 1960 edition of the *Chronicle* about our increasing adverse balance of foreign payments difficulties is appropriate and timely. As you stated, the recent speculative activity in the London gold market is only a weak surface symptom of this ailment.

I do not agree with the opinion that the amount of our present supply of free monetary gold is quite adequate to meet any further substantial foreign withdrawals, which appear imminent unless the prevailing trend of adverse payments is soon halted.

You have correctly cited the three main areas responsible for our increasing balance of payments difficulties. It is in the third area which you mentioned, foreign aid, that immediate correction should be applied. Elimination of this stupid unnecessary foreign aid spending would immediately correct this adverse balance of payments situation.

I doubt whether anyone in the Government, or any private individual, knows the full extent of our annual foreign aid payments in the various different categories, including those in disguise.

The tremendous cost of maintaining our foreign military bases all over the world is not reflected in the payments labeled as foreign aid. Hundreds of thousands in our armed services are stationed abroad with their wives and children, all maintained at the cost of our Government, and entailing huge expenditures of American funds for that purpose in foreign countries all over the world.

Foreign aid payments, labeled as such, amounting to around $4 billion annually, plus the amount of foreign payments for the maintenance of our military establishments and armed forces abroad amounts to a huge sum greatly in excess of our annual adverse balance of foreign payments.

Should we wait until our gold supply is exhausted, thus forcing us to curtail our foreign payments, or will those in our Government have the sense to take proper voluntary action to remedy this situation?

BERT A. DOERING

4946 McPherson Avenue,
St. Louis 8, Missouri.

## New Westheimer Branch

CLEVELAND, Ohio—Westheimer and Company has opened a branch office in the East Ohio Building under the management of Richard O. Gaeckle.

## F. M. Carhartt Opens

(Special to THE FINANCIAL CHRONICLE)

GRAND JUNCTION, Colo.—Forrest M. Carhartt is conducting a securities business from offices at 300 Cedar Court.

*This advertisement is neither an offer to sell nor a solicitation of offers to buy any of these securities. The offering is made only by the Prospectus.*

NEW ISSUE October 28, 1960

**150,000 Shares**

**THE STEPHAN CO.**

**Common Stock**
(Par Value $.50 per Share)

**Price $4.00 Per Share**

*Copies of the Prospectus may be obtained from the undersigned or other dealers or brokers only in States in which such dealers or brokers are so qualified to act, and in which the Prospectus may be legally distributed.*

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# NEWS ABOUT BANKS AND BANKERS

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

**The Chase Manhattan Bank, New York,** has appointed Cornelius D. Howland and Robert K. Schell Vice-Presidents in the United States department, George Champion, President, announced. Both are assigned to the district composed of Illinois, Minnesota, Montana, North Dakota, South Dakota and Wisconsin.

Mr. Howland, who joined the Chase National Bank in 1936, was appointed an Assistant Cashier in 1950. He was promoted to Assistant Vice-President in 1956.

Mr. Schell joined the **Bank of the Manhattan Company, New York,** in 1951, was appointed an Assistant Treasurer in 1954, and was promoted to Assistant Vice-President in 1958.

The promoton of Gordon J. Olsen and Harold A. Young to Assistant Vice-Presidents in the United States department also was announced. Mr. Olsen is assigned to the district composed of Alabama, Florida, Georgia, Mississippi, North Carolina and South Carolina. Mr. Young is with the group composed of Indiana, Michigan and Southwest Ohio.

* * *

**The Chase Manhattan Bank, New York** opened a new branch on Oct. 31 at 345 Hudson Street.

Located on the northwest corner of the intersection of Hudson and Charlton Streets, the branch will replace one three blocks away at 325 Spring Street.

David W. Adolfson, Assistant Treasurer, will be in charge of the branch. Nelson H. Cleverly will be its Manager and Julius Haas its Chief Clerk.

The bank's Spring Street branch was acquired when the **Clinton Trust Company, New York** merged with Chase Manhattan on Jan. 30, 1959.

* * *

**BROWN BROTHERS HARRIMAN AND COMPANY, NEW YORK**

| | Oct. 3, '60 $ | Jun. 30, '60 $ |
|---|---|---|
| Total resources | 272,615,788 | 253,610,848 |
| Deposits | 219,598,353 | 211,616,224 |
| Cash and due from banks | 68,378,014 | 68,687,453 |
| U. S. Government security holdings | 14,908,554 | 41,455,120 |
| Loans & discounts | 73,863,785 | 78,140,422 |
| Capital & surplus | 21,261,985 | 18,845,284 |

* * *

**The First National City Bank of New York** opened a branch on Oct. 28 in the Crossroads Shopping Center, Plainview, L. I. It is the first New York City commercial bank to extend services outside the five boroughs.

S. Henry Morda, previously Manager of the Bank's installations at New York International Airport, will manage the branch.

* * *

Robert Simpson has been appointed Assistant Vice-President of **Chemical Bank New York Trust Company, New York** announced Chairman Harold H. Helm.

* * *

The Quarter Century Club of **Chemical Bank New York Trust Company, New York** totals 1232. This includes 42 members who were welcomed into the organization at its annual dinner on Oct. 26.

Harriet C. Rowell, Personnel Assistant, has been elected President of the Quarter Century Club, effective Jan. 1 to succeed Charles A. Bernard, who is Manager of the Bank's office at Rector and Greenwich Streets.

* * *

Donald F. Curran has been appointed an Assistant Secretary in the Corporate Agencies Department of **The Bank of New York,** according to an announcement by Albert C. Simmonds, Jr., Chairman.

* * *

**FEDERATION BANK AND TRUST COMPANY, NEW YORK**

| | Sep. 30, '60 $ | Mar. 31, '60 $ |
|---|---|---|
| Total resources | 184,676,925 | 151,574,771 |
| Deposits | 163,446,961 | 131,719,975 |
| Cash and due from banks | 30,638,625 | 11,608,676 |
| U. S. Government security holdings | 32,490,321 | 18,821,694 |
| Loans & discounts | 90,021,020 | 90,032,586 |
| Undivided profits | 1,700,457 | 1,415,021 |

* * *

Appointment of John A. Maher, President of the **Brevoort Savings Bank,** as a member of the Advisory Board of **Manufacturers Trust Company's** New York Real Estate and Mortgage department was announced by Horace C. Flanigan, Chairman of the Board of Manufacturers Trust.

Mr. Maher was elected President of the **Brevoort Savings Bank** in October, 1960. Prior to this appointment he was a Vice President of the **New York Savings Bank.**

Appointments were also announced of Stephen H. Lyons as an Assistant Vice President and William F. Hoppe as an Assistant Secretary.

Mr. Lyons came to the bank in 1924. He was appointed an Assistant Secretary in 1947. Mr. Lyons is assigned to the bank's Fordham office in the Bronx.

Mr. Hoppe joined the bank in 1935. Mr. Hoppe is assigned to the Bank's 79th Street (Manhattan) office.

* * *

**Williamsburgh Savings Bank, New York,** opened a branch in suburban Nassau County at Levittown, Oct. 28.

* * *

The election of Jack L. Selke as Senior Vice-President of **Central Industrial Bank of New York** was announced Nov. 2 by James A. Farley, Jr., President of the Brooklyn banking institution.

Mr. Selke, is a member of the bank's Board of Directors and Chairman of its examining committee. He will be directly responsible for the operations of the Pitkin Avenue office of Central Industrial Bank.

* * *

The Comptroller has approved the application to consolidate **The Meadow Brook National Bank of Nassau County, West Hempstead, New York; Queens National Bank of New York, Springfield Gardens, New York, N. Y., and the Colonial Trust Company, New York, N. Y.,** under the title of The Meadow Brook National Bank. It is expected to be effective Nov. 10. The Head Office of the consolidated bank will move from West Hempstead, New York to Springfield Gardens, New York, N. Y.

* * *

Lawrence H. Martin, Executive Vice President of the **National Shawmut Bank of Boston, Boston, Mass.,** has been elected Vice President. He will succeed Horace Schermerhorn, who was named Chairman.

* * *

**The Merchants National Bank of Boston, Boston, Mass.,** has increased its common capital stock, by a stock dividend, from $6,000,000 to $6,300,000, effective Oct. 17. (Number of shares outstanding—630,000 shares, par value $10.)

* * *

**The New England Trust Company, Boston, Mass.,** has converted into a national Bank under the title of **New England National Bank of Boston,** effective as of Oct. 17.

* * *

Preston Z. Jones, Director of the **Citizens Savings Bank of Stamford, Conn.,** died Oct. 25 at the age of 86.

* * *

**The First National Bank of South Amboy, South Amboy, N. J.,** has changed its title and designated its location as: **First National Bank of South Amboy—Madison Township, Madison Township, Middlesex County, New Jersey,** effective Oct. 20.

* * *

Edward D. Keller of Essex Falls was appointed to the Advisory Board of the West Essex-Caldwell office of **National State Bank of Newark, Newark, N. J.**

* * *

The consolidation of the **United States National Bank in Johnstown, Johnstown, Pa.,** with common stock of $800,000 and **The Peoples National Bank of Somerset, Somerset, Pa.,** with common stock of $100,000, has been approved. It was effected under the title of the United States National Bank in Johnstown, with capital stock of $900,000, divided into 45,000 shares of common stock of the par value of $20.00 each, and is effective as of Oct. 15.

The consolidated bank has been authorized to operate the West End branch and the Westmont branch of United States National, and to establish a branch at the location of Peoples National Bank.

* * *

**The Riggs National Bank of Washington, D. C., Washington, District of Columbia,** has increased its common capital stock, by a stock dividend, from $9,292,500 to $10,066,875, effective Oct. 20. (Num-

*Continued on page 35*

*This is not an offer to sell or a solicitation of an offer to buy any of these securities. This offer is made only by the Offering Circular.*

NEW ISSUE

**190,000 Shares**

**POLYTRONICS LABORATORIES, INC.**

**CLASS A STOCK**

(Par Value $.10 per Share)

**OFFERING PRICE: $1.00 PER SHARE**

*A copy of the Offering Circular may be obtained from the undersigned and from such other dealers as may lawfully offer these securities in this state.*

**THEODORE ARRIN & CO., INC.**

82 Beaver Street New York 5, N. Y.

# What Shakeout in The Electronics Industry?

By Dr. Harry Greenfield,* *Director of Research, Electronics Investment Management Corp., San Diego, Calif.*

**Is the luster rubbing off the electronics industry's growth pace? To assertions made that the growth rate will not continue as it has, and that the attrition of firms and concentration in the industry will increase, Dr. Greenfield furnishes evidence supporting contrary conclusions. The California economist projects for the industrial electronics market $4.1 billion by 1965, a 128% increase over this year's estimated total of $1.8 billion and a "hefty" 317% increase over the decade. Moreover, regardless of whether there will be "cold war or warm peace" he forecasts a growth for the entire elcectronics complex that will continue to outpace the economy by 2-2½ to 1 during the 1960's. Further, he opines that, as in the past, stocks with a high P/E ratio should continue to appreciate.**

Many have noticed that current band-wagon bearing a huge banner marked, "Beware the Coming Shakeout!" Some interesting people are aboard that wagon:

Harry Greenfield

There are some writers whose job it is to coin slogans and headlines.

There are some heads of large corporations who would like to see the prophecy fulfilled so that they can catch some bargains on the way down. There are some well-meaning business and economic analysts who, due to their busy schedules, do not have the time, or for that matter, the relevant figures, required for a deeper penetration of the subject.

And, believe it or not, there are even some brokers "on the wagon."

Irrespective of the individual reasons for jumping onto the wagon, what can we say about the probable course of the vehicle? It is my view that this wagon will bump up against the solid wall of reality—a wall fashioned from the electronic achievements of the fifties and of the even greater potentials of the "scientific sixties."

But metaphors, you will say, and I will hasten to agree, are poor substitutes for factual analysis. Let us try therefore to get at some of the facts.

**The Shaky "Shakeout" Theory**

The "shakeout" hypothesis rests on the basic assumption that the electronics industry cannot extend into the sixties its average annual growth rate of the fifties. A corollary of this is that many firms will be faced with the problem of survival and by further implication that many will not meet the test successfully. I take this to mean that the rate of attrition of electronics firms during the sixties will be greater than the normal ebb and flow of firms in any dynamic industry at any period of our economic history.

One of the major pillars on which the shakeout theory rests is the assumption of a slowing up in the rate of government electronics purchases. Currently, as is well known, the five to six billion dollars of electronics sales to the government constitute 55%-60% of total electronics factory sales. The bulk of these sales are to the Department of Defense, but sizable amounts represent expenditures for electronics equipment by the National Aeronautics and Space Administration, the Federal Aviation Agency, the Departments of Commerce, Health, Education and Welfare, and the other civilian agencies.

As to the future of military expenditures for electronics goods and services, I think the following factors should be considered:

(1) The recent political deliberations at the UN have not, unfortunately, brought us any closer to a disarmament scheme. A more accurate gauge of the imminence of such a plan must await the developing relationships between the new administration and the Kremlin. Meanwhile, an armed truce, must of necessity, prevail. The nature of this armed truce is such that the armaments of which it is comprised are becoming progressively more electronic. From 4% of total military spending in 1950, electronics is expected to reach approximately 20% by 1965.

(2) Should cordiality come to replace acrimony, and should, as a consequence, a mutually satisfactory progressive disarmament plan be instituted, all parties concerned will then face the problem of an effective surveillance system. So long as neither we nor the Soviets are ready to alter our respective politico-economic systems, so long will an element of distrust exist. The ensuing *modus vivendi* will be almost entirely electronic in nature; for only through electronics can the necessary seeing, hearing, and communicating over vast distances, on, above or beneath the earth's surface be effected. The electronics core of such a system will in all probability consist of active and passive satellites, telemetry systems, global computer complexes, ultra-sensitive detection systems, as well as global communications networks. I would go so far as to say that a thoroughly effective surveillance system, constantly changing to remain at maximum efficiency, will entail costs that may equal and very likely exceed current government spending for electronics.

(3) A third point I should like to make regarding military electronics spending is that its quantitative role in total electronics sales is overstated due to an inadequate conception of the magnitude of the electronics industry. I will not take the time now to develop the national economic accounting concepts of the industry in detail, except to state that most of the benchmark data used by analysts in this area cover the output of goods only and exclude the output of services. It is as if in determining consumer spending for medical care we would count only the expenditures on drugs and not on the services of physicians, dentists, nurses, and so on. The dimensions of the electronics industry are more than doubled when we include such services as distribution (i. e. wholesale and retail costs), servicing (i. e. maintenance and repair of electronic equipment), revenues from television and radio broadcasting, expenditures on research and development both government and private — telephone, telegraph and industrial communication revenues — which increasingly are being derived from electronics rather than from electro - mechanical devices. On this broadened base, the ratio of military electronics to total electronics drops from 58% to about 28%.

(4) I should like to call atten-

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tion also to the qualitative aspects of military electronic purchases. The reason for this is to indicate that the bulk of electronics equipment purchased by the military has immediate industrial and commercial applications. It would be sufficient to mention the following examples: digital and analog computers, global communications equipment such as long line carrier and repeater equipment, facsimile equipment, closed circuit TV, aircraft navigational gear, radar, mobile radio and test and measuring instruments. We might also mention in this connection the research and development work being done by and for the military in power conversion techniques and microminiaturization.

Thus, far from being a unique, highly specialized purchaser of electronic equipment the loss of which would remove a major and irreplaceable prop from the industry, the military segment has, in fact, benefited from the entire industry by requiring its suppliers to stay in the forefront of technology, to rationalize and automate their production processes, to maintain rigid quality and inventory control techniques, to remain flexible and to modernize management procedures. In the long run, these disciplines will be seen to have been a major contribution to the maintenance of a dynamic and expanding industrial complex.

What about the negative aspects of military procurement—sudden cancellations, stretchouts, budgetary stringencies, and quick technological changes? Aren't these serious limitations? Yes, they are, but they are not peculiar to military products. A producer, whether of skirts or steel, whose output is destined for one purchaser, a farmer who grows one crop, a town with one factory or industry, a country with one export commodity, are in similarly precarious positions. As a matter of fact, the government is more liberal in this respect than private enterprise since prime and subcontracts contain provisions for termination at the convenience of the government under terms which provide for reimbursement of cost incurred up to the time of termination and an allowance of a percentage of the anticipated profit.

There is no law against diversification. The fact is that supplying the military provides a financial base, hence an opportunity to seek and plan for diversification. We can expect a host of new civilian firms and products to be spawned from the present military suppliers. Some firms with neither the foresight nor the will to plan now for new products will undoubtedly not survive major shifts in defense requirements but because of the current civilian uses of a great deal of military procurements that we mentioned and large R & D expenditures, I believe that electronics firms, at least those with capable alert managements, will be more able than most others to make the necessary adjustments.

### The Unconcentrated Concentration

Although not stated explicitly some writers have pointed out that concentration of productive facilities in the electronics industry is increasing. I suppose the implication here is that the industry is becoming "oligopolized," that a few firms (the Big Twenty) are producing the greater part of the total output. I suppose, further, that this implies that the industry is becoming mature, rigid, undynamic and increasingly non-competitive. Some may have seen the list of the "Big Twenty" in a recent issue of *Fortune* magazine. The revenue derived from electronic sales of these firms added up to a little more than eight billion dollars. Last year (1959) according to the same source, the U. S. electronics manufacturing business totaled 9.5 billion dollars. Hence, these 20 firms, on one calculation turned out 85% of the total industry output. Since there is some duplication in these figures—e. g., one firm's sales include a part of the output of another—this 85% figure was reduced by the compilers of this table to "over half" of the total business. I present here another list of 20 electronics firms with 1959 electronics revenues ranging from 250 million down to about 40 million dollars. (These were very crude calculations and I feel sure that some of them may be wide of the mark. In general, I tried to err on the side of conservatism.) The total electronics revenue of these 20 firms comes to, at least, 1.5 billion dollars.

ANOTHER TWENTY

*Estimated Revenue From Electronics Products*

(Millions of Dollars)

| | |
|---|---|
| Litton | $125 |
| General Dynamics | 250 |
| Lockheed Aircraft | 100 |
| Minnesota Mining & Mfg. | 50 |
| Garrett | 125 |
| Collins Radio | 125 |
| Magnavox | 90 |
| Daystrom | 65 |
| Siegler | 40 |
| Emerson Electric | 45 |
| Mallory | 86 |
| Sprague | 56 |
| Ampex | 44 |
| Amphenol-Borg | 50 |
| Hewlett-Packard | 47 |
| Packard Bell | 40 |
| Varian | 38 |
| Transitron | 45 |
| Beckman | 45 |
| Western Union | 125 |

Now if we add the 1.5 billion to the 8 billion of the original "Big Twenty" we get 9.5 billion or the total output of the industry. If we wish to allow for duplication, then I think we would have to say that these 40 firms produced about three-fourths of the industry total. Yet, without too much difficulty we can think of many hundreds of firms with electronics revenues ranging from 1 to 40 million dollars annually. It is obvious that were we to continue with this calculation, the total revenue of the 4,000-some-odd firms in the industry would exceed the 9.5 billion dollars by many magnitudes and we could not resort to the duplication concept to rectify the vast discrepancy.

### Other Aspects

This little exercise points up several important aspects of the industry. For one thing, it seems clear that the 9.5 billion dollars falls far short of representing the value of the industry output. As I have indicated previously, we need an entirely new Industrial Classification for electronics—one that would give us a better indication of its true economic size.

Secondly, this exercise also serves to dilute the concentration ratio that many people have begun to apply to the industry on the basis of the widely circulated "Big Twenty" list. I do not believe that you will find output dispersed over so many firms in any of the leading American industries — autos, steel, oil and chemicals. Let us for a moment examine another kind of evidence for the "concentration" idea. One of the characteristics of a concentrated industry is a rather high and inflexible price structure. Yet, within the last several months we have all witnessed the prices of semiconductors topple anywhere from 50-90%.

Thirdly, our quick calculation also highlights the relative freedom of entry into the industry—a factor which is directly contrary to the "concentration" thesis. In our own company, for example, Electronics Capital Corp., out of about a dozen investments we have made during the past months, about half were in completely new corporations. Not only do new firms enter the field but many of them also do very well. This is why the investing public has been willing to purchase stocks priced at 20, 30, 40, and 50 times earnings. To some conservative securities analysts, a high P/E ratio signifies that the probability of further appreciation of the stock is small. Without, at this time, making an extended digression into the securities field, I think that the record has shown that it is precisely these stocks that demonstrated the greatest degrees of upward movement.

There were many important features of the electronics industry that the *Fortune* article, to which we alluded earlier, elucidated rather well. In particular, I am in complete agreement with one of the estimates concerning the industrial electronics market. *Fortune* projects outlays of $50 billion for producers durable equipment by 1970 and on the assumption that 15% will be allocated for electronics equipment, the resulting figure of $7.5 billion is in line with my own estimates. The industrial electronics market according to a recent projection of mine should reach $4.1 billion by 1965, a 128% increase over this year's estimated total of $1.8 billion and a hefty 317% increase over the decade. The continued application of electronics to the production process—and by that I mean not only the automation of physical output but the rationalization of the management of these processes as well—will help materially to raise total output, to increase output per manhour and by lowering unit costs, to reverse the recent negative trend in our balance of payments.

### Cold War and Hot Sales

Some analysts, seeing the correlation between military expenditures and electronics factory sales, have developed the notion that electronics sales are inversely related to the political thermometer—the lower the temperature, the higher the sales. But this, as I have attempted to demonstrate, is a superficial analysis. My own view is that the electronics complex will continue to outpace the general economy by a factor of 2 or 2½ to 1 during 60's—regardless of whether the thermometer reads cold war or warm peace, and that in terms of its contribution to Gross National Product, the electronics industry will lead the nation's industries by 1970.

*An address by Dr. Greenfield before the Los Angeles Chamber of Commerce, Oct. 5, 1960.

LETTER TO THE EDITOR:

# Accountant Challenges Depreciation Proposal

**Mr. Tisch disagrees with a proposal made to improve depreciation accounting. The suggested issuance of a stock dividend in an amount approximating the annual charge to income for depreciation, and the creation of an asset category "Reserve Reinvested in the Business" is said to duplicate assets already in the balance sheet.**

Editor, *Commercial and Financial Chronicle:*

In theory the periodical charge to income for depreciation of capital assets is designed to apply a portion of the expiration of investments in tangible assets against income, in a systematic and rational manner. It is not designed to create a special fund for the replacement of capital assets. It is management's responsibility to accumulate enough resources to replace worn out or obsolete equipment, whether or not a funded reserve has been maintained.

Mr. C. H. Haines took an entirely different position in his letter to **The Chronicle** last Aug. 4, 1960. If such a reserve is not maintained the assets are not hidden as Mr. Haines claims, but are represented by current assets available at the time when replacement of capital assets becomes necessary. If management uses funds, created by depreciation charges against income, for plant expansion over and above profits retained in the business, then they are improperly managing their financial affairs and will not have enough resources to replace equipment. But if they are using retained earnings for their plant expansion and improvements and prices remain stable, then funds will be available in the form of current assets to help replace capital assets. A more difficult problem confronting management today is how to meet the rising cost of capital assets.

Mr. Haines suggests the issuance of a stock dividend in an amount approximating the annual charge to income for depreciation, and the creation of an asset category entitled "Reserve Reinvested in the Business."

### Sees Non-Existent Asset Created

By forming such an asset (as Mr. Haines states), I maintain that you are not giving recognition to "hidden capital funds"; instead, you are duplicating assets already included in the balance sheet and creating a non-existent asset which has no place on the financial statement of a corporation. Correspondingly, you are issuing a stock dividend equal to this non-existent asset and are therefore giving the stockholders nothing they don't already have. Not only have the shareholders gained nothing by this stock dividend but management and the public will be misled into believing that an additional asset exists known as "Reserve Reinvested in Business." This new asset category does not reveal hidden funds and does not inform management that funds, created by depreciation charges against income, are now invested in inventory or have reduced some liability. Therefore, the new asset category is a duplication, of other assets, misleading to management and the public and is a non-existent asset without value.

In conclusion, management's practice of not maintaining a special fund equal to the reserve for depreciation does not lead to a return of capital to shareholders. Management is cognizant of the fact that resources not funded will be needed to help replace capital assets. The new asset category, "Reserve Reinvested in Business," as demonstrated above, is not a real asset, is misleading to the reader of a financial statement.

The problem of financing the replacement of plant and equipment could be made easier if management set aside a portion of retained earnings, in addition to their annual charge for depreciation, in order to meet the rising cost of equipment.

FREDERIC TISCH, C.P.A.
780 St. Marks Ave.,
Brooklyn, New York.
Oct. 7, 1960.

### L. C. Wegard Branch

TRENTON, N. J.—The investment securities firm of L. C. Wegard & Company announce the opening of new offices in the Trenton Trust Building, 28 W. State Street, with Victor L. Wegard as Managing Partner.

*All of these shares having been sold, this advertisement appears as a matter of record only.*

NEW ISSUE

150,000 Shares

ELECTRONICS, MISSILES AND COMMUNICATIONS, INC.

Common Stock

*(Par Value 10¢ per Share)*

Offering Price: $2.00 per Share

*Copies of the Offering Circular may be obtained from the Undersigned in any State in which the Undersigned may legally offer these shares.*

*Frank Karasik & Co.*
*Incorporated*

November 3, 1960

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## F. Karasik Sells Electronic Issue

**Pursuant to an Oct. 28 offering circular, Frank Karasik & Co., Inc., of 285 Madison Ave., New York 17, N. Y., offered and sold 150,000 shares of the 10c par common stock of Electronics, Missiles & Communications, Inc. at $2 per share.**

**The Company proposes to manufacture and sell Very High Frequency (VHF), Ultra High Frequency (UHF) and Microwave Equipment for a wide variety of communications equipment and other applications.**

**The company hopes to sell and service its Television Translator Transmitter equipment through a network of engineering dealers, many of whom are known to the company's personnel, and who will receive promotional and technical support from the company.**

**The company has leased for five years plant facilities located in Mount Vernon, New York, containing approximately 5,000 square feet of floor area at an annual rental of $5,700. The plant facilities referred to herein house the company's offices, production, design and research facilities. It is felt that this installation will be adequate for its present and reasonably foreseeable future needs.**

**The estimated proceeds to the company will be approximately $239,000 after payment of the underwriter's commissions and expenses, and the expenses of the company in connection with this offering. This figure is arrived at by deducting from the total offering price of $300,000 the discounts or commissions in the amount of $45,000, the expenses of the underwriters in the amount of $8,500, and the anticipated expenses of the company in the amount of $7,500.**

### Jack R. Riggs Opens

(Special to THE FINANCIAL CHRONICLE)

**SALINAS, Calif.—Jack R. Riggs is conducting a securities business from offices at 1101 North Main Street.**

### Joins Smithers Staff

(Special to THE FINANCIAL CHRONICLE)

**SAN FRANCISCO, Calif. — Richard R. Burns has joined the staff of F. S. Smithers & Co., Russ Building. He was formerly with Lawson, Levy, Williams & Stern.**

### Forms McLeod Co.

**NORTH PLAINFIELD, N. J. — William McLeod is engaging in a securities business from offices at 57 Fairview Avenue under the firm name of McLeod & Co.**

### K. J. Brown Branch

**INDIANAPOLIS, Ind. — K. J. Brown & Co., Inc. has opened a branch office in the Merchants Bank Building under the management of Richard H. DeBolt.**

### Cavanaugh, Geck Branch

**TUCSON, Ariz.—Cavanaugh, Geck & Co. has opened a branch office at 1068 North Campbell Avenue under the direction of Gerald L. Geck.**

**11 N. Y. CITY BANK STOCKS**

***3rd Quarter Earnings Comparison***

*Bulletin on Request*

LAIRD, BISSELL & MEEDS
Members New York Stock Exchange
Members American Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype NY 1-1248-49
*Specialists in Bank Stocks*

# BANK AND INSURANCE STOCKS

*BY LEO I. BURRINGTON*

## This Week — Bank Stocks

*CHICAGO AND N.Y.C. OBTAIN LOWER REQUIRED RESERVES*

Announcement by the Federal Reserve Board that bank reserves again will be lowered accomplishes in full the objectives of the Vault Cash-Bank Reserves Law passed in July, 1959. The differential elimination between reserve requirements of Central Reserve (Chicago and New York City banks) and Reserve City banks goes into effect Dec. 1, well in advance of a required elimination by July 28, 1962. On Dec. 1, reserve requirements for Chicago and New York banks will drop to 16½% from the present 17½%. This reserve against net demand deposits for these banks was lowered Sept. 1, 1960 from 18% to 17½%. Federal Reserve officials estimate the latest reserve reduction alone will free an additional $250 million for meeting demands for cash or credit by customers of Central Reserve City banks. To accommodate proper growth of the economy, money supply must of necessity be increased. Over the years ahead it appears likely that bank reserve requirements will trend lower.

The avowed reason for taking the present freer credit step is to meet the seasonal needs of business for Thanksgiving and Christmas. Nonetheless, one can reason that the four weeks' notice may have been to furnish a psychological lift for bankers to expand loans and investments. Thus, the announcement can be interpreted as a significant credit easing move. Of interest for bank stock investors is the increased earnings base provided. Once seasonal needs for cash are met, the flow of cash back to the banks can be put to work and result in the ultimate creation of more credit, through the multiple expansion principle, as it moves through the banking system.

While Chicago and New York City banks only will be benefiting from the advantage of lower required reserves, they also will share the benefit along with all other Federal Reserve member banks by counting their vault cash (coins and currency held by the banks themselves) as part of their required reserves against deposits. Until December, 1959, cash kept in a bank's vault could not be counted as part of required reserves. The latest action takes all restrictions off vault cash as a part of required reserves. Following the initial permission in late 1959, a second liberation step went into effect Sept. 1 of this year when Reserve City and Central Reserve City banks were allowed to count vault cash in excess of 1% of their net demand deposits, instead of the previous 2%. Country banks were permitted to count as reserves their vault cash in excess of 2½% of net demand deposits on Aug. 25; formerly the limit was 4%.

The vault cash relief scheduled for Nov. 24 is estimated at about $1,050 million and represents the final step toward removing restrictions on including such cash as reserve to comply with the 1959 law. The required reserves for country banks will increase from the present 11% to 12%, reducing the effect of freeing their vault cash. All Federal Reserve member banks will participate in the freer credit move. Federal Reserve officials estimate the banks will be provided with additional cash reserves of $1.3 billion. The immediate effect is believed to allow the banks to lend somewhat more than $2 billion more than can be forthcoming on the present reserves base. Of the $1.3 billion, $520 million can flow from country banks, $400 million from Central Reserve City banks, and $380 million from Reserve City banks.

To investors the stocks of Chicago and New York City banks take on added attraction due to the broadened earning power base which is likely to evolve into deposit growth and an increased volume in loans and investments. The well-known key to earnings growth is a bank's ability to supply loanable funds. Not only will these leading banks benefit from the favored position of bank stocks generally to produce steadfast earnings from the inherent nature of banking (earnings can rise in periods of recession due to stimulating governmental policies which increase loanable funds for banks and earnings growth, and in periods of prosperity earnings can grow from higher rates received on loans and investments) but they are bing enhanced by the fundamental change of the Vault Cash-Bank Reserves Law, now a reality.

Over-all banking developments characterizing New York City banks probably make their stocks more attractive as stock investments. Nonetheless several Chicago banks can be considered to hold attraction as well. Although still hampered by unit banking, Chicago banks have been taking steps to make their shares more marketable. The Northern Trust Company has increased shares outstanding through a stock split and a rights issue. The recently executed merger between Harris Trust & Savings Bank and Chicago National Bank and a very recent 5% stock dividend increased outstanding shares to 1,365,000. First National Bank of Chicago as late as Dec. 31, 1957 had only 1 million shares outstanding. Due to a stock split and the recently proposed 20% stock dividend, outstanding shares will total 7,500,000.

THE SIX LARGEST CHICAGO BANK STOCKS

| | Adj. Bid Price Range 1960-1959 | Recent Mean Price | Dividend | Yield % | 1st Half —Earnings— 1960 | 1959 |
|---|---|---|---|---|---|---|
| First Natl. Bank of Chicago | 78 - 60 | 68 | $1.60 | 2.4 | $2.83 | $2.45 |
| Continental Ill. NB & T Co. | 141 -107 | 115 | 4.00 | 3.5 | 4.94 | 4.02 |
| Harris Tr. & Savings Bank | 93 - 59 | 82 | 2.00 | 2.4 | N.A. | N.A. |
| The Northern Trust Co. | 128 - 85 | 116 | 3.00 | 2.6 | 4.62 | 3.55 |
| American Natl. B & T Co. | 515 -340 | 520 | 6.00 | 1.2 | 17.21 | 13.91 |
| City National B & T Co. | 88 - 68 | 73 | 3.00 | 4.1 | N.A. | N.A. |

# The Next Big Industry Will Be Electronics

By Roger W. Babson

**"Watch Electronics" is Mr. Babson's advice in seeing here a successor to the automobile industry as the next big industry. Should defense spending behind electronics decline, Mr. Babson envisions greater government use of this innovation in its post offices, for example, to help the transition to peacetime usage on a grand scale by private industry.**

When the electronics stocks were becoming popular, I was slow to discuss them in this column. Now, however, I have concluded that electronics will be the next big industry.

### Automobile Investments

Forty-five years ago, nearly 40 different types of automobiles were being advertised and sold. In the stocks of the companies making these 40 automobiles, there was much speculation. Mr. *Ford's* "Tin Lizzie" was the most popular, selling around $500, while the most expensive car was the *Packard*. Another popular car was the *Studebaker*, whose manufacturer was once the largest maker of wagons and carriages. Both the *Packard* and the *Studebaker* since declined in production, resulting in severe reorganization which effected a combination of the two companies.

Another very popular car of those early days was the *Hudson*, while the *Nash* also forged ahead. Notwithstanding intensive advertising and sales efforts, the production of these two companies also declined. Finally, after a reorganization these two companies were united into the present *American Motors Corp.* Thousands of investors lost money buying the stock of these once popular auto manufacturers. American Motors, however, has since put out the Rambler, and under a very able leader, Mr. Romney, has been rapidly coming to the fore. While the other stocks have gone down, American Motors has climbed from around 2 in 1956-1957 to about 20.

### History Repeats Itself

My reason for giving the above illustrations is to warn investors that the market for electronics stocks will probably go through the same history. In other words, of the 40 popular electronics stocks in which people are now speculating, probably over 30 will go through a severe reorganization and most of them will go out of business. Yet the industry as a whole will be a great and permanent one. Let me explain one reason for this last statement.

Thus far, the electronics industry has depended very largely on defense spending. Present talk about a reduction of armaments gives the electronics people the jitters; they wonder what they will do when, as, or if there comes a reasonable peace. This must come about some day, or else we will all go broke from armament expenditures or World War III. Electronic automation is inevitable; but it must come slowly. It is very expensive for private manufacturers to change their plants over to electronic automation.

*The electronic experiments at the Providence, R. I. Post Office may hold the answer. The Government, to prevent unemployment, could greatly help the industry by operating all their important post offices electronically. This would take some time and, in the meantime prevent any serious period of unemployment. Furthermore, with the Government's getting behind this proposition, Congress could pass legislation requiring the standardization of all mail as to size of envelopes, location of addresses, stamps, etc.*

### What Is the Miracle?

Some post offices are now using electronic "shaking" machines to sort letters and drop them into the proper slots for 300 cities; but the reading of handwriting electronically is just being developed, and this is what I call the miracle of the industry. It is technically known as "scanning." The scanning machine will first be used in the Oakland, Calif. Post Office, and then in Detroit. "Scanning" should keep down the postage rate, which will interest every reader of this column.

The concern which is getting the most publicity on this scanner is Farrington Manufacturing Company of Needham, Mass. Its main competitors in postal equipment include International Telephone & Telegraph (which built the Providence, R. I. Post Office), International Business Machines, Chance Vought, Pitney-Bowes, Food Machinery & Chemical (now building the Oakland plant), Emerson Radio, Sperry Rand, and Western Union. Many others will enter the field. In some cases the stocks will triple in price, but in many cases the companies will go into bankruptcy. However, I now say: "Watch Electronics."

## T. Arrin & Co., Inc. Offers Polytronics

Pursuant to an Oct. 24 offering circular, Theodore Arrin & Co., Inc., 82 Beaver St., New York City, publicly offered 190,000 shares of the 10 cent par class A stock of Polytronics Laboratories, Inc. at $1 per share.

Polytronics Laboratories, Inc. was incorporated under the laws of the State of New Jersey on Sept. 28, 1958. The company is engaged in the business of designing, manufacturing and selling two-way radios for use on citizen bands and amateur bands and is now in the design stage for the production of commercial communications equipment. The address of the company is 388 Getty Ave., Clifton, N. J.

In the event that all the shares of common stock are sold, the estimated proceeds to the company will be approximately $152,000 after payment of the underwriter's commission and expenses. It is anticipated that such proceeds will be utilized substantially as follows, in order of priority as listed:

(a) Approximately $5,000 for expenses of the offering to be borne by the company.

(b) $45,000 for research and development and inventory investment to produce an amateur band transceiver.

(c) $48,000 for research and development and inventory investment in a businessman's radio —a commercial FM two-way radio, similar to units now being used by police radio cars, which unit will be designed to comply with Part II of the Federal Communications Commission rules for operation in a range of 25-50 Mc., and to have a power output in the 40-50 watt range.

(d) $6,000 to purchase new test equipment.

(e) $48,000 to be added to working capital and to pay the cost of acquiring expanded facilities.

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# THE MARKET . . . AND YOU

*BY WALLACE STREETE*

Stocks seesawed with apparent conviction this week, and without violating anything critical, to further strengthen the widespread belief that little can be accomplished by the market until the elections next week are out of the way.

Elections through the years have had little lasting effect on stock prices, although there have been momentary market upsets such as the brief one following the 1948 election when everyone had conceded the election to the Republican candidate — wrongly. They do have some temporary psychological effect, however. And that keeps the professionals cautious.

Far more basic is the condition of business generally and what optimism was around was, in part, generated by the hopeful statements from General Motors and its announced plan to spend a billion and a quarter on expansion in view of expectations that next year's business will be better for this company, the world's largest industrial operation.

Steel company leaders were cautiously optimistic, probably because their mills operating at only a bit more than half of capacity have no way to go but up when their customers get through living on their inventories and have to start putting in new orders for the metal.

The technical action of the market offers a glimmer of hope. During the September selling, and again last week when another new closing low was posted by the industrial average, the selling was stemmed when the intraday reading of the average was in the 564-565 area which could be what the chartists call a "double bottom" and a potential base for the market. It is a minor indication at this stage, and new lows could be reached on any new selling, but it is at least a show of resistance on the downside.

There is also a similar pattern in the rail average with a potential base in the 122 area. And double bottoms for both averages strengthen the possibility that the decline underway sporadically all this year could have hit bottom.

One investment advisory firm, not overly bullish in recent months, was prompted to tell its clients that the worst of the decline is over. The firm of Spear & Staff went on to forecast earnings of the industrial average components at around $34 for this year which would put the index at 16.6 times earnings which compares with the 15.6 and 16.7 ratios that prevailed when the lows were posted in 1958 and last year. To the firm, this also indicates that a bottom could have been touched.

**Pacing the Oils**

Oils continued to show occasional strength but, more importantly, no inclination to participate in any of the selling sprees and again there was much talk that the worst is over for this section that has been depressed for several years. What preference showed up for petroleum issues was pretty much concentrated on the domestic companies instead of the large international operators.

Pure Oil in the domestic lineup has been making good progress in building up its crude production by expanding in other areas than Texas where regulations limit production, at times severely. In fact, Pure Oil's total production last year was less than it was a decade ago. In the current year, it has stepped up exploration, purchased concessions and acquired Woodley Petroleum.

Some estimates now are that Pure Oil is approaching the point where it can supply half of its refinery needs and has a yet unknown chance to step up its crude output significantly through a new discovery field in Utah and Colorado. Without the intangibles, the reserves of the company are figured at a worth of $62 a share for stock available lately around 33. It sold as high at 48 last year. Its dividend, earned twice over last year so it is relatively safe, offers a yield of nearly 5%.

**"Bargain Basement"**

Like the market, American & Foreign Power had its followers who see mostly a bargain situation in an issue already forced down more than 60% from its price less than two years ago as its adversities mounted. It lost some $135 million of property in Cuba, and suffered through troubles in Argentina, Brazil and Chile.

When its troubles all came to a head, Foreign Power was down to a 50-cent dividend and a yield of above 7%. Now estimates are that its earning power this year should run $1.25 to $1.30 a share and, without any new headaches, run more than double that next year, which obviously makes the dividend well sheltered and the company's outlook brighter than it has been in many years.

Wrigley is an item that has not shared in the excitement of the science age issues and consequently offers a yield of more than 5½% for a well-known name. The chewing gum business is not one that has had much glamor but the companies in the field did recently increase the wholesale selling price which was the first such move toward reality that had been taken in a long time. It guarantees good coverage for the dividend of this industry leader to make it an above-average return in a quality item.

Another well-known name that has had little attraction for those seeking market skyrockets is the old Diamond Match Co., now renamed Diamond National Corp. In recent years the company has expanded to where it is not primarily a match company any longer but is in the packaging, printing and lumber businesses as well.

Diamond has been acquiring new lines for half a decade starting with its acquisition of General Package, Gardner Board and, last year, U. S. Printing & Lithograph. It long has been noted for showing good financial strength and, because of investor disinterest, offers an above-average 5% yield.

**Bright Profit Picture**

Aircrafts are a group that has been able to show independent strength through this year's declining markets after they had been rather thoroughly depressed last year. Martin Co. is one that is still broadly listed in the aircraft group, although it has long since shifted its reliance to the missile and electronic defense business.

Martin had dropped aircraft activities to where, by 1955, it was already relying on non-aircraft items for half of its business and last year for more than three-quarters of its sales. By the end of this year the missile and electronic items are expected to be virtually its only concern. With the switch, Martin has come to be the largest single prime contractor for missiles among all the makers. More importantly, it has been able to show increasing sales for a decade. Its profit, however, was steady until recently when the curve starting turning up. Results for this year are expected to double those of the preceding period. And, since its activities are ones not affected by the course of the general economy, its prospects for future improvement profit are bright.

*[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.]*

## George, O'Neill Branch on Coast

BEVERLY HILLS, Calif.—The investment banking organization of George, O'Neill & Co., Inc. has announced the opening of a new branch office in Beverly Hills, Calif., at 8929 Wilshire Boulevard. The Beverly Hills office marks the 3rd branch opened by George, O'Neill & Co., Inc. this year. The other branches are located in Miami and Fort Lauderdale, Florida.

Robert G. Word

Robert G. Word is Manager of the new Beverly Hills office and will direct the organization's investment banking activities on the West Coast. Mr. Word formerly was President of Federated Plan, Inc. of Pittsburgh, Pa., and had been a Vice-President with King Merritt & Co. of New York City.

## C. S. McKee Co. Now Corporation

PITTSBURGH, Pa.—C. S. McKee & Company, Inc., has been formed with offices in the Union Trust Building. Officers are Carl S. McKee, member of the Pittsburgh Stock Exchange, president; Frank M. Ponicall, Jr., vice-president; and M. M. Eiben, secretary. The officers all have been associated with Mr. McKee in C. S. McKee & Co.

### Biscayne Secs. Formed

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Biscayne Securities Co. has been formed with offices at 530 Biscayne Boulevard to engage in a securities business. Officers are Betty J. Miller, President and Treasurer; Mitchell Goudron, Vice-President; and Lee R. Bynum, Secretary.

# FROM WASHINGTON ...Ahead of the News

*BY CARLISLE BARGERON*

Of all the disgusting stuff I have heard in this campaign, and there has been plenty, is the matter of our prestige abroad.

The USIA is supposed to have taken a poll of 10 European countries to find out if they thought we were the most powerful nation in the world or if the Russians were, and in 8 out of 10 countries polled, including France and England, we are supposed to have come off second best. France and England, in particular, were not sure whether we were in a position to lead the free world. The chairman of the committee which made the study denies that any such poll was made, but the Washington *Post* and the New York *Times* have been publishing purported excerpts of it and there is a great hue and cry about its being made public.

Kennedy has seized upon it as one of his main issues, contending that the Administration is withholding a report that supports him in his argument that this country has lost prestige which he will recover if elected President.

We should like to see Mr. Kennedy in the act of retrieving our so-called lost prestige. When Truman was President, and we were at the height of rebuilding the French economy, American tourists were greeted with signs "Yankee go home."

It strikes me that instead of worrying about the alleged loss of prestige abroad, or electing a President on that basis, we should give some thought to reducing our give-aways abroad on the ground that they are not appreciated. The fact is that the more you do for people the worse they will hate you.

Kennedy, however, intends to increase our foreign aid expenditures, especially to the new African countries. We have been backward on that score, according to the Democratic Presidential Candidate.

It so happens that we have given away at least $50 billion since the end of World War II.

Nixon would have been in much better position if, instead of saying he, too, would step up foreign aid, he had asked just how much money it takes to get the good will of foreign countries.

Millions of people in this country are tired of having to carry the burden of foreign aid and a suggestion that it was to be pursued more realistically in the future would have appealed to them. It was another case of Nixon being "me, too."

Well, barring some miracle, Kennedy will carry 345 of the electoral votes and Nixon's great ambition, for which he prepared for eight years at least, will be frustrated.

There will always be the doubt as to whether Rockefeller could have done any better. He would have made a more New Dealish campaign than Nixon and Republicanism would not have gained a notch. But for organization and patronage purposes, it would have served the Republican party well.

Rockefeller undoubtedly will not lose any time in building up for the nomination in 1964, but he will be contested by Senator Barry Goldwater. As an apostle of conservatism, the latter has been much sought after on the stump this year. In the event Goldwater is a serious contender, the religious issue will be raised and on the Republican side. He is a half Jew and one of the most personable fellows you ever met. How the Republicans would face this problem, I don't know.

## Evans & Co. To Admit Partner

**Evans & Co., Incorporated, 300 Park Avenue, New York City, member of the New York Stock Exchange, on Nov. 10 will admit Louis H. Schmidt to partnership. Mr. Schmidt is manager of the firm's retail sales department.**

### Putnam Fund Branch

**SAN FRANCISCO, Calif.—Putnam Fund Distributors, Inc. has opened a branch office in the Russ Building, under the direction of John F. Britton, Jr.**

### New Whitney Office

**PROVO, Utah—Whitney & Company has opened a branch office at 240 East Center Street, under the management of John R. Davis.**

*This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Offering Circular.*

NEW ISSUE

**149,000 Shares**

**KLONDEX *incorporated***

**Class A Stock**

(par value $.01 per share)

**Price $2 per share**

*Copies of the Offering Circular may be obtained from the undersigned, and such other brokers and dealers, as may legally offer these securities in this State.*

**SCHRIJVER & CO.**

37 WALL STREET NEW YORK 5, N. Y.

October 28, 1960

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# PUBLIC UTILITY SECURITIES

BY OWEN ELY

## General Telephone & Electronics Corporation

General Telephone in 1949 had revenues of only $61 million—now combined telephone revenues and industrial sales aggregate over $1.1 billion; and gross plant including controlled companies during the same period has grown from $227 million to some $2.2 billion, making the company number 13 among U. S. industrial corporations by this yardstick. Natural gains plus merger-minded management have accounted for this fantastic growth in a little over a decade. The acquisition of the big Gary telephone system and its important equipment manufacturing subsidiary, Automatic Electric, later the merger of the important Peninsular Telephone Co. of Florida, and finally acquisition of the big electronics and lighting company, Sylvania Electric Products — together with a considerable number of smaller independent telephone companies and some other interests — have accounted for much of this growth. Doubtless many other of the 3,800-odd independent telephone companies may eventually be taken over as opportunities arise to buy out family interests or controlling blocks of stock.

These acquisitions might well have given the management a case of "corporate indigestion" had not speedy progress been made in eliminating great numbers of subholding companies and realigning corporate structure. Large economies were obtained by combining the manufacturing operations of Automatic Electric in one modern plant near Chicago as compared with previous widely scattered operations in a number of Chicago buildings.

The system is now a highly diversified enterprise in communications, electronics, automation, lighting, photography, research and national defense. There are 53 manufacturing plants in the U. S. and 11 in Canada, Europe and Latin America; together with associated companies in Great Britain, Italy, Mexico and Japan. The system includes 26 laboratories with some 3,600 scientists and engineers which have an annual budget of $20 million exclusive of $70 million research work financed by the government. The 27 domestic telephone companies serve over 11 million people in 31 states, and owned or controlled companies provide telephone service in British Columbia, the Dominican Republic, Haiti and the Philippines. System revenues are about 36% telephone and 64% manufacturing; however, the utility business with its relatively high investment in plant, enjoys a better profit margin of revenues and contributes 56% of net income compared with 44% from the manufacturing subsidiaries.

Sylvania, the largest of the manufacturing subsidiaries has nearly two-thirds of its business in electronics, 20% in lighting products, 10% in parts and materials and 5% in Argus photographic products. Sylvania is one of the two largest makers of receiving tubes and TV picture tubes; it is the world's biggest maker of photoflash bulbs, second in fluorescent lamps and third in light bulbs. It is one of the top ten producers of TV, radio and hi-fi sets. It is a major producer of transistors, diodes, and other semiconductor devices. It is a leader in developing and producing specialized electronic systems and devices.

Sylvania sales are about 45% in consumer products, 25% in industrial and commercial and 30% in defense work. It is engaged in some of the Armed Services' most advanced projects, which last year represented approximately $134 million of the system's total of nearly $150 million in defense projects; the current defense order backlog is about $55 million. Some current projects include a system for launching the Polaris missile from submarines; an automatic defense system for the B-58 jet bomber; data processing for the early warning system for missiles (BMEWS); a mobile computer called MOBIDIC; and many types of components for over 30 different missile projects.

Sylvania is accomplishing important research results. The Semiconductor Division has carried micro-miniaturization another step forward through the development of new "Pancake" transistors that are 85% smaller and lighter than their predecessors; the greater reliability and compactness of these new transistors should make them useful in computers and military electronics. Also, the company's line of TV, radio and high fidelity sets has been improved. New reflection-free TV sets are being introduced currently. The new "Panelescent Nite Lite" and switch plates are now being sold by dealers. The Sun Gun, a new compact movie light which makes it easier to take indoor movies, is also being introduced in time for the Christmas trade.

Automatic Electric Co., which was acquired with the Gary system, is the largest maker of telephone equipment for the independent telephone industry and also a major producer of automatic control devices for industrial and defense use. Smaller manufacturing subsidiaries, Leich Electric and Lenkurt Electric, make telephone equipment and the latter also produces microwave radio systems, carrier equipment and other new developments in the art. Electronic Secretary Industries, Inc. produces automatic telephone answering and recording sets, as well as automatic warning devices and related products. There are also subsidiary or associated plants in Canada, Italy, Belgium, Great Britain, Argentina, Brazil, Mexico and Japan, with sales offices throughout the world.

General Telephone's record of share earnings entitles its stock to inclusion among the "rapid growth" issues and this together with the addition of the electronics business has placed it among the "high multiple" stocks. At the recent price of around 25 (range in 1959-60 34⅛-20) the stock is selling at about 23 times estimated 1960 earnings. After adjusting for split-ups and stock dividends in 1954, 1955 and 1960, share earnings of 32 cents in 1949 have increased to an estimated $1.07 on average shares for 1960. Earnings this year have been diluted about 11% by the increased number of shares resulting from the sale of stock last spring together with heavy conversions of debentures, etc. Without this dilution share earnings would have gained about 6%.

Unless the general economy continues in a broad recession, earnings next year are expected to make an improved showing. With an equity ratio of 48% compared with an acceptable 40-45%, the company will not need to do any equity financing for several years.

Thus the company expects to get into its stride again next year after a lag of three years due to "growing pains." The newly organized telephone sales and marketing group should continue to make a substantial new contribution to telephone revenues (an estimated $16 million revenues was derived from this source in 1960). General Telephone is seeking rate increases and a better division of toll revenues with the Bell System, and, if successful, these adjustments should add substantially to net earnings. Over the longer term the development of microwave communications systems, plus the increasing use of transistors, holds considerable promise for reduction of heavy construction programs and a potential gain in earning power.

## Scott, Foresman Common Offered

An underwrting group headed by Smith, Barney & Co. Incorporated offered on Nov. 2 683,000 shares of common stock of Scott, Foresman & Co. (Chicago), including 50,000 shares which are initially being offered to the company's 1,000 employees. The stock offered to the general public is priced at $27.50 per share. The offering makes securities of the company available for public investment for the first time.

The offering does not represent new financing by the company. The shares, comprising approximately 30% of the 2,230,000 common shares outstanding, are being sold principally by the families and descendants of the founders of the company, which was incorporated in 1896. The principal purpose of the sale of the shares is the creation of a public market for the stock.

Scott, Foresman & Co., on the basis of 1959 sales, is the leading school textbook publisher in the United States. Its publications are used in elementary schools, high schools and colleges.

Net sales of the company in the fiscal year ended April 30, 1960 amounted to $29,062,987 and net income to $2,955,863, equal to $1.33 per common share. In the preceding fiscal year net sales were $27,751,525 and net income was $2,683,928, equivalent to $1.20 per share.

The Board of Directors has declared quarterly dividends of 8¾c and 17c per share payable, respectively, on Dec. 14, 1960 (to holders of record Dec. 2) and on March 14, 1961 (to holders of record on March 3).

## Cleveland Analysts to Hear

CLEVELAND, Ohio — Joseph B. Lanterman, President of American Steel Foundries, will be guest speaker at the meeting of the Cleveland Society of Security Analysts to be held Nov. 10, at the MidDay Club, in the Union Commerce Building.

## Chicago Analysts to Hear

CHICAGO, Ill. — M. G. O'Neil, President of the General Tire & Rubber Company, will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held Nov. 3, at the Midland Hotel.

## Joins Eastman Dillon

PHILADELPHIA, Pa. — Eastman Dillon, Union Securities & Co., Philadelphia National Bank Bldg., announced that H. Payson Brickley has become associated with them as Retail Sales Manager of their Pennsylvania Division with headquarters in Philadelphia.

Mr. Brickley has been active in the investment securities business since 1946 and before joining Eastman Dillon, Union Securities & Co. was associated with the Philadelphia office of Paine, Webber, Jackson & Curtis.

# Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The Treasury took care of the November maturities by offering the holders of the 4¾s and 2⅛s a package deal, consisting of a 3¼% note due Feb. 15, 1962 and 3¾% bond maturing May 15, 1966. These refunding issues were pretty much in line with what the financial district had been looking for. It is also believed that the fifteen month 3¼% note will be the obligation that most of the holders of the Nov. 15 maturities will select in this exchange offer. However, the five and one-half year bond will have attraction for certain owners of the maturing issues and a turn in for $1,200,000,000 of the 3¾s is being talked about.

Accordingly, a very successful operation is indicated, even though some holders will have to take cash or switch into shorter maturities. The easing of the money and capital markets following the Federal Reserve Board's changes in reserve requirements had a favorable influence on the refunding offer of the Treasury.

### Change in Bank Reserve Requirements

The unexpected move by the Federal Reserve Board last week in reducing reserve requirements of the member banks of the system had a beneficial effect on both the money and capital markets. This decrease in needed reserves of the deposit banks of the Federal Reserve system is calculated to result in about $300 million of "free" reserves being available to these institutions after the $1 billion of expansion in cash requirements for the holiday season has been taken into consideration.

It is very evident that the monetary authorities are not only going to keep money and credit on the easy side but they are also going to supply the banking system with sufficient reserves so that the needs of business, industry, commerce and agriculture will be well taken care of for the foreseeable future. The counting of all vault cash by the member banks of the system from Nov. 24 (Thanksgiving Day) as reserves, as well as the decrease in Central Reserve City banks requirements from 17½% to 16½% on Dec. 1 to bring them in line with those of the reserve city banks, was not anticipated by the financial district at this time even though it had to be done by the middle of 1962 (July 28, 1962). The increase in the reserve requirements of the country banks from 11% to 12% was more than offset by the use of all vault cash as reserves since these banks carry much more cash than do the large money center institutions. In addition these banks have had the bulk of the excess reserves of the system.

### Seen as Credit Easing Move

This move by the powers that be in reducing some reserve requirements and raising others is an endeavor to bring about a more equitable distribution of the free reserves of the system. The making of more money and credit available to the banking system may also be one of the ways in which the Federal Reserve Board is attempting to cushion to a degree at least the decline which is going on in business. There will be an answer to this with the passage of time and that is why the financial area will be watching the action which will be taken by the Federal Reserve Board after the turn of the year, when the return flow of currency sets in.

It is evident that a slow or gradual mopping up of excess reserves or the letting of these "free reserves" stay as they are would mean that the economic picture is not up to expectations and will most likely need the stimulation of easier money and credit. On the other hand, a rapid cut in the excess reserves after the first of the year by the authorities would mean that the business situation is on the way to a strong recovery and does not need the help of easier credit conditions.

### West German Central Bank Rate Cut Expected

The recent reduction in the British bank rate from 6% to 5½% was pretty much expected and a cut in the West German Central Bank rate in the not distant future would not be a great surprise. It appears as though the battle against inflation the world over is being won. Hence the decrease in money rates.

In addition, it seems as though the various free world nations are not only co-operating but also are coordinating their efforts in the international money markets so that the speculators in gold will not be able to adversely influence the dollar and other currencies. This would be a favorable development since the keeping of interest rates on a more or less comparable level would prevent large transfers of funds from one country to another.

## Mid-States Bus. Stock Marketed

Public offering of 225,000 shares of common stock of Mid-States Business Capital Corp. was made Nov. 2 by an underwriting group managed by Carl M. Loeb, Rhoades & Co. and Scherck, Richter Co. The stock is priced at $11 per share.

Incorporated this year, the company was granted a license to operate as a small business investment company under the Small Business Investment Act of 1958 and is registered under the Investment Company Act of 1940 as a closed-end, nondiversified management investment company.

The primary objective of the company is capital appreciation through the investment of its funds in small-business concerns, which are defined in the legislation to be independently owned and operated companies, not dominant in their field of operation, with total assets not in excess of $5,000,000, net worth not in excess of $2,500,000, and average annual earnings after taxes for the preceding two years not in excess of $250,000.

Net proceeds from the offering will be used to furnish equity capital and to make long-term loans to small-business concerns, and to provide advisory and management counseling services to such concerns.

Initially the company intends to invest principally in small-business concerns located in Missouri and Illinois, but may invest in small-business concerns anywhere in the United States.

Upon issuance of the shares the company's capitalization will consist solely of 275,000 shares of common stock.

## Form Provident Secs.

BUFFALO, N. Y.—Provident Securities Co. has been formed with offices at 158A Kenville Road to engage in a securities business. Jerome V. Werblow is a principal of the firm.

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# What Lies Ahead For Interest Rates?

By Alfred J. Casazza,* *Executive Vice-President, Savings Banks Trust Company, New York City*

**New York banker expects a "further sag" in interest rates during 1961. He bases this on the prospect of some decline in the demand for funds next year and on the expectation of an ample volume of institutional savings that will be seeking investment outlets. Short-term rates, he also perceives, will similarly appear at levels lower than this year's. All in all, Mr. Casazza concludes, this should enhance the desirability of well secured mortgages, where available at attractive yields, in banking's portfolios.**

Interest rate fluctuations are determined primarily by economic conditions. When the economy is expanding, the demand for funds tends to exceed the available supply, and interest rates rise. Conversely, when economic activity contracts the demand for funds falls short of the supply and interest rates decline.

Alfred J. Casazza

Business activity has been declining this year. The Federal Reserve index of production reached a peak of 111% of the 1957 average in January, and dropped to 107 in September. Interest rates have fallen substantially from the high levels that prevailed at the beginning of the year.

To appraise the outlook for interest rates as a whole, and for yields on the particular classes of investments in which savings banks are interested, it is necessary to estimate the prospective demand and supply of funds in the capital market.

### Expects Sag in Interest Rates

In the light of current trends in the economy, a further sag in interest rates can be expected during 1961 following this year's substantial decline. This expectation is based on the prospect of some decline in the demand for funds next year, as well as an ample volume of institutional savings that will be seeking investment outlets.

### Demand for Long-Term Funds

Long-term interest rates reflect chiefly changes in the volume of mortgage borrowing and bond financing by corporations and State and local governments.

Real estate mortgage borrowing accounts for nearly two-thirds of the demand for long-term funds. The demand for mortgage money depends chiefly on the volume of home building. Borrowers sought a record amount of mortgage funds in 1959, when new housing starts set a record of 1,550,000 units. Housing starts in September fell to an annual rate of 1,077,000. If this rate should be continued, it would be the smallest number of starts since 1948.

Mortgage funds have become more available and interest rates on mortgages are moderately lower. But new homes are not being bought freely, and vacancies in rental housing are more numerous than at any time since the end of the war. The demand for homes at prevailing prices apparently is considerably smaller than during the past decade.

While a new building boom will doubtless develop when family formation turns upward again in the second half of the decade of the 1960s, it may well be that the number of starts, and hence the volume of mortgage borrowing will remain at a lower level for some time. The home building industry could doubtless uncover new demands by developments along the lines of shell homes and prefabrication, and "compact" low-priced houses that would do the same thing for the home market that the compact car has done for the automobile market, but much remains to be done to achieve this goal. The trend towards lower mortgage rates also may help to stimulate home buyers.

### Corporate Bond Financing

The volume of corporate bond financing is greatly influenced by business plant and equipment spending on the one hand, and by the corporate cash flow from depreciation allowances and retained earnings on the other.

Plant and equipment spending is being cut back here and there, latest information indicates, because many industries are operating far below capacity. There is less incentive to spend on new plant and equipment when an industry possesses a wide margin of excess capacity, except where large economies can be realized through labor savings devices. Latest surveys indicate that business capital expenditures next year will decline well below the $36.4 billion anticipated for all of 1960.

Depreciation allowances, on the other hand, rise automatically from year to year as additional fixed assets are placed in service. Next year, depreciation deductions will exceed $21 billion, providing additional funds from internal sources to finance plant and equipment needs. With capital expenditures tending to decline and the cash flow from depreciation rising, the volume of corporate bond financing could decline further in 1961. This will be all the more likely if commercial banks continue to expand term lending, since a number of corporations prefer term loans to bond financing.

On the contrary, state and local government borrowing is likely to expand moderately because a rising and shifting population increases the need for expanding all kinds of public facilities. The cost of money has declined, and less favorable economic conditions tend to stimulate new projects by such governments.

### Treasury Financing

It is doubtful that the U. S. Treasury will add to the supply of longer-term obligations next year by new cash offerings.

Declining business activity is virtually certain to lead to a return to deficit financing as tax receipts contract and spending is increased to sustain the economy. Under recession conditions, however, the Treasury tends to prefer to finance with shorter term obligations that will be bought by commercial banks and thus increase the money supply. Any longer term issues sold are likely to be modest in amounts.

It is possible, especially in the event of a Republican victory, that further advance refunding offers will be made. While exchange of long-term bonds for issues that will mature within a few years adds to the supply of long-term obligations, such bonds are retained for the most part by those who receive them in the first instance. Therefore, new savings are not absorbed as a result. It is fallacious to consider bonds issued by the Treasury in advance refundings as having the same effect upon the trend of interest rates as an increase in mortgage or bonded debt that absorbs new savings. So much for the demand side.

### The Supply of Long-Term Funds

The supply of long-term funds comes from thrift institutions, insurance companies, commercial banks and individual investors. Long-term funds are supplied in the main by savings institutions. New supplies of mortgage money may come from labor unions, pension funds and individual investors.

Less favorable business conditions foster personal savings and discourage consumer spending on big ticket items that hamper saving. The mild improvement in the trend of savings bank deposits this year already reflects this. Savings and loan associations will probably have another record year in 1960. They may not do quite as well next year if dividend rates should be reduced in California or elsewhere, as has been suggested in savings and loan circles due to the tendency for mortgage interest rates to be reduced.

Commercial banks are reporting larger gains in savings deposits this year, and should do as well or better in this respect in 1961. But the trend of savings deposits of commercial banks does not determine their volume of mortgage lending and bond purchases. Mortgage lending by commercial banks has been in smaller volume this year than last, and commercial banks have been reducing their holdings of Government obligations maturing in more than five years.

In the past, commercial banks have shown a tendency to lengthen investment maturities in periods of easy money, reduced loan demand and low rates of return on short-term securities. It remains to be seen whether commercial banks will buy longer-term securities freely again, in view of the substantial losses they incurred in 1959 to obtain additional loanable funds to keep pace with the heavy loan demand at that time.

Individual investors who purchase bonds directly are a third major source of funds for the capital market. Individual purchases become large only when yields are high, as they were in 1959. As the return provided by bonds declines, the supply of funds from this source contracts. With yields lower, individual bond purchases are concentrated in tax-exempts.

### Short-Term Interest Rates

The trend of short-term interest rates will be affected by Federal Reserve credit policy, since the commercial banks dominate this sector of the market.

Federal Reserve policy has shifted from restraint to ease since the beginning of the year, in response to the decline in business activity. With the business trend unfavorable, the Federal Reserve authorities could ordinarily be expected to intensify their easy money measures by providing member banks with larger net free reserves and then reducing the discount rate. But the unfavorable balance of payments position of the United States, and the consequent persistent loss of gold by this country, will restrain future steps to ease credit, and could cause modifications in the easy money measures if the adverse balance of payments is not corrected by direct measures, as it should be.

Demand for bank loans from both business and consumers lags under prevailing economic conditions. Treasury borrowing could increase sharply next year if the new administration should resort either to more spending or tax reduction to combat recession. But with commercial banks possessing net free reserves, they can absorb substantial amounts of Treasury securities at current or even moderately lower yield levels.

### Conclusion

An analysis of demand and supply prospects in the capital and money markets thus points to the conclusion that interest rates could ease further next year.

Long-term rates will be under pressure chiefly because of the reduced absorption of funds by mortgage borrowers, due to a lower level of home building. A rising trend of institutional savings, adding to the supply of funds seeking investment outlets, will add to the pressure on rates.

Short-term rates would ordinarily be even more vulnerable because of Federal Reserve easy money measures to check recession tendencies in the economy. The fear of stimulating gold withdrawals may discourage further ease in credit policy. But lessened demands for credit from business and consumers, and existing net free reserves should enable commercial banks to absorb readily the increased offerings of Treasury obligations that a return to deficit financing would generate.

It is quite possible, therefore, that short-term as well as long-term interest rates will be seen at levels lower than those which now prevail in the course of the coming year.

This prospect increases the desirability of well secured mortgages where available at attractive yields. With the savings deposit trend more favorable and interest rates likely to ease further, a stepped-up program of mortgage acquisition should prove rewarding in the coming year.

*An address by Mr. Casazza before the Group VI of the Savings Banks Association of the State of New York, Port Washington, N. Y., Oct. 28, 1960.

# Klondex Class A Stock Marketed

Public offering of 149,000 shares of class A stock of Klondex Inc. at a price of $2 per share is being made by Schrijver & Co. and Sage, Rutty & Co., Inc.

The company, with headquarters in Rochester, N. Y., distributes on a nationwide basis silver sensitized photocopy papers, chemicals and engineering photo reproduction materials under its trademark *Klondex*. The company's products are manufactured by an independent source.

Net proceeds from the sale of the shares will be used for expansion of sales-service facilities; research and development of an electro-photographic photo-copy machine; payment of certain accounts payable; and for general working capital.

Upon completion of the current financing, outstanding capitalization will consist of 140,000 shares of class A and 340,000 shares of class B stock.

## Rex Merrick Joins Pacific Coast Secs.

(Special to THE FINANCIAL CHRONICLE)

SAN MATEO, Calif. — Rex Merrick has become associated with Pacific Coast Securities Company of San Francisco. Mr. Merrick was formerly head of his own investment firm, Merrick & Co., in San Mateo. William M. Simonson, also affiliated with Merrick & Co. has joined Pacific Coast Securities.

James R. Imhof and Thornton L. O'Clove of Merrick's San Francisco office have joined the Pacific Coast Securities staff at 240 Montgomery Street.


# Newport News Shipbuilding and Dry Dock Company

*Quarterly Statement of Billings, Estimated Unbilled Balance of Major Contracts and Number of Employees*

| | Three Fiscal Months Ended September 26, 1960 | Three Fiscal Months Ended September 28, 1959 | Nine Fiscal Months Ended September 26, 1960 | Nine Fiscal Months Ended September 28, 1959 |
|---|---|---|---|---|
| Billings during the period from shipbuilding, ship conversions and repairs, hydraulic turbines and other work . . . . . | $43,080,716 | $45,584,675 | $141,164,666 | $149,147,246 |
| | At September 26, 1960 | | At September 28, 1959 | |
| Estimated balance of major contracts unbilled at the close of the period . . . . . . . | $307,144,062 | | $291,378,254 | |
| Equivalent number of employees, on a 40-hour basis, working during the last week of the period . . . . . . . . | 15,258 | | 13,818 | |

The Company reports income from long-term shipbuilding contracts on the percentage-of-completion basis; such income for any period will therefore vary from the billings on the contracts. Contract billings and estimated unbilled balances are subject to possible adjustments resulting from statutory and contractual provisions.

*By Order of the Board of Directors*

October 26, 1960 R. I. FLETCHER, *Financial Vice President*


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MUTUAL FUND INFORMATION

Incorporated Investors EST. 1925

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Incorporated Income Fund

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# Moderate Liquidation by Funds as Market Tumbled

*Continued from page 1*

heavy in the case of some over-promoted newer funds (in which case, of course, the holder sacrifices a large portion of the "load" which he had paid on acquisition). However, some of the older funds also bore the brunt of heavy cashins; one leading fund met 297,000 shares of redemptions, compared with 368,000 shares of new sales during the September quarter.

## STOCK BUYERS

Prominent among the **balanced funds** who were net buyers of common stocks were Axe Houghton "B," Boston Fund, Investors Mutual, Johnston Mutual, Loomis-Sayles, George Putnam, Scudder, Stevens & Clark, and Wellington. These were joined, among the **open-end stock funds,** by Affiliated, Bullock, Delaware, Dividend Shares, Dreyfus, Eaton & Howard Stock, Energy Fund, Fundamental Investors, Group Securities Common, Institutional Investors Mutual, Investment Trust of Boston, M.I.T., M.I.T. Growth, National Investors, National Securities Stock, T. Rowe Price, Scudder, Stevens & Clark Common, Stein Roe & Farnham Stock, and the four United Funds.

## SELLERS OF STOCKS

Substantial net sellers of common stocks among the **open-end balanced funds** included the three other Axe funds, namely "A," Stock and Science, Commonwealth Investment, Eaton & Howard Balanced, Stein Roe & Farnham Balanced, and Value Line Income.

Net sellers among **open-end stock funds** included Fidelity, Incorporated Investors, Investment Co. of America, One William Street, and particularly, State Street.

Among the **closed-ends,** the heavier net sellers were American European, General American Investors, General Public Service, Lehman, and, as previously, U. S. & Foreign. Tri-Continental was the only substantial net buyer in the closed-end category.

## THE SOBER ATTITUDE

Typical of the renewed caution is this statement by Milan D. Popovic, President of Blue Ridge Mutual Fund:

"The well publicized decline in the stock market and the weakness in a number of areas of economic activity confirm the expectation stated in the last annual report that the beginning of the Sixties is not duplicating the expansive Fifties. Instead of having again the easy upsurge, we may have with us a more stable period which will contain contrasting growths and declines in various industries and companies. We seem to have turned a corner of sorts and we will have to adjust ourselves to a new set of economic and market conditions." Citing "bearish" factors, Mr. Popovic continues:

" . . . The postwar shortages have been covered, our industrial plant and of the whole world has been modernized and greatly enlarged to provide ample supplies of everything. Debts, which in effect represent borrowing from the future, have reached new record highs, both absolutely and relative to our earning power. Most importantly, the inflationary push has been arrested, at least for the time being."

The Boston Fund, through its Vice-Presidents, Robert S. Swain and Edward Ryan, foresees a decline in corporate earning power, as a result of excess capacity and narrowing profit margins.

Walter L. Morgan, President of the giant Wellington Fund, reports:

"Your Fund has continued a conservative policy. Since June 30, the investment program was strengthened by moderately increasing the investment in corporate bonds through purchases of new issues at attractive yields. . . . Moderate reductions and a few eliminations were made of some building, drug, rubber and insurance common stocks, because of the restricted earnings outlook for these issues. Sales were also made of a few electric utility common stocks that had advanced to levels where their yields from current dividends were considered relatively unattractive."

We find that in the face of this management's generally defensive attitude, it acquired some bank holding and farm equipment stocks as well as oils and some steels.

The citing of outside factors to account for market action and portfolio policy is typified by the following statement by James W. Maitland, President of Fiduciary Mutual:

"Events of recent months have brought about new uncertainties in the domestic and international scene. Against such a background, prudent investment management attempts to minimize the possible adverse effect of unforeseeable and sudden changes in the investment climate. Accordingly, your management has modified to some extent your Fund's holdings of common stocks. Proceeds have been reinvested in short-term paper, convertible issues and common stocks in the consumer field. Reserves of buying power have been created in order to take advantage of whatever opportunities may present themselves later, yet at no significant reduction in income. This is the function of complete and unrestricted investment management. . . . At June 30 common stocks made up approximately 80% of the assets of your Fund. They presently comprise 70% of the investments shown in this report."

### Selectivity Pushed

The selective attitude is voiced forcefully also by Lawrence A. Sykes, President of Massachusetts Life Fund, as follows:

"While general business conditions as represented by the Federal Reserve Board production indices have held at a relatively high level, certain industries such as steel, construction, and automotive have been declining. In addition, almost every industry has been experiencing increasing pressure on profit margins. These conditions have been reflected in sharply declining stock market averages.

"During the third quarter, we selectively reduced our common stock portfolio further to 56.55% at Sept. 30, 1960, compared to 59.69% at June 30, 1960, and 65.01% at the beginning of the year. The proceeds, together with new money, were invested in bonds to enhance your income and protect your capital, and in certain consumer-type companies with growth potentials such as Campbell Soup and Lily-Tulip Cup. We plan to continue this highly selective policy while recognizing certain stocks have gone a considerable distance in discounting these adverse conditions."

Continued "realism" is expounded in this statement by D. Moreau Barringer of Delaware Fund (on Oct. 18):

"After Dow, Jones dipping to 569 (116 points, or 17%, below its peak) the market has taken heart a bit, and reclimbed a quarter of its 1960 descent. Nothing in the business news seems calculated to inspire this move, except for a flurry of optimistic statements about expected future (**not** present) orders for steel, automobiles, and construction. In the figures so far visible, however, there has been no change in the steady though gentle decline of business."

A turn to defensiveness was shown by the adept management of Dreyfus Fund. While this Fund bought nearly $5,000,000 more common stocks than it sold during the quarter, this is significantly overshadowed by an increase in its holdings of U. S. Government securities from $5.2 million to $19.3 million. Furthermore, its buying and selling of portfolio common stocks serves to affirm its defensiveness. For its acquisitions of common stocks were concentrated largely in brewing, utility and tobacco stocks, while sales were made largely in drugs, electronics and metals.

## EMPHASIS ON LONG-RANGE CONFIDENCE

The "long-term constructive" attitude is voiced by Messrs. Randolph and Brown of Tri-Continental (whose "backlog" bond and preferred stockholdings now account for 14.5% of investment assets as compared with 12.7% at the start of 1960):

"For the longer-term, prospects for business and the market continue to be favorable and your corporation continues to place emphasis in its investment policy on common stock investments. Your management's primary effort continues to be devoted to searching out and selecting individual securities which appear to represent sound current value and to hold good promise for the future."

The so generally disappearing **inflation** spectre is still retained decisively by Edward P. Rubin, President of Selected American Shares:

"It is an interesting situation. At the very time when we are congratulating ourselves on having experienced the first upward postwar business surge without an appreciable advance in the commodity price level,—many thoughtful persons feel we might be more closely approaching critical inflationary possibilities. They point to loss of gold, rising short-term foreign credits, a possible renewed Federal deficit of size.

"Steering a safe and profitable course through this maze of conflicting tides is far from simple. Some significant degree of caution is certainly warranted. But most of the difficulties, other than inflation, appear to be near term and temporary, rather than basic."

The Lazard Fund, through Albert J. Hettinger, Jr., Chairman, and Richard H. Mansfield, President, likewise emphasizes the favorable rather than the troublesome aspects:

"Mortgage money is more rather than less abundant. There has been no excessive speculation, and money borrowed on securities has been declining for more than a year. Government spending is already increasing, and personal incomes should be well maintained. . . . The basis for our longer run confidence has been stated in detail. Opinions, political and otherwise, may differ on methods; but not on the necessity for, and the ability of the United States to achieve an accelerated growth. With selectivity geared to that premise, we therefore believe a well invested position for the Fund justified."

### Confidence by One William

Continuing confidence in the economic fundamentals is also voiced by Dorsey Richardson, President of One William Street Fund, as follows:

"The Fund's investment policies and objectives are based on confidence that the long-term economic future of the United States promises substantial growth. This confidence has not been impaired by the recent behavior of security prices. Accordingly, your Fund's assets continue to be invested chiefly in common stocks."

A constructive attitude was also revealed by the Bullock Fund, through its President Hugh Bullock:

"Advantage was taken of the decline in the level of common stock prices during late July to make additional net purchases of stocks, with the result that on July 31, 1960, approximately 85% of your Company's assets represented common stocks of companies chosen primarily for their long-term growth characteristics. . . . It will be noted that principal holdings of your Company at

*Continued on page 24*

Mutual Investment Funds

National Securities Series

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- *Preferred Stock Series*
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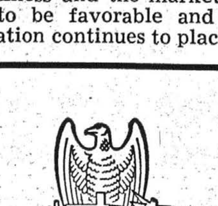

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# Changes in Common Stock Holdings of 71 Investment Management Groups

**(July-September, 1960)**

Issues in which transactions by more than one management group occurred. Issues which more managements sold than bought are in italics. Numerals in parentheses indicate number of managements making entirely new purchases or completely eliminating the stock from their portfolios. *(Purchases shown exclude shares received through stock splits, stock dividends, spin-offs or mergers, both of portfolio companies or via acquisition of private holding companies. Number of shares bought or sold prior to a stock split is expressed giving effect to the split.)*

| —Bought— No. of Mgts. | No. of Shares | | —Sold— No. of Shares | No. of Mgts. |
|---|---|---|---|---|
| | | **Agricultural Equipment** | | |
| 4 | 26,900 | International Harvester | 1,400 | 2 |
| *3(1)* | *115,200* | *Deere* | *75,700* | *7(2)* |
| | | **Aircraft and Aircraft Equipment** | | |
| 2(1) | 4,900 | Beech Aircraft | None | None |
| 3(1) | 8,500 | Boeing Airplane | 8,900 | 1 |
| 2(2) | 3,200 | Chance Vought | None | None |
| 2 | 3,000 | Douglas Aircraft | 66,600 | 1 |
| 2(2) | 12,600 | Garrett | None | None |
| 3(1) | 12,000 | General Dynamics | 23,300 | 3 |
| 3(1) | 27,800 | Lockheed Aircraft | 5,200 | 1 |
| 9(5) | 61,400 | Martin | 1,090 | 1 |
| 8(2) | 54,500 | North American Aviation | None | None |
| 3(2) | 35,000 | Northrop | None | None |
| 2(1) | 6,000 | Piper Aircraft | None | None |
| 2 | 24,400 | Ryan Aeronautical | None | None |
| 6(2) | 27,900 | United Aircraft | 21,000 | 1(1) |
| | | **Airlines** | | |
| 2 | 7,000 | American Airlines | 1,000 | 1 |
| 1 | 6,500 | Eastern Air Lines | 9,000 | 1 |
| *None* | *None* | *Emery Air Freight* | *7,000* | *2(1)* |
| | | **Automotive** | | |
| 7 | 8,100 | Ford Motor | 79,400 | 5(2) |
| *2* | *20,500* | *Fruehauf Trailer* | *45,800* | *3(2)* |
| *4* | *51,420* | *General Motors* | *82,700* | *8(3)* |
| *1* | *5,300* | *White Motor* | *6,450* | *2(1)* |
| | | **Automotive Equipment** | | |
| 1 | 1,000 | Borg-Warner | 500 | 1(1) |
| 2 | 1,700 | Briggs & Stratton | 6,000 | 2(1) |
| 2 | 18,600 | Dana | 200 | 1 |
| 1 | 100 | Federal-Mogul-Bower Bearing | 12,500 | 1 |
| 1 | 8,500 | Thompson Ramo Wooldridge | 1,000 | 1(1) |
| *3(2)* | *17,000* | *Bendix* | *21,900* | *4(1)* |
| *None* | *None* | *Eaton Mfg.* | *35,700* | *2(2)* |
| *1* | *200* | *Electric Storage Battery* | *4,500* | *2(1)* |
| *1* | *4,000* | *Gould-National Batteries* | *14,400* | *3(2)* |
| *None* | *None* | *Timken Roller Bearing* | *12,200* | *2(2)* |
| | | **Banks** | | |
| 2(1) | 2,512 | Chase Manhattan Bank | 32,640 | 2(2) |
| 2 | 1,500 | Chemical Bank New York Trust | 25,000 | 2(2) |
| 2 | 23,900 | Firstamerica | None | None |
| 2 | 30,000 | First Bank Stock | None | None |
| 1(1) | 10,000 | Manufacturers Trust | 15,000 | 1(1) |
| 3(1) | 10,800 | Northwest Bancorporation | None | None |
| 1 | 3,000 | Northern Trust, Chicago | 1,875 | 1 |
| *1* | *9,600* | *First Nat'l City Bank of N. Y.* | *23,052* | *2(2)* |
| *None* | *None* | *Morgan Guaranty Trust* | *11,500* | *3(1)* |
| | | **Beverages and Distilling** | | |
| 5(3) | 57,300 | Coca-Cola | 2,000 | 1 |
| 7(1) | 44,300 | Pepsi-Cola | 20,000 | 1 |
| *None* | *None* | *National Distillers & Chemical* | *8,900* | *3(3)* |
| | | **Building, Construction and Equipment** | | |
| 1 | 200 | Armstrong Cork | 7,000 | 1 |
| 2 | 39,900 | Bestwall Gypsum | None | None |
| 2(1) | 10,207 | Georgia-Pacific | 5,000 | 1 |
| 2(2) | 16,500 | Ideal Cement | None | None |
| 1 | 37,900 | Johns-Manville | 1,000 | 1 |
| 3(1) | 26,500 | Lehigh Portland Cement | 12,000 | 1(1) |
| 2 | 12,000 | Otis Elevator | 8,000 | 2 |
| 2 | 20,500 | Sherwin-Williams | None | None |
| 2(1) | 14,500 | Trane | 4,000 | 1(1) |
| 3(3) | 27,100 | Walter (Jim) | None | None |
| *1* | *1,000* | *American Standard* | *106,000* | *2(2)* |
| *None* | *None* | *Carrier* | *5,400* | *2(1)* |
| *1* | *4,000* | *Crane* | *7,000* | *3(3)* |
| *1* | *18,700* | *General Portland Cement* | *45,600* | *2* |
| *None* | *None* | *Minneapolis-Honeywell* | *10,000* | *3(1)* |
| *3* | *2,500* | *National Lead* | *19,000* | *4(2)* |
| *2* | *1,000* | *U. S. Gypsum* | *52,300* | *4* |
| *None* | *None* | *Weyerhaeuser* | *9,500* | *1(1)* |
| *None* | *None* | *Yale & Towne* | *6,000* | *3(3)* |
| | | **Chemicals and Fertilizer** | | |
| 5(1) | 62,732 | Allied Chemical | 21,100 | 2(2) |
| 2 | 20,000 | American Agricultural Chemical | None | None |
| 4 | 67,200 | American Cyanamid | 2,500 | 1(1) |
| 2 | 3,500 | American Potash & Chemical | 1,000 | 1(1) |
| 1 | 5,000 | Atlas Powder | 100 | 1 |
| 5 | 16,452 | Dow Chemical | 24,653 | 5(1) |
| 3 | 11,500 | Eastman Kodak | 10,800 | 2(1) |
| 2(1) | 12,000 | Farbenfabriken Bayer (DM 50 or equivalent) | None | None |
| 3(1) | 5,300 | Food Machinery & Chemical | None | None |
| 2(1) | 6,000 | Freeport Sulphur | 5,700 | 1 |
| 3 | 27,000 | Hercules Powder | 2,400 | 2 |
| 5 | 9,200 | Hooker Chemical | 20,000 | 1 |
| 2(1) | 20,900 | Internat'l Minerals & Chemicals | None | None |
| 1 | 4,000 | Kawecki Chemical | 4,000 | 1 |
| 1 | 4,100 | Koppers | 12,000 | 1 |
| 5 | 20,264 | Monsanto Chemical | 1,010 | 1(1) |
| 2 | 14,600 | Nalco Chemical | None | None |
| 4(1) | 48,100 | Pennsalt Chemicals | 7,100 | 1 |
| 6(2) | 28,000 | Stauffer Chemical | 33,900 | 4(2) |
| 6(1) | 29,600 | Union Carbide | 600 | 1(1) |
| 2 | 900 | United Carbon | 11,400 | 1(1) |
| *1* | *6,000* | *Air Reduction* | *32,600* | *4(1)* |
| *None* | *None* | *Columbian Carbon* | *3,400* | *2(2)* |
| *None* | *None* | *Diamond Alkali* | *26,600* | *3(2)* |
| *5* | *21,100* | *du Pont* | *20,300* | *6(3)* |
| *2(1)* | *16,000* | *Olin Mathieson* | *23,900* | *3(3)* |
| *1* | *4,400* | *Rayonier* | *26,453* | *4(2)* |
| *1* | *66* | *Rohm & Haas* | *1,180* | *2(1)* |
| *None* | *None* | *Thiokol Chemical* | *1,800* | *2(1)* |
| | | **Coal** | | |
| 5(4) | 74,800 | Peabody Coal | None | None |
| 2 | 9,800 | Pittston | None | None |
| | | **Containers** | | |
| 2(1) | 14,600 | American Can | 2,000 | 1(1) |
| 5(1) | 43,200 | Continental Can | 50,500 | 3(2) |
| 1(1) | 3,600 | Crown Cork & Seal | 13,000 | 1(1) |
| 2(2) | 22,000 | Lily-Tulip Cup | 51,000 | 2(1) |
| | | **Drug Products** | | |
| 3(1) | 6,500 | Abbott Laboratories | 6,300 | 1 |
| 2 | 5,500 | American Home Products | 2,800 | 1 |
| 3(2) | 13,500 | Bristol-Myers | 1,400 | 1 |
| 4(3) | 9,500 | Mead Johnson | 15,000 | 4 |
| 2(1) | 17,000 | Norwich Pharmacal | 24,400 | 2 |
| 4 | 26,500 | Rexall Drug & Chemical | None | None |
| 2 | 6,500 | Searle (G. D.) | None | None |
| 2(1) | 31,700 | Sterling Drug | 1,000 | 1(1) |
| 5(1) | 24,200 | Upjohn | 7,500 | 1 |
| 2(2) | 6,000 | Vick Chemical | 6,000 | 1 |
| 2(1) | 21,500 | Warner-Lambert | 2,500 | 1 |
| *1* | *5,000* | *Carter Products* | *12,500* | *2(1)* |
| *1* | *375* | *Lilly (Eli) "B"* | *62,000* | *3(1)* |
| *None* | *None* | *Merck* | *32,600* | *7(2)* |
| *3* | *6,400* | *Parke, Davis* | *72,500* | *4(1)* |
| *1* | *7,000* | *Pfizer (Chas.)* | *63,800* | *4* |
| *2* | *7,500* | *Schering* | *13,300* | *4(1)* |
| *3(1)* | *39,000* | *Smith, Kline & French* | *59,200* | *5(1)* |
| | | **Electricals, Electronics and Instrumentation** | | |
| 2(1) | 7,000 | AMP Inc. | None | None |
| 2(2) | 28,000 | Cenco Instruments | None | None |
| 1 | 1,500 | Consolidated Electronics Inc. | 1,000 | 1 |
| 3(1) | 14,400 | Control Data | None | None |
| 3(2) | 23,100 | Internat'l Resistance | None | None |
| 7(2) | 81,000 | Internat'l Tel. & Tel. | 39,800 | 3 |
| 3(1) | 5,500 | Litton Industries | None | None |
| 2(1) | 2,875 | Loral Electronics | 525 | 1(1) |

*Continued on page 22*


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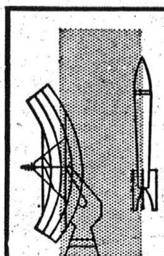

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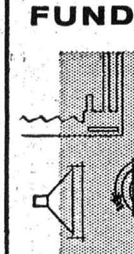

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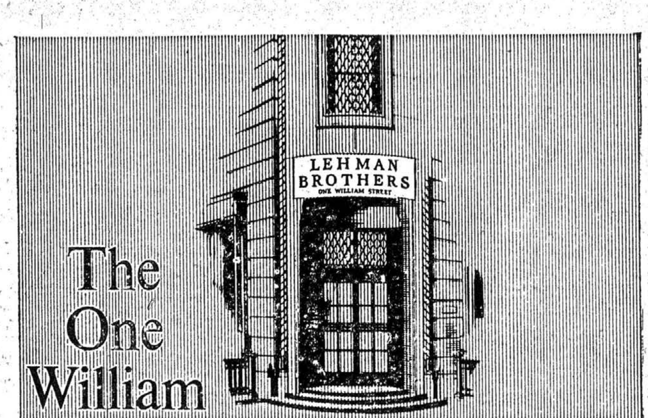
*Continued from page 21*

| —Bought— No. of Mgts. | No. of Shares | | —Sold— No. of Shares | No. of Mgts. |
|---|---|---|---|---|
| 7(1) | 17,950 | Philips' Lamp Works (fl. 50 or equivalent) | 38,615 | 6 |
| 3(1) | 23,000 | Sperry Rand | 5,000 | 2(1) |
| 3(1) | 4,600 | Square D | None | None |
| 1 | 3,000 | Sunbeam | 7,000 | 1(1) |
| 8(1) | 11,275 | Texas Instruments | 2,000 | 1 |
| 1(1) | 1,500 | Varian Associates | 2,500 | 1 |
| *2* | *1,500* | *Ampex* | *6,100* | *3(2)* |
| *None* | *None* | *Collins Radio* | *3,800* | *2* |
| *None* | *None* | *Cutler-Hammer* | *2,400* | *2(2)* |
| *4(1)* | *38,920* | *General Electric* | *53,500* | *8(4)* |
| *None* | *None* | *Hewlett-Packard* | *7,300* | *2(1)* |
| *1* | *13,200* | *McGraw-Edison* | *4,400* | *2(1)* |
| *1* | *3,000* | *Philco* | *28,100* | *4(2)* |
| *5* | *31,100* | *RCA* | *51,700* | *8(3)* |
| *None* | *None* | *Sprague Electric* | *6,000* | *2* |
| *3(1)* | *58,200* | *Westinghouse Electric* | *126,000* | *4(1)* |
| | | **Finance Companies** | | |
| 2(1) | 27,200 | Associates Investment | 14,500 | 2 |
| 2 | 6,700 | Beneficial Finance | None | None |
| 4(1) | 54,400 | C. I. T. Financial | 1,400 | 2(1) |
| 1 | 10,000 | Commercial Credit | 500 | 1 |
| 4(1) | 54,000 | First Charter Financial | None | None |
| 3(2) | 42,400 | Great Western Financial | None | None |
| 2(1) | 8,300 | Heller (Walter E.) | None | None |
| 2 | 35,800 | Household Finance | 125 | 1 |
| *None* | *None* | *Pacific Finance* | *4,100* | *2(1)* |
| | | **Food Products** | | |
| 3(2) | 38,500 | Armour | 800 | 1(1) |
| 4(1) | 58,700 | Borden | 23,900 | 1(1) |
| 2 | 23,752 | California Packing | 5,000 | 1 |
| 3(2) | 45,000 | Campbell Soup | 55,400 | 2 |
| 1(1) | 10,000 | Consolidated Foods | 6,300 | 1(1) |
| 2 | 19,000 | Continental Baking | 111,000 | 1 |
| 3(3) | 44,800 | Corn Products | None | None |
| 1 | 2,000 | Foremost Dairies | 32,700 | 1(1) |
| 3(1) | 63,000 | General Foods | None | None |
| 3(2) | 10,600 | General Mills | None | None |
| 2(1) | 41,500 | Hunt Foods & Industries | None | None |
| 1 | 1,000 | Kellogg | 1,900 | 1(1) |
| 1(1) | 11,200 | National Biscuit | 11,400 | 1(1) |
| 2 | 19,000 | National Dairy | None | None |
| 2 | 4,700 | Pillsbury | None | None |
| 1(1) | 85,000 | Standard Brands | 4,100 | 1 |
| 3(1) | 11,800 | Swift | None | None |
| 3(1) | 30,600 | Wilson | 19,000 | 1(1) |
| | | **Glass** | | |
| 1 | 3,500 | Anchor Hocking Glass | 4,600 | 1 |
| 3 | 3,100 | Corning Glass Works | 23,700 | 1(1) |
| 4 | 24,200 | Libbey-Owens-Ford | 84,100 | 4(2) |
| 5 | 29,300 | Owens-Illinois Glass | 4,100 | 2 |
| *2* | *2,700* | *Owens-Corning Fiberglas* | *26,500* | *4(2)* |
| | | **Insurance — Fire & Casualty, etc.** | | |
| 2 | 4,000 | Hartford Fire | 40,800 | 1(1) |
| 1(1) | 22,500 | Insurance Co. of No. America | 27,500 | 1(1) |
| 2(1) | 5,000 | U. S. Fidelity & Guaranty | 1,000 | 1 |
| *None* | *None* | *General Reinsurance* | *2,000* | *2* |
| *1(1)* | *22,500* | *Maryland Casualty* | *6,600* | *2(1)* |
| | | **Insurance — Life, etc.** | | |
| 1 | 2,800 | Aetna Life | 21,000 | 1(1) |
| 2 | 2,775 | Franklin Life | None | None |
| *None* | *None* | *National Life & Accident* | *40,800* | *2(2)* |
| | | **Machinery, Machine Tools and Industrial Equipment** | | |
| 3(1) | 17,900 | Babcock & Wilcox | 400 | 1(1) |
| 2 | 8,000 | Black & Decker | 1,700 | 2(1) |
| 4 | 19,500 | Caterpillar Tractor | 2,600 | 2(2) |
| 3 | 25,500 | Chicago Pneumatic Tool | None | None |
| 3(2) | 18,500 | Gardner-Denver | None | None |
| 3(1) | 19,500 | Ingersoll-Rand | None | None |
| 1 | 10,000 | Joy Mfg. | 2,400 | 1(1) |
| 3(1) | 3,000 | Singer Mfg. | None | None |
| 2(1) | 6,800 | United-Greenfield | None | None |
| 1(1) | 2,500 | United Shoe Machinery | 9,000 | 1 |
| *None* | *None* | *Allis-Chalmers Mfg.* | *10,400* | *3* |
| *None* | *None* | *Dresser Industries* | *5,000* | *2(2)* |
| *None* | *None* | *Emhart Mfg.* | *3,100* | *2* |
| *1(1)* | *20,000* | *Leesona* | *2,600* | *2(2)* |
| *None* | *None* | *Warner & Swasey* | *9,000* | *2(2)* |
| | | **Metals and Mining—Aluminum** | | |
| 6 | 68,500 | Aluminium Ltd. | 33,000 | 2(2) |
| *2(1)* | *500* | *U. S. Foil "B"* | *5,300* | *2(1)* |
| *2* | *4,400* | *Aluminum Co. of America* | *22,900* | *5(2)* |
| *1* | *20,000* | *Kaiser Aluminum & Chemical* | *14,300* | *3(2)* |
| *3* | *4,500* | *Reynolds Metals* | *55,300* | *5(3)* |
| | | **Metals and Mining — Copper** | | |
| 4 | 28,000 | Anaconda | 14,700 | 3(2) |
| 2 | 4,700 | Cerro de Pasco | 525 | 1(1) |
| 3 | 3,700 | Kennecott Copper | None | None |
| 4(2) | 18,900 | Phelps Dodge | None | None |
| *1(1)* | *1,000* | *Inspiration Consolidated Copper* | *4,700* | *2(1)* |
| | | **Metals and Mining — Other** | | |
| 4(1) | 21,000 | American Metal Climax | 17,500 | 1(1) |
| 3(1) | 17,500 | American Smelting & Refining | 16,500 | 3 |
| 1 | 1,000 | American Zinc, Lead & Smelting | 15,000 | 1(1) |
| 1(1) | 8,600 | Beryllium Corp. | 5,202 | 1(1) |
| 4(2) | 16,700 | Brush Beryllium | 6,000 | 1 |
| 1 | 2,000 | Campbell Red Lake Mines | 7,500 | 1(1) |

| —Bought— No. of Mgts. | No. of Shares | | —Sold— No. of Shares | No. of Mgts. |
|---|---|---|---|---|
| 1 | 4,000 | New Jersey Zinc | 2,000 | 1(1) |
| 3(1) | 64,500 | St. Joseph Lead | 16,000 | 1(1) |
| 1(1) | 10,000 | Utah Construction & Mining | 2,386 | 1 |
| *3* | *26,000* | *International Nickel* | *67,000* | *4* |
| | | **Natural Gas** | | |
| 3(1) | 11,700 | American Natural Gas | 15,300 | 3 |
| 5 | 25,600 | Arkansas Louisiana Gas | 600 | 1(1) |
| 2(2) | 65,000 | Coastal States Gas Producing | None | None |
| 2(1) | 6,000 | Colorado Interstate Gas | 3,500 | 1 |
| 2(1) | 19,255 | Consolidated Natural Gas | None | None |
| 3 | 6,000 | El Paso Natural Gas | 58,000 | 2 |
| 1 | 1,500 | Mississippi River Fuel | 18,600 | 1 |
| 2 | 27,800 | Northern Natural Gas | 5,000 | 1 |
| 2 | 3,500 | Panhandle Eastern Pipe Line | None | None |
| 5(2) | 37,000 | Peoples Gas Light & Coke | 6,100 | 1(1) |
| 2(1) | 40,200 | Republic Natural Gas | None | None |
| 3 | 17,500 | Southern Natural Gas | None | None |
| 1 | 2,000 | Tennessee Gas Transmission | 3,900 | 1 |
| 2(1) | 22,800 | Texas Gas Transmission | 7,000 | 1 |
| 1(1) | 20,000 | Union Texas Natural Gas 'A' | 13,000 | 1 |
| 3(1) | 47,800 | United Gas | 15,000 | 1 |
| *1* | *20,000* | *Lone Star Gas* | *20,000* | *2(2)* |
| | | **Office Equipment** | | |
| 2(1) | 26,000 | Burroughs | 2,010 | 1(1) |
| 6 | 7,200 | IBM | 1,500 | 3 |
| 2(1) | 26,500 | Pitney-Bowes | 3,400 | 1 |
| *1(1)* | *1,000* | *Addressograph-Multigraph* | *10,900* | *2* |
| *1* | *3,500* | *Friden* | *2,000* | *2(1)* |
| | | **Oil** | | |
| 2 | 25,000 | Amerada Petroleum | None | None |
| 3(1) | 21,200 | Atlantic Refining | None | None |
| 2 | 17,200 | Calgary & Edmonton | None | None |
| 3(1) | 20,300 | Cities Service | 5,560 | 2(1) |
| 7(1) | 114,800 | Continental Oil | 4,000 | 1 |
| 2 | 10,200 | Dome Petroleum | None | None |
| 5 | 39,600 | Gulf Oil | 24,856 | 3 |
| 1 | 1,600 | Honolulu Oil | 15,000 | 1 |
| 2 | 26,000 | Hudson's Bay Oil & Gas | 12,500 | 2(2) |
| 2 | 2,500 | Kern County Land | 15,000 | 1(1) |
| 6(2) | 46,400 | Louisiana Land & Exploration | 22,600 | 3 |
| 1 | 15,000 | Monterey Oil | 2,488 | 1 |
| 4(1) | 62,700 | Ohio Oil | 25,000 | 1(1) |
| 10(1) | 98,800 | Phillips Petroleum | 10,000 | 2 |
| 2 | 11,200 | Pure Oil | 10,500 | 1(1) |
| 2(1) | 6,400 | Richfield Oil | 2,000 | 1(1) |
| 6 | 13,774 | Royal Dutch Petroleum | 48,840 | 5(2) |
| 3 | 9,000 | Shamrock Oil & Gas | None | None |
| 7(2) | 36,600 | Shell Oil | 29,500 | 1 |
| 3(2) | 155,000 | Sinclair Oil | 87,800 | 3 |
| 6(1) | 64,300 | Socony Mobil Oil | 21,000 | 3(2) |
| 4 | 29,960 | Standard Oil of Calif. | 30,600 | 3 |
| 6(1) | 29,000 | Standard Oil (Ind.) | 27,800 | 2 |
| 1 | 7,200 | Sunray Mid-Continent Oil | 1,000 | 1 |
| 2(1) | 2,160 | Superior Oil | 1,100 | 2(2) |
| 1 | 15,100 | Texas Pacific Coal & Oil | 60,000 | 1(1) |
| *None* | *None* | *Anderson-Prichard Oil* | *15,000* | *3(1)* |
| *1(1)* | *10,600* | *Champlin Oil & Refining* | *49,800* | *2* |
| *1(1)* | *25,000* | *Kerr-McGee Oil* | *25,000* | *2(2)* |
| *1(1)* | *5,300* | *Signal Oil & Gas 'A'* | *25,700* | *2(1)* |
| *1* | *10,000* | *Skelly Oil* | *56,600* | *4(1)* |
| *6* | *15,448* | *Standard Oil (N. J.)* | *72,000* | *8(3)* |
| *1* | *3,000* | *Standard Oil (Ohio)* | *8,000* | *2(1)* |
| *6* | *21,699* | *Texaco* | *31,036* | *7(1)* |

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| —Bought— No. of Mgts. | No. of Shares | | —Sold— No. of Shares | No. of Mgts. |
|---|---|---|---|---|
| | | **Paper and Paper Products** | | |
| 1 | 5,500 | Container Corp. of America | 12,300 | 1 |
| 2 | 6,000 | Fibreboard Paper Products | 12,000 | 2(1) |
| 2 | 1,900 | Kimberly-Clark | 2,200 | 1 |
| 3 | 11,500 | Scott Paper | None | None |
| None | None | *Champion Paper & Fibre* | 26,900 | 3 |
| None | None | *Crown-Zellerbach* | 93,000 | 2(1) |
| 1 | 19,000 | *International Paper* | 38,590 | 7(2) |
| None | None | *St. Regis Paper* | 21,371 | 2(2) |
| 1(1) | 4,400 | *Union Bag Camp Paper* | 10,900 | 2 |
| | | **Public Utilities — Electric and Gas** | | |
| 4(1) | 11,313 | American Electric Power | 3,000 | 1 |
| 4(2) | 20,000 | Baltimore Gas & Electric | 7,500 | 1 |
| 2(1) | 29,900 | Calgary Power | None | None |
| 1(1) | 2,100 | Central Maine Power | 9,500 | 1(1) |
| 2(1) | 24,000 | Central & South West | 17,100 | 2 |
| 1(1) | 2,000 | Cleveland Electric Illuminating | 3,500 | 1(1) |
| 2(1) | 11,700 | Columbus & So. Ohio Electric | 23,200 | 1(1) |
| 4 | 5,452 | Commonwealth Edison | None | None |
| 1(1) | 900 | Community Public Service | 5,700 | 1 |
| 3 | 9,000 | Consolidated Edison (N. Y.) | 2,000 | 1 |
| 3 | 10,000 | Consumers Power | 27,100 | 1 |
| 2 | 16,500 | Detroit Edison | None | None |
| 2 | 72,716 | Duke Power | None | None |
| 1 | 2,000 | Empire District Electric | 3,000 | 1 |
| 3(2) | 4,300 | Florida Power & Light | 17,500 | 3 |
| 4 | 31,000 | General Public Utilities | 67,815 | 4(2) |
| 2(1) | 19,750 | Hawaiian Electric | None | None |
| 2(1) | 6,800 | Houston Lighting & Power | 10,000 | 1(1) |
| 3(3) | 15,500 | Illinois Power | 3,800 | 1 |
| 2 | 8,900 | Iowa-Illinois Gas & Electric | None | None |
| 1 | 10,000 | Kansas City Power & Light | 12,300 | 1 |
| 1 | 17,400 | Kansas Gas & Electric | 1,000 | 1 |
| 1(1) | 10,000 | Long Island Lighting | 11,700 | 1 |
| 2 | 14,000 | Middle South Utilities | 14,000 | 2 |
| 2(1) | 17,000 | Montana Power | 5,700 | 2 |
| 5 | 25,500 | N. Y. State Gas & Electric | 26,500 | 2(1) |
| 3(1) | 37,600 | Niagara Mohawk Power | 19,454 | 3(2) |
| 2 | 9,700 | Northern Indiana Public Service | None | None |
| 4(2) | 99,000 | Ohio Edison | 197,400 | 1(1) |
| 1 | 15,000 | Oklahoma Gas & Electric | 2,000 | 1 |
| 2(1) | 23,100 | Pacific Gas & Electric | 51,450 | 2(1) |
| 2(1) | 14,500 | Pacific Lighting | 13,000 | 1(1) |
| 2(1) | 4,500 | Public Service of Colorado | None | None |
| 4 | 51,775 | Public Service Electric & Gas | 5,000 | 1(1) |
| 1 | 5,000 | Puget Sound Power & Light | 18,700 | 1 |
| 2(1) | 3,000 | Rochester Gas & Electric | 16,100 | 1 |
| 2(2) | 14,000 | San Diego Gas & Electric | None | None |
| 2 | 8,000 | Savannah Electric & Power | None | None |
| 2(1) | 12,000 | South Carolina Electric & Gas | 1,500 | 1 |
| 7(3) | 55,400 | Southern California Edison | 66,200 | 2(1) |
| 4(1) | 31,800 | Southern Co. | 24,800 | 4(1) |
| 2 | 5,800 | Tampa Electric | 11,200 | 2 |
| 3 | 3,000 | Texas Utilities | 8,000 | 3 |
| 2 | 37,400 | Toledo Edison | None | None |
| 1(1) | 2,000 | Union Electric (Mo.) | 10,000 | 1 |
| 2(1) | 7,000 | Wisconsin Electric Power | None | None |
| None | None | *Atlantic City Electric* | 4,000 | 2(1) |
| None | None | *Central Illinois Public Service* | 9,700 | 2(1) |
| 1 | 5,000 | *Delaware Power & Light* | 8,700 | 3(1) |
| 1(1) | 21,300 | *Public Service of Indiana* | 16,900 | 2(1) |
| 1 | 7,000 | *Minnesota Power & Light* | 9,100 | 2(1) |
| 2 | 5,500 | *Virginia Electric & Power* | 17,000 | 4 |
| | | **Public Utilities — Telephone & Telegraph** | | |
| 14(4) | 162,200 | American Tel. & Tel. | 27,500 | 4 |
| 2(1) | 34,300 | Western Union | 29,800 | 2(1) |
| 1(1) | 10,200 | *General Telephone & Electronics* | 62,809 | 6(2) |
| | | **Publishing** | | |
| 2 | 14,300 | American News | None | None |
| 3(3) | 31,700 | Crowell-Collier | None | None |
| 1 | 2,000 | Grolier, Inc. | 4,000 | 1(1) |
| 6(6) | 46,900 | Harcourt, Brace | None | None |
| 2(2) | 17,000 | Prentice-Hall | None | None |
| 4(4) | 17,070 | Western Publishing | None | None |
| | | **Radio, Television and Movies** | | |
| 4(1) | 11,100 | American Broadcast.-Paramount | 5,000 | 1 |
| 1 | 5,000 | Columbia Broadcasting | 500 | 1 |
| 6(2) | 28,300 | Motorola | 500 | 1 |
| 2 | 10,000 | United Artists | None | None |
| 5(3) | 31,600 | Zenith Radio | 1,500 | 1(1) |
| 1 | 900 | *Magnavox* | 800 | 2(1) |
| 2(2) | 17,000 | *Metro-Goldwyn-Mayer* | 24,500 | 3(1) |
| None | None | *Paramount Pictures* | 3,000 | 2(1) |
| | | **Railroads** | | |
| 2 | 15,200 | Atlantic Coast Line RR | 6,000 | 2 |
| 1 | 3,500 | Baltimore & Ohio | 8,100 | 1(1) |
| 2 | 13,500 | Chesapeake & Ohio | 4,000 | 2 |
| 1 | 1,600 | Chicago, Rock Island & Pacific | 2,900 | 1 |
| 1 | 9,000 | Great Northern | 300 | 1(1) |
| 1 | 9,600 | Norfolk & Western | 1,000 | 1(1) |
| 1(1) | 2,100 | Pittsburgh & Lake Erie | 10,400 | 1(1) |
| 1 | 34,000 | Union Pacific | 3,000 | 1(1) |
| 2 | 29,700 | *Denver & Rio Grande Western* | 60,600 | 3(1) |
| None | None | *Illinois Central* | 22,000 | 3 |
| 2 | 7,000 | *N. Y., Chicago & St. Louis* | 11,200 | 3(1) |
| 1(1) | 25,000 | *Seaboard Air Line* | 43,500 | 2(1) |
| 1 | 65,000 | *Southern Pacific* | 115,000 | 2(2) |
| 3(1) | 2,100 | *Southern Railway* | 69,100 | 4(2) |

| —Bought— No. of Mgts. | No. of Shares | | —Sold— No. of Shares | No. of Mgts. |
|---|---|---|---|---|
| | | **Railroad Equipment** | | |
| 2 | 900 | ACF Industries | None | None |
| 2(2) | 8,800 | American Brake Shoe | 22,000 | 2(1) |
| 3 | 10,000 | Gen. American Transportation | 1,666 | 1 |
| 2(1) | 1,300 | Westinghouse Air Brake | 12,000 | 1(1) |
| 1 | 200 | *Pullman* | 22,100 | 3 |
| | | **Retail Trade** | | |
| 3 | 16,124 | Aldens | 2,175 | 1(1) |
| 2 | 3,300 | Associated Dry Goods | 6,000 | 2(1) |
| 2 | 2,800 | Federated Department Stores | 24,000 | 2(2) |
| 3 | 56,500 | Gimbel Bros. | 40,600 | 1(1) |
| 2 | 37,000 | Grant (W. T.) | 20,000 | 1(1) |
| 2 | 15,200 | Great Atlantic & Pacific Tea | 1,550 | 1 |
| 1(1) | 5,000 | Kroger | 26,600 | 1 |
| 2 | 3,900 | Loblaw "B" | None | None |
| 2(2) | 38,500 | Macy (R. H.) | 1,000 | 1(1) |
| 3(1) | 20,500 | Penney (J. C.) | 28,600 | 2 |
| 2 | 25,500 | Safeway Stores | 15,000 | 1(1) |
| 6 | 27,700 | Sears, Roebuck | 15,000 | 2 |
| 5(1) | 45,500 | Woolworth (F. W.) | 9,200 | 2(2) |
| None | None | *Bond Stores* | 19,500 | 2(1) |
| 1 | 32,300 | *Grand Union* | 27,300 | 2(1) |
| None | None | *Montgomery Ward* | 45,900 | 6(4) |
| 1 | 1,000 | *Simpsons Ltd.* | 13,150 | 2(1) |
| | | **Rubber and Tires** | | |
| 3(1) | 4,100 | General Tire & Rubber | 1,500 | 1(1) |
| None | None | *Firestone Tire & Rubber* | 58,700 | 2(1) |
| 3 | 17,500 | *Goodrich (B. F.)* | 21,400 | 8(3) |
| 1 | 200 | *Goodyear* | 181,200 | 5(1) |
| 2 | 10,200 | *U. S. Rubber* | 16,200 | 4(3) |
| | | **Steel and Iron** | | |
| 5 | 23,900 | Bethlehem Steel | 150,500 | 3(2) |
| 1 | 7,600 | Mesabi Iron Ore | 500 | 1 |
| 3 | 8,000 | National Steel | 34,000 | 3(2) |
| 1 | 8,000 | Signode Steel Strapping | 6,300 | 1 |
| 2 | 10,400 | Wheeling Steel | None | None |
| 3(1) | 21,500 | *Armco Steel* | 15,000 | 5(1) |
| 1 | 700 | *Carpenter Steel* | 5,000 | 2(1) |
| None | None | *Copperweld Steel* | 6,100 | 2(1) |
| 1(1) | 500 | *Inland Steel* | 30,000 | 2(2) |
| 2 | 1,000 | *Jones & Laughlin Steel* | 56,200 | 5(3) |
| 1 | 38,500 | *Republic Steel* | 16,000 | 3(1) |
| 7(2) | 47,500 | *U. S. Steel* | 40,800 | 8(2) |
| 1 | 5,000 | *Youngstown Sheet & Tube* | 41,600 | 4(2) |
| | | **Textile and Rayon** | | |
| 2 | 6,300 | United Merchants & Mfrs. | None | None |
| None | None | *American Viscose* | 19,125 | 3(2) |
| 1 | 5,200 | *Burlington Industries* | 39,400 | 3(2) |
| 1 | 40,000 | *Stevens (J. P.)* | 12,500 | 2(1) |
| | | **Tobacco** | | |
| 2 | 16,000 | American Tobacco | 10,000 | 2 |
| 1 | 28,500 | Lorillard (P.) | 3,000 | 1 |
| 1 | 9,700 | Philip Morris | 2,600 | 1 |
| 4(1) | 28,600 | *Reynolds Tobacco* | 28,600 | 6(2) |
| | | **Miscellaneous** | | |
| 1 | 1,200 | Aeroquip | 2,760 | 1 |
| 1 | 500 | American Export Lines | 500 | 1 |
| 2(1) | 28,600 | American Express | 40,000 | 1 |
| 3(3) | 44,400 | American Greetings | None | None |
| 4 | 47,800 | American Machine & Foundry | 74,500 | 4(2) |
| 3 | 26,000 | American Photocopy Equipment | 12,000 | 2 |
| 2 | 1,400 | Bell & Howell | None | None |
| 3(1) | 39,000 | Brunswick | 10,000 | 1 |
| 2 | 25,400 | Colgate-Palmolive | 8,000 | 2 |
| 2 | 8,600 | Diebold | None | None |
| 2(1) | 6,000 | Fairchild Camera & Instrum. | None | None |
| 1(1) | 9,500 | Foote Mineral | 6,000 | 1(1) |
| 2 | 2,000 | General America Corp. | None | None |
| 1 | 100 | Harris-Intertype | 1,100 | 1(1) |
| 2(2) | 7,000 | Hertz | 7,400 | 1 |
| 1(1) | 10,000 | Houdry Process | 6,000 | 1(1) |
| 2 | 17,200 | McKesson & Robbins | 100 | 1(1) |
| 3 | 25,800 | Newmont Mining | 1,862 | 2 |
| 2(1) | 30,500 | Newport News Shipbuilding | 7,500 | 1(1) |
| 2(1) | 1,900 | Photo Produits Gevaert | None | None |
| 5(1) | 7,925 | Polaroid | 2,000 | 1(1) |
| 4(1) | 25,200 | Procter & Gamble | 3,000 | 1 |
| 2 | 6,700 | Ryder System | None | None |
| 5(2) | 27,130 | Tennessee Corp. | None | None |
| 6(2) | 41,500 | Unilever N. V. (fl. 50 or equivalent) | 17,300 | 1 |
| 1 | 6,000 | *Avon Products* | 2,020 | 2 |
| 1(1) | 11,000 | *Fansteel Metallurgical* | 2,515 | 2 |
| 1 | 24,000 | *Gillette* | 22,000 | 3(1) |
| 1 | 5,000 | *Halliburton Oil Well Cementing* | 10,500 | 2(1) |
| None | None | *Minnesota Mining & Mfg.* | 61,100 | 5 |
| None | None | *Nat'l Malleable & Steel Castings* | 16,300 | 2(1) |
| 1 | 200 | *Outboard Marine* | 31,500 | 3(1) |
| 1(1) | 2,500 | *Universal Match* | 1,558 | 2 |

The foregoing tabulation also includes transactions by nine investment companies (under nine different managements) in addition to those shown in our tabulation "Balance Between Cash and Investments of 86 Investment Companies."

Purchases and sales by Wellington Fund included above and in our article are for the period from July 1 through August 31, 1960.

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# Moderate Liquidation by Funds as Market Tumbled

*Continued from page 20*

the end of July were selling well below their high levels of recent years. Investments in this area, if carefully selected, would appear to offer considerable opportunity for the longer term."

A similarly positive view is taken by the George Putnam Fund of Boston, thus:

"The year 1960 entered on an optimistic economic tone; it is closing on a note of caution and uncertainty. Investors are increasingly concerned over the all too familiar headlines "Sales up—earnings off." . . . No one can say for sure how long the current 'readjustment' may last, or how severe it may become. Our present policy, which is subject to constant review, is to lean on the hopeful side."

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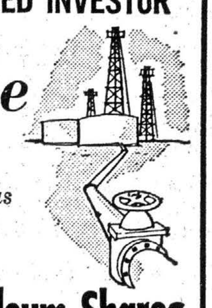

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## ATTITUDE TOWARD OVERSEAS INVESTMENTS

The securities of prospering Europe continued to be well bought by fund managers. Typifying the motivation for portfolio inclusion of such issues is this statement by the management of Lazard Fund: "Measured by official indexes, business activity is 20% or more higher than a year ago in Italy, Austria, Japan and India; 10% or more in Germany, Norway, Netherlands and Belgium, with more modest gains recorded in every other nation of commercial importance in the free world. In the absence of available seasonal adjustments it is impossible to measure month by month fluctuations, but the fact that in the latest month for which data are available unemployment (often negligible) reached its lowest point in years in Austria, Belgium, France, Germany, Norway, Sweden and Great Britain indicates overall continuing recovery in Europe."

Lazard Fund continues to devote a significant portion of its portfolio to European stocks; as of Sept. 30, Royal Dutch Petroleum and Philips' Lamp Works were its second and third largest holdings, respectively.

Chemical Fund accelerated its investments in shares of leading European chemical companies, which it had initiated, to a small extent, during the June quarter. These investments were made in Unilever, Badische Anilin, Farbenfabriken Bayer and Saint-Gobain. They were made after extensive research, including inspection of plants.

### U. K. Governments Attract

British Government bonds, with their attractive yield differential and also the prospect of capital gain under the now easing British money rates, were bought for the first time by Incorporated Investors, Scudder Stevens & Clark, Institutional Foundation Fund and George Putnam Fund of Boston. Incorporated Investors bought United Kingdom Treasuries, while the other three bought British War Loan 3½s. The de Vegh Mutual Fund, on the other hand, bought $117,000 worth of the newly issued German Railway 6½% Loan due 1972, which offers an even greater yield differential than do the sterling securities.

Interestingly, Tri-Continental which, notwithstanding its name, has only U. S. and Canadian securities in its portfolio, during the September quarter invested $500,000 in a 5⅝% promissory note due 1962 of Siemens & Halske, the largest German producer of electrical equipment and electronics.

### Other International Leaders

Of the international stocks, Royal Dutch Petroleum did not retain its former appeal, with five sellers almost offsetting six buyers. Similarly, six sellers of formerly favored Philips' Lamp Works nearly equalled its seven buyers. Unilever N. V. extended its popularity with six managements buying and only Investment Co. of America selling it. The British top company of the group, Unilever Ltd., was bought newly by Niagara Share. In addition to Chemical Fund, Investment Trust of Boston added 2,000 American shares to its holdings of Farbenfabriken Bayer. Investment Co. of America newly bought 3,000 shares of Hoogovens, the leading Dutch steel producer. On the other hand 10,700 shares of Montecatini were sold by the United Funds Group.

Photo Gevaert, the world's second largest producer of photographic paper, found an initial buyer of 1,500 shares in Loomis-Sayles, while Madison Fund added 400 shares to its previous holdings. Schlumberger Ltd., which performs important services to the world oil industry, was bought into newly by the Affiliated Fund-American Business Shares group, to the tune of 35,000 shares. Brazilian Traction, the low-priced utility giant, found a buyer in de Vegh, which added 14,000 shares to its holding. On the other hand, all holdings in two African mining companies, namely O'okiep Copper and Tsumeb Corporation, were eliminated by U. S. & Foreign Securities.

## POPULARITY WINNERS

During the September quarter top honors as by far the best bought stock went to American Tel. & Tel., which was acquired by 14 fund managements (four of them newly) and sold by only four. In the preceding quarter ATT had been much less favored, having been bought by six managements, while sold by three. Runners-up were Phillips Petroleum, Martin, and North American Aviation (which latter had been the No. 1 stock during the June quarter), followed by Texas Instruments.

## "UNANIMOUS" FAVORITES

The following seven issues, bought by four or more fund managements, encountered no selling at all, all transactions being on the buying side:

Commonwealth Edison, First Charter Financial, Harcourt, Brace, North American Aviation, Peabody Coal, Tennessee Corporation and Western Publishing.

## DIS-FAVORED STOCKS

The most widely sold issue was Merck, disposed of by seven managements and bought by none; followed by Montgomery Ward which has halved its dividend. It was sold by six managements and bought by none. International Paper was sold by seven managements while acquired by only one. General Telephone & Electronics, which during the previous quarter held the top selling position, was sold in the September quarter by six managements and bought by only one.

## UNDISPUTED SELLING TARGETS

Only three issues were sold by four or more fund managements, without finding a buyer:

Merck, Minnesota Mining & Manufacturing, and Montgomery Ward.

## ATTITUDE TOWARD INDUSTRY GROUPS

*The following analysis of portfolio changes, reflected in our tabulation, starting on page 000, of transactions in nearly 450 stock issues is based on the number of managements buying or selling, not on the number of shares or the dollar amounts involved.*

During the September quarter, fund managements particularly favored aircrafts, beverages, finance, food, natural gas, utilities and publishing stocks. Also fairly well bought, although to a more moderate degree, were bank, glass, machinery and metal stocks (other than aluminum).

A thoroughly mixed attitude was displayed towards agricultural equipment, airlines, automotive equipment, building, chemical, coal, container, drugs, electronics, insurance, office equipment, oil, paper, radio and TV, railroads, railroad equipment, retail trade and tobacco.

Aluminum, automotive, rubber and tire, steel and textile-rayon stocks, all were more heavily sold than bought.

## TRANSACTIONS IN THE FAVORED GROUPS

### Aircrafts Flying High

The best bought stock in this dynamic group was Martin, bought by nine managements (including five initial buyers) and sold by only one. Largest buyers were Wellington (15,000), Delaware (14,000 newly), and Loomis-Sayles (10,000 newly). A close runner-up was North American, which found only buyers. The eight fund managements acquiring it included the United Funds Group (19,000), Shareholders' Trust of Boston (10,000 newly), National Aviation (7,500) and Consolidated Investment Trust (6,000). As indicated above, both Martin and North American Aviation ranked among the four best bought stocks in any group during the quarter. United Aircraft was bought by Loomis-Sayles (10,000 newly), Shareholders' Trust (8,000 newly), and National Aviation (7,500), and was sold only by United Income Fund (all 21,000).

### Continued Demand for Bank Stocks

With easing money rates possibly forecasting lower bank earnings these issues failed to attract as large a following as in previous quarters, although still being bought on balance. Three bank holding company stocks elicited buying without any offsetting selling. These were Firstamerica, First Bank Stock and Northwest Bancorporation. Bank of America was acquired by the United Funds Group (41,000); First National Bank of Boston was bought by MIT (12,000); Hanover Bank was added to by United Income Fund (12,500). On the other hand, Morgan Guaranty Trust remained in disfavor with three sellers and no buyer. The largest seller was Lehman Corp., with a close-out of its 6,000 shares, joined by sales of 3,000 and 2,500 shares by Dominick and Delaware, respectively.

Particularly "negative" toward bank stocks was One William Street, which during the quarter sold all its Bankers Trust (20,000), Chase Manhattan (20,400), Chemical Bank New York Trust (15,000), First National City of New York (12,852) and Manufacturers Trust (15,000).

An interesting acquisition, although not strictly in the field of general banking, was made by Guardian Mutual Fund which newly bought 2,000 shares of the Federal National Mortgage Association ("Fanny Mae").

### Beverages Sparkle

Soft drink stocks continued their attraction, with Coca-Cola bought by five managements and Pepsi-Cola by seven; both issues being sold by only one management each. Largest buyer of Coca-Cola was Incorporated Investors (37,000 newly); largest buyer of Pepsi-Cola, Fundamental Investors (22,100), followed by an initial acquisition of 11,000 shares by Delaware Fund.

### Finance Companies Retain Moderate Favor

Better-bought stocks in this growth-type group included CIT Financial, of which Incorporated Investors was the largest buyer with an initial 31,400 shares, and First Charter Financial, with National Investors the largest buyer in a 40,000 share new investment and no seller of this issue. The only issue in this group disposed of by a few managements without any offsetting buying was Pacific Finance.

### Foods Moderately Stocked

In this group, Borden was bought by four managements including Incorporated Investors (39,100 newly), Investors Mutual (8,500) and Delaware (6,100), while on the other hand Affiliated Funds eliminated its block of 23,900 shares.

### Glass Stocks in Mild Demand

In this category, Owens-Illinois Glass attracted five buyers, while being sold by two; the buyers were led by Investors Mutual (16,700). Buyers balanced sellers in Libbey-Owens-Ford, although the close-out of 43,000 shares by Chemical Fund was a particularly large sale; the buyers were led by the United Funds Group (18,000).

### Machinery Stocks in Fair Demand

Among the more heavily bought machinery and equipment stocks was Caterpillar Tractor, of which Wellington bought 13,000 shares, joined by three other funds; with two close-outs being made by Delaware and Axe "A." Of Ingersoll-Rand, the United Funds Group, among others, increased its holdings by 13,000 shares, while National Securities Stock Series bought 6,000 shares initially; there was no seller of this issue. Neither was there any seller of Gardner-Denver, Chicago Pneumatic Tool or Singer Manufacturing. Of Gardner-Denver, Broad Street Investing bought an initial 12,500 shares, while a large buyer of Chicago Pneumatic was Fundamental Investors (24,000).

### Metals Shine Moderately

Coppers, which were in some disfavor during the June quarter, returned to moderate favor during the September quarter. Especially Anaconda, previously a target of concentrated selling, was liked better, although opinion was by no means unanimous. Its largest buyers were the Bullock Group


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with 13,000 shares and the United Funds Group with 20,000 shares, while Investment Co. of America and Commonwealth Investment sold all their 6,000 and 4,700 shares, respectively. Bought by four managements, without any dissent, was Phelps Dodge which had its largest buyer in Loomis-Sayles (11,500 newly). Kennecott Copper was bought by three managements, again with none selling.

American Metal Climax found its largest buyer in Institutional Foundation Fund (15,000 newly), although Loomis-Sayles disposed of all its 17,500 shares. Brush Beryllium continued in favor, with four buyers and only one seller. The largest buyer was Atomic Development Mutual with an initial investment of 11,000 shares.

There was only scattered buying of gold stocks, prior to their recent somewhat short-lived return to market favor prompted by the London "gold rush."

Opinion was divided on International Nickel, with a slight preponderance of selling over buying fund managements; its largest sellers were One William Street (38,000) and Chemical Fund (24,-500), with MIT a larger buyer (20,000). This was quite in contrast to the relative favor which nickel stocks enjoyed during the June quarter, and is probably accounted for by the current low operating rate in the U. S. steel industry, principal consumer of the white metal.

For aluminum stocks which remained in disfavor, see the "Disfavored Groups."

### Good-Sized Interest in Natural Gas

Interest in natural gas stocks was somewhat more widespread and was fairly well accentuated as compared with the preceding quarter. Best liked in this group were Arkansas Louisiana Gas and Peoples Gas Light & Coke. The largest buyers of the former were Madison Fund with 10,100 shares and George Putnam with 10,000 shares, while the high-priced Nelson Fund was the only seller, disposing of its 600 shares. Of Peoples Gas, Fundamental Investors bought 12,000 shares, while Dreyfus invested an initial 10,000 shares; only Energy Fund let go of its entire 6,100 shares.

### Utilities Continue Favorites

With most of the funds "defensive-minded" in the falling market for industrials, and with competing money rates easing, it is only natural that utilities continued in the forefront of well-bought stocks. These stocks have lived up to their reputation, and, as a group dropped very insignificantly during the quarter.

By far the best bought stock in this group, and indeed the most popular of all stocks, was ATT. It was bought by as many as 14 fund managements (including four newly) and sold by only four. The largest buyer was Dreyfus Fund (45,000) followed by Fidelity Fund (27,100), Incorporated Investors (25,000 newly), Madison (14,000), Broad Street (13,000) and others; the largest seller was National Securities Stock Series (15,000).

Best bought stock in the electric utility field was Southern California Edison, whose seven buyers included United Accumulative (20,000 newly) and Dreyfus (13,000 newly); the principal seller was MIT which closed out its 66,100 shares. Also in favor, among others, was Commonwealth Edison, bought by four and sold by none. Large single transactions included an initial investment in 50,000 shares of Central Hudson Gas & Electric by National Investors, and the purchase of 18,-700 shares of West Penn Electric by Delaware Fund; while Wellington Fund added 70,716 shares of Duke Power and Affiliated Fund made an initial purchase of 50,000 shares of Ohio Edison, of which MIT also bought 30,000 shares, while Wellington Fund eliminated its huge 197,400-share block. Opinion was also divided on, or unfavorable to, Atlantic City Electric, Delaware Power & Light, Public Service of Indiana, and Virginia Electric & Power, among others.

### Publishing Stocks to the Fore

This group, mostly new to fund portfolios because of the recent marketing of formerly closely-held shares, stood out as a favorite buying target during the September quarter. Particularly well-bought was a new-name stock in the market, namely Harcourt, Brace, acquired by six buyers. These were led by the sister companies, Lehman Corp. and One William Street, with 10,000 shares each, followed by American European (8,000), United Continental (7,200), Madison (5,315), State Street (3,885) and Dodge & Cox (2,500), all new purchases, of course, without any seller. Also well bought was Western Publishing, with National Investors buying 10,000 shares newly, among others.

## GROUPS MEETING MIXED REACTION

### Split Attitude Towards Agricultural Equipment

International Harvester continued to be liberally acquired, with its largest buyers being National Securities Stock Series (14,400) and Scudder, Stevens & Clark (6,500). Deere remained in disfavor, seven selling fund managements being led by Lazard (20,000), Delaware (all 15,000), Selected American (all 14,500) and General American Investors (10,000); although Wellington Fund newly bought 81,600 shares and Investors Mutual 33,100 shares.

### Mixed Opinion on Auto Equipments

There was no particular interest in automotive equipment stocks, although the two buyers of Dana Corp. included National Securities Stock with 9,000 shares and Axe "B" with 9,600 shares.

There were only sellers, with no offsetting buying, of Eaton Manufacturing and Timken Roller Bearing. In Bendix Corp., which straddles the automotive and aircraft equipment fields, sales such as the 14,600 close-out by Fidelity Fund more than offset such buying as Scudder Common's new purchase of 10,000 shares.

### Divergent Stand on Building Stocks

Buying interest in building equipment stocks was fairly large, but opinion remained unfavorable to Minneapolis-Honeywell, National Lead, U. S. Gypsum and Weyerhaeuser. Particularly large transactions on the selling side included 17,000 shares of U. S. Gypsum sold by Fundamental, with 16,000 shares each of the same issue disposed of by Wellington and MIT. In an unusually large transaction Atomic Development Mutual Fund parted with its entire holding of 105,000 shares of American Radiator & Standard; while the Bullock Group sold 42,600 shares of General Portland Cement. In a single transaction British Columbia Forest Products was closed out by Madison Fund (40,000).

### Chemicals Mixed

Here, such important stocks as Air Reduction, DuPont, Diamond Alkali, Olin Mathieson, Rohm & Haas and others were more sold than bought. Air Reduction had its largest seller in One William Street (20,000); DuPont, in Fidelity Fund (all 10,200), although MIT added on 9,600 shares; largest seller of Olin Mathieson was Chemical Fund (all 21,000); with Chemical Fund also the largest seller (710) of high-priced Rohm & Haas.

On the buying side, Union Carbide was well liked, with six buyers and only one seller, the largest buyers including MIT (10,500) and National Investors (10,000). Interest was also good in Hooker Chemical and Monsanto. Dow Chemical was in a stand-off position, with five buying and five selling managements; with the United Funds Group the largest buyer (12,700) and the Lehman-One William Street Group the largest seller (9,469).

### Interest in Coal Mixed

Peabody Coal attracted buying by five funds, especially Investment Co. of America (26,000 newly), Tri-Continental (25,000) and Putnam (18,800 newly), with nary a seller. Purchasers of Pittston included United Accumulative (9,000) and the Axe Group (800).

A sharp dissent, however, was voiced in the elimination of a 121,400-share block of Consolidation Coal by Incorporated Investors, which also liquidated its 60,000-share block of West Kentucky Coal. This marked a striking reversal of its previous liking for coal stocks.

### Mild Interest in Containers

The attitude toward container stocks was rather mixed, with a slight perponderance of buyers over sellers in two issues, and a standoff in two others. Of Continental Can, the Eaton & Howard Group newly acquired 24,800 shares and the United Funds Group 14,900; while the Broad Street Group sold 20,500, and General American Investors and State Street 15,000 shares each. Eaton & Howard also newly bought 13,600 shares of American Can.

### Drugs Found Less Stimulating

Drug stocks which, for several quarters now, have provoked mixed reactions from the funds and during the June quarter still elicited far more buying than selling, became more tilted towards the selling side during the September quarter. As in the preceding quarter, Upjohn was the best bought drug stock, with Chemical Fund its largest buyer (16,600) and Dreyfus the sole seller (7,500). Also rather well bought was Rexall, with nary a seller. On the other hand, Merck was the most widely sold drug stock, and in fact the most widely sold of all stocks. Its seven sellers included Affiliated Fund (23,800), and there was not a single buyer of this issue. Sold on balance were also Parke Davis, Pfizer, Schering and Smith, Kline & French as well as Eli Lilly. Largest seller of Parke Davis was likewise Affiliated Fund (54,400). Leading seller of Pfizer was the Eaton & Howard Group (31,800), followed by Fundamental Investors (25,-000). A prominent seller of Schering was Dreyfus (all 10,000). In Smith, Kline & French, selling of 35,000 shares by Wellington and 12,000 shares by Dreyfus more than offset a new 35,000-share purchase by One William Street. Wellington was also the largest seller (all 52,600) of Eli Lilly.

### Electronics Less Liked

The interest in electrical, electronic and instrumentation stocks lost much of its former fervor in the recent reactionary market, with its more realistic evaluation of price-earnings factors. Nevertheless, Texas Instruments forged ahead to become the best bought stock in this group, with eight buying funds (including Lazard with a new commitment of 7,600 shares) and Madison Fund the sole seller of 2,000 shares. Also rather well bought was ITT, its seven buyers led by MIT (39,000) and One William Street (25,000), although there were three sellers led by Affiliated Fund (28,300). Well-acting Philips' Lamp Works, long a prime favorite, was still bought by seven managements with MIT's 10,850 shares the largest purchase, but became a target of profit taking for six other managements led by Incorporated Investors (21,000). An initial purchase of 3,000 shares was made by Scudder, Stevens & Clark.

On the other hand, such leading electronics stocks as GE,

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# Moderate Liquidation by Funds as Market Tumbled

*Continued from page 25*

Philco, RCA and Westinghouse each found more sellers than buyers. Largest seller of GE was the Lehman - One William Street Group (18,900 shares); of Philco it was Dreyfus (all 17,300); largest seller of RCA was Wellington (19,000); and of Westinghouse, the Tri-Continental Group (64,700), while the Bullock Group bought 41,800 shares.

### Subdued Interest in Insurance

Transactions, by more than one fund management, in insurance stocks were devoid of any particular trend. An exception was Franklin Life with two buyers and no sellers, while General Reinsurance and National Life & Accident conversely each had two sellers and no buyers. In single transactions, Delaware newly bought American Insurance of Newark (27,000), Continental Insurance (15,000) and Standard Accident (6,000). Home Insurance of New York was newly acquired by United Income Fund (17,000). On the other hand, Putnam reduced its interest in Northern Insurance of New York by 10,000 shares.

### Office Equipments Mixed

Buyers outweighed sellers moderately in Burroughs and Pitney-Bowes, and by a wider margin in IBM, while somewhat more selling than buying appeared in Addressograph and Friden. Of IBM, the largest buyers were Investors Mutual (4,200) and the Broad Street Group (2,000); whereas Lazard Fund reduced its holdings by 1,000 shares.

### Oils Stabilize, But Still Viewed Ambivalently

The oils, as a group, weathered the recent market decline in excellent fashion, and, in fact, showed a slight overall price gain. But the attitude of the fund managements toward this group was still about as mixed as it has been for some lengthy time now.

Phillips Petroleum, a favorite in the June quarter, forged ahead further to become the best bought oil stock and, in fact, one of the four best bought stocks altogether. Its largest buyers were Investors Mutual (39,200) and Tri-Continental (28,000 newly). Next best bought oil stocks were Continental Oil and Shell Oil, each with seven buying managements and only one selling. Largest buyers of Continental were the Tri-Group with 48,400 shares and Investors Mutual with 34,400 shares. Shell Oil had its largest buyer in United Science Fund (11,700), although George Putnam Fund sold 29,500 shares. The margin of buying over selling in Royal Dutch narrowed again, six buying managements contrasting with five selling ones. The buyers were led by the United Funds Group (6,800), the sellers by Putnam (21,000) and Fundamental Investors (20,000). An outstandingly large buyer of Sinclair Oil was Wellington with a new commitment of 122,000 shares, while sellers included MIT (37,000), Eaton & Howard Group (30,300) and Investors Mutual (20,500). Texaco, still a favorite in the ratio of eight buyers to five sellers in the June quarter, dropped into the more-sold column, with seven sellers and six buyers, the largest seller being State Street with 12,800 shares, while Investors Mutual bought 8,600 shares. Standard Oil (N. J.) was still more sold than bought, with George Putnam Fund the largest of eight sellers (all 30,000) and MIT leading the six buyers with 6,244 shares.

Concerted reduction of oil stocks was still engaged in by Consolidated Investment Trust among the closed-end companies and by Eaton & Howard Balanced Fund among the open-enders.

### Papers Thoroughly Mixed

Opinion on paper stocks, long favorable, became definitely uneven during the September quarter. Buyers still matched or outweighed sellers in Scott Paper, Kimberly-Clark, Container Corp. and Fibreboard Paper; but the few sellers of Champion Paper, Crown - Zellerbach and St. Regis Paper did not meet any offsetting buying at all. In a particularly large transaction, Crown-Zellerbach was closed out by Incorporated Investors (92,000). Most disfavored paper stock was International Paper, whose seven sellers were led by the United Funds Group (20,260), while Investors Mutual was the only buyer (19,000).

### Radio and TV Attract, Movies Lose Interest

Here, Motorola found a decided prevalence of buyers over sellers, as did Zenith Radio. In the movie field, however, M-G-M was more sold than bought, and Paramount only sold.

### Rails Mixed, Leaning to Selling Side

The carriers, which were favored on balance during the June quarter, encountered increasing selling during the September quarter, although there was still a fair admixture of buying. In many instances the number of shares bought or sold was particularly large. So, Denver & Rio Grande Western was sold by Lazard (all 40,000) and Madison (19,600) while bought by National Securities Income Series (25,700). Illinois Central also found its largest seller in Lazard (13,000) and had no buyer. Of Southern Pacific. Lazard likewise sold all its 100,000 shares, while Investors Mutual added 65,000 shares. It was again Lazard which closed out its 26,000 shares of Southern Railway, of which MIT also sold 27,100 shares. On the other hand, MIT added on 34,000 shares of Union Pacific, while National Securities Stock Series bought 12,500 shares of Chesapeake & Ohio.

### Mixed Trends in Retailing

Sears, Roebuck remained the best bought retail stock, its six buyers including MIT (20,000), although Wellington sold 10,000 shares and Lehman 5,000 shares. Also Woolworth continued well-liked, its five buyers led by Fundamental Investors (17,000) and Affiliated Funds (14,200). Particularly large transactions took place in Gimbel Brothers, of which Fundamental added on 42,700 shares, while Dreyfus parted with all its 40,600 shares. Montgomery Ward clearly remained in disfavor; its largest seller was United Accumulative (all 50,000), and there was not a single buyer of this issue.

### Tobaccos A Mixture

American Tobacco, Lorillard and Philip Morris were in a stand-off position, in terms of buying and selling fund managements. In Reynolds Tobacco, the number of shares bought and sold was in absolute balance, but the number of selling managements outweighed the buying managements.

## DISFAVORED GROUPS

### Aluminums Remain Dull

As in the preceding quarter, Alcoa, Kaiser & Reynolds were more sold than bought. Of Alcoa, MIT reduced its holdings by 15,000 shares. Of Kaiser, Selected American closed out its 10,000 shares and Madison Fund its 2,800 shares, whereas One William Street added on 20,000 shares. Large sellers of Reynolds were Chemical Fund (all 16,500), Fidelity (all 15,400) and Incorporated Investors (13,400). Only in Aluminium Ltd. buyers again outnumbered sellers by six to two; the largest buyer was the United Funds Group (23,000), the largest seller Dreyfus (all 20,000).

### Hard Riding for Automotives

General Motors remained more sold than bought. Its eight sellers were led by National Securities Stock Series (51,700) and Consolidated Investment Trust (10,400), followed by Dominick (all 10,000), although Dreyfus added 31,000 shares and Investors Mutual 15,000. In the only transaction in Chrysler, Axe "A" reduced its holdings by 1,000 shares. On the other hand, Ford found seven buying managements and also five sellers; among the sellers, Incorporated Investors bulked large with a close-out of its 43,800 shares and Fidelity Fund with a reduction by 27,600 shares. American Motors had a single buyer in Blue Ridge (12,000 newly).

### Rubber and Tires Deflated

While in the June quarter only Goodyear was more sold than bought, in the September quarter it was joined therein by Firestone, Goodrich and U. S. Rubber. Sellers outnumbered buyers of Goodrich by eight to three, while in the case of Goodyear, the ratio was five to one, and Firestone had only two sellers without any buyers. A particularly large seller of Firestone was Incorporated Investors (57,200). Of Goodyear, Wellington sold 95,000 shares, Fundamental Investors 48,000 and Incorporated Investors 30,900 shares. Only in General Tire & Rubber there were three buyers against one seller.

### Steels Not Well Regarded

The number of fund managements selling steel stocks increased significantly over the June quarter. U. S. Steel, bought by eight and sold by seven managements in the June quarter, this time showed the reverse ratio. Its largest seller was State Street (24,000), its largest buyer One William Street (25,000 newly). Of Jones & Laughlin, Fundamental was the largest seller (43,000); of Republic Steel, it was Fidelity Fund (10,000), although Wellington Fund, the sole buyer, added on 38,500 shares. Youngstown had its largest seller in Incorporated Investors (17,500), with One William Street the only buyer (5,000). Among the minority of steel stocks more bought than sold, Bethlehem Steel was acquired by National Securities Stock Series (15,000) and some others, while heavy selling came in from the United Funds Group (all 82,000), State Street (41,000) and Fidelity (all 27,500).

### Textile and Rayon Remain In Disfavor

Here, American Viscose was sold by three managements and bought by none, while Burlington Industries, with three sellers, and J. P. Stevens, with two sellers, had only one buyer each. Of Burlington, Dreyfus eliminated its 35,000 shares; of J. P. Stevens, Eaton & Howard Balanced Fund sold 11,500 shares, although National Securities Stock Series bought 40,000. Only United Merchants & Manufacturers with two buyers had no seller.

## ATTITUDE TOWARDS MISCELLANEOUS ISSUES

Airline stocks, as a group, were in a stand-off position between buying and selling fund managements, in contrast to the moderate buying they had attracted during the June quarter.

High-flying but volatile Polaroid found five buyers, including Dreyfus with an additional 2,200 shares and Wellington with 3,000 shares, and was sold only by Stein Roe & Farnham Balanced Fund, in a 2,000-share close-out. As indicated above, Unilever N.V. was liked once more, with Chemical Fund its largest buyer (16,000), followed by State Street (10,000), although Investment Co. of America reduced its holding by 17,300 shares. The sister stock, Unilever Ltd., was newly acquired by Niagara Share (25,000).

Minnesota Mining & Manufacturing once more failed to attract buying altogether and had a particularly large sale (40,000) coming from Wellington Fund.

In single transactions, Dreyfus Fund favored the brewing industry, making initial purchases of Anheuser Busch (30,000), Canadian Breweries (14,000) and Falstaff Brewing (20,000). Another large single transaction was the sale of 27,300 shares of United Fruit by Affiliated Fund; while Vendo, in the prospering vending machine industry, attracted Wellington Fund with a purchase of 16,300.


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# Balance Between Cash and Investments of 86 Investment Companies (With Aggregate Net Assets of $12.7 Billion) 9-30-60 vs. 6-30-60

## Security Transactions by the 86 Investment Companies During July-September, 1960

| | Net Cash & Governments† Thousands of Dollars —End of— June | Sept. | Net Cash & Governments† Percent of Net Assets —End of— June | Sept. | Investment Bonds and Preferred Stocks* Percent of Net Assets —End of— June | Sept. | Com. Stocks and Lower Grade Bonds & Pfds. Percent of Net Assets —End of— June | Sept. | (In Thousands of Dollars) Portfolio Securities Other than Governments Total Purchases†† | Total Sales** | Of this: Portfolio Common Stocks Total Purchases†† | Total Sales** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Open-End Balanced Funds:** | | | | | | | | | | | | |
| American Business Shares | 4,783 | 4,155 | 18.7 | 16.6 | 30.1 | 31.3 | 51.1 | 52.1 | 1,969 | 1,650 | 669 | 148 |
| Axe-Houghton Fund A | 3,777 | 6,878 | 8.3 | 15.3 | 28.1 | 28.8 | 63.6 | 55.9 | 2,003 | 5,314 | 1,941 | 5,135 |
| Axe-Houghton Fund B | 4,180 | 2,293 | 2.9 | 1.7 | 23.6 | 25.5 | 73.5 | 72.8 | 4,176 | 2,100 | 2,986 | 1,659 |
| Axe-Houghton Stock Fund | ---- | 304 | ---- | 4.2 | §23.5 | 22.3 | §76.5 | 73.5 | 721 | 1,091 | 571 | 1,090 |
| Axe Science & Electronics | 2,524 | b5,355 | 17.7 | b29.2 | 14.7 | b13.9 | 67.5 | b56.9 | 2,542 | 3,871 | 2,292 | 3,871 |
| Boston Fund | 6,908 | 5,347 | 3.0 | 2.3 | ¶40.2 | ¶43.0 | ‡56.8 | ‡54.7 | 6,277 | 1,589 | 2,273 | 1,501 |
| Broad Street Investing | 4,199 | 1,993 | 2.1 | 1.0 | 10.2 | 11.9 | 87.7 | 87.1 | 9,187 | 6,942 | 6,851 | 6,375 |
| Commonwealth Investment | 17,918 | 17,439 | 12.1 | 12.0 | 24.1 | 27.4 | 63.8 | 60.6 | 7,002 | 3,606 | 539 | 2,580 |
| Diversified Investment Fund | 3,518 | 3,170 | 3.8 | 3.4 | 28.9 | 31.7 | 67.3 | 64.9 | 6,834 | 5,542 | 5,013 | 5,526 |
| Dodge & Cox Fund | 330 | 275 | 4.6 | 3.9 | 23.0 | 26.3 | 72.4 | 69.7 | 323 | 182 | 76 | 93 |
| Eaton & Howard Balanced Fund | 29,536 | 28,649 | 15.0 | 14.9 | 19.4 | 21.3 | 65.6 | 63.8 | 8,798 | 6,275 | 3,917 | 5,390 |
| General Investors Trust | 2,251 | 2,132 | 19.3 | 17.7 | 20.6 | 25.0 | 60.1 | 57.3 | 1,009 | 291 | 435 | 291 |
| Group Securities—Fully Admin. Fund | 780 | 554 | 7.1 | 5.2 | 22.7 | 23.8 | 70.2 | 71.0 | 323 | None | 323 | None |
| Institutional Foundation Fund | 1,156 | 1,545 | 3.5 | 4.5 | 14.8 | 16.6 | 81.7 | 78.8 | 2,183 | 832 | 1,270 | 583 |
| Investors Mutual | 21,015 | 25,296 | 1.4 | 1.7 | ¶35.6 | ¶36.9 | ‡63.0 | ‡61.4 | 44,620 | 15,881 | 26,114 | 10,977 |
| Johnston Mutual Fund | 1,420 | 1,805 | 10.0 | 12.3 | 10.8 | 11.6 | 79.2 | 76.1 | 2,156 | 979 | 1,632 | 973 |
| Knickerbocker Fund | 102 | 307 | 0.8 | 2.6 | 6.1 | 4.5 | 93.1 | 92.9 | 403 | 740 | 403 | 528 |
| Loomis-Sayles Mutual Fund | 20,573 | 16,441 | 26.4 | 21.2 | 14.4 | 13.9 | 59.1 | 64.9 | 13,627 | 4,895 | 9,921 | 3,484 |
| Massachusetts Life Fund | 6,670 | 997 | 11.1 | 1.7 | 27.1 | N.A. | 61.8 | N.A. | 3,122 | 902 | 795 | 902 |
| Mutual Investment Fund | 1,312 | 1,814 | 4.4 | 6.1 | 12.6 | 13.6 | 83.0 | 80.3 | 975 | 443 | 536 | 269 |
| National Securities—Income | 1,125 | 1,591 | 1.5 | 2.2 | 14.1 | 15.0 | 84.4 | 82.8 | 3,144 | 2,867 | 2,333 | 1,856 |
| Nation-Wide Securities | 1,953 | 1,586 | 5.7 | 4.7 | 32.0 | 33.3 | 62.3 | 62.0 | 2,360 | 1,966 | 2,157 | 1,966 |
| New England Fund | 3,826 | 4,248 | 25.5 | 25.0 | 19.6 | 18.3 | 54.9 | 56.7 | 173 | 82 | gNone | 82 |
| Putnam (George) Fund | 13,216 | 8,305 | 6.2 | 4.0 | 21.4 | 23.6 | 72.4 | 72.4 | 15,191 | 11,413 | 7,769 | 5,586 |
| Scudder, Stevens & Clark Fund | 6,978 | 5,537 | 9.0 | 7.4 | 28.1 | 28.7 | 62.9 | 63.9 | 4,584 | 4,681 | 2,890 | 834 |
| Shareholders' Trust of Boston | 10,152 | 7,954 | 23.6 | 18.3 | 25.8 | 32.0 | 50.6 | 49.7 | 8,293 | 5,574 | 3,816 | 3,286 |
| Stein Roe & Farnham Balanced Fund | 6,301 | 6,302 | 13.6 | 13.6 | 21.7 | 26.9 | 64.7 | 59.5 | 4,085 | 2,410 | 1,538 | 2,173 |
| Value Line Fund | 352 | 512 | 4.0 | 6.4 | 1.3 | 1.2 | 94.7 | 92.4 | 259 | 532 | 259 | 532 |
| Value Line Income Fund | 1,368 | 1,528 | 1.7 | 1.9 | 4.0 | 3.0 | 94.3 | 95.1 | 4,770 | 5,014 | 1,166 | 2,720 |
| Wellington Fund | 154,870 | 145,931 | 14.5 | 13.8 | 25.2 | c27.3 | 60.3 | c58.6 | 75,800 | 41,955 | 49,035 | 39,753 |
| Whitehall Fund | 601 | 152 | 5.1 | 1.3 | 41.1 | 47.4 | 53.8 | 51.3 | 1,284 | 877 | 441 | 544 |
| **Sub-Total Open-End Bal. Funds** | 333,694 | 310,395 | 9.1 | 8.8 | 21.4 | 22.2 | 69.4 | 69.0 | 238,193 | 140,496 | 140,011 | 110,707 |
| **Open-End Stock Funds:** | | | | | | | | | | | | |
| Aberdeen Fund | 219 | 223 | 1.3 | 1.4 | None | None | 98.7 | 98.6 | 566 | 239 | 566 | 239 |
| Affiliated Fund | 79,885 | 84,407 | 13.4 | 14.6 | 0.4 | 0.3 | 86.2 | 85.1 | 13,715 | 11,542 | 13,715 | 11,414 |
| Blue Ridge Mutual Fund | 3,295 | 3,148 | 9.8 | 10.0 | None | None | 90.2 | 90.0 | 1,455 | 1,148 | 1,455 | 1,148 |
| Bullock Fund | 7,491 | 8,307 | 13.5 | 15.3 | None | None | 86.5 | 84.7 | 3,194 | 2,652 | 3,194 | 2,652 |
| Chemical Fund | 5,585 | 3,753 | 2.1 | 1.5 | 1.1 | 2.2 | 96.8 | 96.3 | 13,321 | 9,724 | ‡‡10,350 | ‡‡9,430 |
| Delaware Fund | 8,974 | 8,253 | 9.6 | 9.0 | 2.1 | 4.5 | 88.3 | 86.5 | 12,968 | 10,192 | 11,264 | 9,555 |
| de Vegh Mutual Fund | 559 | 960 | 2.9 | 5.2 | N.A. | 0.6 | N.A. | 94.2 | 4,107 | 4,258 | 3,990 | 3,220 |
| Dividend Shares | 30,543 | 27,106 | 11.4 | 10.5 | None | None | 88.6 | 89.5 | 12,008 | 8,072 | 12,008 | 8,072 |
| Dreyfus Fund | 10,697 | 22,699 | 7.8 | 15.6 | 0.8 | None | 91.4 | 84.4 | 17,189 | 12,259 | 17,189 | 12,259 |
| Eaton & Howard Stock Fund | 17,910 | 16,550 | 11.2 | 10.8 | None | None | 88.8 | 89.2 | 6,906 | 3,633 | 4,879 | 2,333 |
| Energy Fund | 420 | 144 | 3.4 | 1.2 | 0.3 | 0.3 | 96.3 | 98.5 | 2,486 | 803 | 2,486 | 803 |
| Fidelity Fund | 55,115 | 52,887 | 14.3 | 14.5 | 4.2 | 5.8 | 81.5 | 79.6 | 30,339 | 21,795 | 17,822 | 19,570 |
| Fundamental Investors | 10,331 | 12,805 | 1.8 | 2.3 | 0.1 | 0.1 | 98.1 | 97.6 | 17,704 | 15,764 | 17,704 | 15,764 |
| General Capital Corp. | 94 | 60 | 0.5 | 0.3 | None | None | 99.5 | 99.7 | None | 79 | None | 79 |
| Group Securities—Com. Stock Fund | 977 | 911 | 1.4 | 1.3 | None | None | 98.6 | 98.7 | 2,863 | 859 | 2,863 | 859 |
| Guardian Mutual Fund | 2,708 | 3,103 | 29.0 | 32.9 | 1.5 | 1.3 | 69.5 | 65.8 | 1,354 | 1,342 | 1,354 | 1,276 |
| Incorporated Investors | 20,798 | 30,767 | 6.8 | 11.0 | 0.9 | 0.9 | 92.3 | 88.1 | 17,346 | 27,059 | 17,346 | 26,889 |
| Institutional Investors Mutual Fund§§ | 3,596 | 3,261 | 7.2 | 6.7 | None | None | 92.8 | 93.3 | 2,878 | 348 | 2,878 | 348 |
| Investment Co. of America | 21,067 | 30,151 | 12.1 | 17.6 | 0.9 | 0.8 | 87.0 | 81.6 | 6,766 | 9,951 | 6,766 | 9,796 |
| Investment Trust of Boston | ---- | ---- | ---- | ---- | §5.2 | §3.1 | §93.6 | §95.3 | 5,562 | 4,458 | 5,562 | 3,990 |
| Lazard Fund | 13,844 | 13,212 | 10.4 | 11.0 | None | None | 89.6 | 89.0 | N.A. | N.A. | N.A. | N.A. |
| Massachusetts Investors Trust | 24,641 | 27,192 | 1.6 | 1.9 | None | None | 98.4 | 98.1 | 27,375 | 18,176 | 27,375 | 18,176 |
| Massachusetts Investors Growth Stock | 14,435 | 16,485 | 3.9 | 4.6 | None | None | 96.1 | 95.4 | 13,668 | 3,328 | 13,668 | 3,328 |
| National Investors | 5,255 | 1,939 | 3.2 | 1.2 | 1.8 | 1.3 | 95.0 | 97.5 | 19,037 | 6,349 | 19,037 | 6,349 |
| National Securities—Stock | 3,126 | 3,494 | 1.7 | 2.0 | None | None | 98.3 | 98.0 | 8,824 | 6,678 | 8,824 | 6,678 |
| One William Street | 12,925 | 11,981 | 4.8 | 4.8 | 0.4 | 0.4 | 94.8 | 94.8 | a11,260 | a14,941 | 11,260 | ‡‡14,162 |
| Pine Street Fund | 1,477 | 1,777 | 8.5 | 10.6 | 3.2 | 3.3 | 88.3 | 86.1 | 580 | 623 | 580 | 623 |
| Price (T. Rowe) Growth Stock | 4,386 | 4,637 | 13.0 | 13.3 | 0.6 | 0.6 | 86.4 | 86.1 | 3,315 | 839 | 3,315 | 839 |
| Scudder, Stevens & Clark—Com. Stk. | 1,102 | 1,460 | 3.1 | 4.3 | None | None | 86.9 | 95.7 | 1,483 | 558 | 1,483 | 558 |
| Selected American Shares | 8,852 | 8,720 | 8.8 | 9.3 | 1.8 | 1.9 | 89.4 | 88.8 | 31,926 | 30,316 | 6,468 | 5,530 |
| Sovereign Investors | 15 | 52 | 0.4 | 1.4 | 3.1 | 3.2 | 96.5 | 95.4 | 127 | 49 | 127 | 49 |
| State Street Investment | 9,977 | 16,930 | 5.1 | 9.0 | 1.7 | 0.9 | 93.2 | 90.1 | 4,630 | 13,647 | 4,630 | ‡‡12,050 |
| Stein Roe & Farnham Stock Fund | 434 | 494 | 3.3 | 3.6 | 1.2 | 1.0 | 95.5 | 95.4 | 2,048 | 729 | 1,984 | 729 |
| Texas Fund | 868 | 910 | 2.3 | 2.6 | 0.2 | 0.8 | 97.5 | 96.6 | 711 | 983 | 711 | 983 |
| United Accumulative Fund | 14,038 | 24,615 | 3.9 | 6.8 | 5.6 | 6.0 | 90.5 | 87.2 | 16,699 | 12,154 | 16,699 | 11,161 |
| United Continental Fund | 2,753 | 2,308 | 6.7 | 5.7 | 1.2 | 1.4 | 92.1 | 92.9 | 3,702 | 2,954 | 3,316 | 2,606 |
| United Income Fund | 14,200 | 13,413 | 5.8 | 5.6 | 2.8 | 3.2 | 91.4 | 91.2 | 16,097 | 13,838 | 16,097 | 9,442 |
| United Science Fund | 2,687 | 4,406 | 1.9 | 3.3 | 0.9 | 1.1 | 97.1 | 95.6 | 9,244 | 4,808 | 9,091 | 4,808 |
| Value Line Special Situations | 107 | 425 | 0.9 | 3.8 | None | None | 99.1 | 96.2 | 846 | 812 | 532 | 705 |
| Wall Street Investing | 631 | 300 | 6.3 | 3.1 | 10.7 | 14.0 | 83.0 | 82.9 | 469 | 70 | 192 | 70 |
| Wisconsin Fund | 1,753 | 1,699 | 10.7 | 10.8 | 2.3 | 1.6 | 87.0 | 87.6 | 853 | 721 | 853 | 572 |
| **Sub-Total Open-End Stock Funds** | 417,764 | 465,944 | 6.8 | 7.4 | 1.7 | 1.5 | 91.4 | 91.0 | 345,621 | 278,750 | 299,633 | 239,114 |
| **Total Open-End Funds** | 751,458 | 776,339 | 7.8 | 8.0 | 10.2 | 10.5 | 81.9 | 81.4 | 583,814 | 419,246 | 439,644 | 349,821 |
| **Closed-End Companies:** | | | | | | | | | | | | |
| Adams Express | 3,852 | 4,004 | 4.1 | 4.6 | 0.7 | 0.8 | 95.2 | 94.6 | 496 | 584 | 405 | 534 |
| American European Securities | 2,647 | 3,680 | 14.3 | 20.9 | 0.8 | None | 84.9 | 79.1 | 1,978 | 2,740 | 1,799 | 2,704 |
| American International | 2,346 | 2,265 | 5.9 | 6.1 | 1.2 | 1.3 | 92.9 | 92.6 | 343 | 345 | 283 | 345 |
| Carriers & General | 1,577 | 1,808 | 8.4 | 10.1 | 1.1 | 0.5 | 90.5 | 89.4 | 461 | 673 | 461 | 569 |
| Consolidated Investment Trust | 4,082 | 4,106 | 6.1 | 6.6 | None | None | 93.9 | 93.4 | 2,817 | 2,943 | 2,817 | 2,946 |
| Dominick Fund | 3,116 | 3,221 | 8.1 | 9.0 | 3.3 | 3.4 | 88.6 | 87.6 | 1,864 | 1,953 | 1,864 | 1,953 |
| General American Investors | 4,356 | 5,155 | 8.3 | 10.2 | 1.7 | 1.9 | 90.0 | 87.9 | 390 | 1,212 | 390 | 1,212 |
| General Public Service | 6,031 | 6,772 | 11.9 | 14.1 | 0.1 | 0.1 | 88.0 | 85.8 | a1,324 | 1,764 | 1,324 | 1,764 |
| Lehman Corp. | 10,143 | 13,372 | 3.3 | 4.7 | 0.1 | 0.1 | 96.6 | 95.2 | 4,604 | 7,735 | 4,694 | 7,735 |
| Madison Fund | 2,176 | 8,333 | 5.8 | 6.2 | 1.5 | 7.0 | 92.7 | 86.8 | 22,864 | 22,259 | ‡‡22,640 | 22,259 |
| Niagara Share | 4,822 | 4,489 | 7.7 | 7.7 | 3.1 | 3.4 | 89.2 | 88.9 | 1,280 | 1,520 | 1,280 | 1,520 |
| Overseas Securities | ---- | ---- | ---- | ---- | §14.7 | §15.9 | §70.2 | §67.6 | 119 | 113 | ‡‡107 | 113 |
| Tri-Continental | 5,519 | 5,066 | 1.3 | 1.3 | 11.0 | 11.7 | 87.7 | 87.0 | 10,148 | 8,[illegible]46 | 8,501 | 6,985 |
| U. S. & Foreign Securities | 12,234 | 12,238 | 11.6 | 12.5 | None | None | 88.4 | 87.5 | 715 | 1,474 | 715 | 1,474 |
| **Total Closed-End Companies** | 68,901 | 74,509 | 6.9 | 8.1 | 2.8 | 3.3 | 89.2 | 87.4 | 49,403 | 53,8[illegible]4 | 47,190 | 52,163 |
| **Grand Total** | 820,359 | 850,848 | 7.7 | 8.1 | 9.1 | 9.4 | 83.2 | 82.5 | 633,217 | 473,110 | 486,834 | 401,934 |

†Including corporate short-term notes where so included by reporting investment company; also other assets. *Investment bonds and preferred stocks: Moody's Aaa through Ba for bonds; Fitch's AAA through BB for preferreds (or approximate equivalent). ¶Bonds and preferreds irrespective of quality classification. ‡Common stocks only. §In per cent of gross assets or total securities ††Cost of purchases. **Proceeds from sales. ‡‡Estimated. §§Owned by 81 savings banks, etc. in New York State. a Exclusive of corporate short-term notes. b After merger of Missiles-Jets & Automation Fund. c As of Sept. 1, 1960. g But took over $1,561,000 worth of common stocks through a corporate acquisition.

## —SUMMARY—

CHANGES IN CASH POSITION OF 86 INVESTMENT COMPANIES SEPT. 30, 1960 vs. JUNE 30, 1960

| | Plus | Minus | Approx. Unchanged | Total |
|---|---|---|---|---|
| OPEN-END COMPANIES: Balanced Funds | 10 | 17 | 4 | 31 |
| Stock Funds | 23 | 9 | 9 | 41 |
| CLOSED-END COMPANIES | 10 | 0 | 4 | 14 |
| Totals | 43 | 26 | 17 | 86 |

AVERAGE ALLOCATION BY 86 COMPANIES OF ASSETS TO CASH AND EQUIVALENT, DEFENSIVE SECURITIES, AND RISK SECURITIES

| | June 30, 1960 | Sept. 30, 1960 |
|---|---|---|
| Net cash, etc, and Governments | 7.7% | 8.1% |
| Defensive securities (investment bonds and preferreds) | 9.1 | 9.4 |
| Risk securities (common stocks plus lower grade bonds and pfds.) | 83.2 | 82.5 |
| Totals | 100.0% | 100.0% |

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## AS WE SEE IT *Continued from page 1*

President, a life-long soldier, is quite definite in his belief that we are. Others, of course, are entitled to their own opinion. What the rank and file—or even the matriculate—in India, Australia, Argentina or the Congo think about the matter is another question which also is very difficult to answer with assurance. The facts will not, in any event, be bared in any such political debate as is now going on.

**Industrial Capacity**

Another aspect of the matter has to do with the relative capacities of the industries of the United States and Russia. Here the argument is largely concerned with the relative rate of advance in recent years. No one has suggested so far as we are aware that the Soviets have as yet overtaken us in the production of goods and services. It is, however, often asserted that Russia has of late years been growing at a much more rapid rate than have we and that it is but a question of a relatively short period of time before she will overtake us. Here again the arguments run fully as much to what the peoples of the world think of all this as to the actual capacities of the two countries. There have been a number of studies—none of which appear quite convincing to us—of the rate of industrial growth in Russia in recent years—and by comparison the rate that has been attained in this country. The statistics presented in such studies do not appear to us to be worth much confidence, but it probably is true that the rate of growth in Russia has been greater in recent years.

Still another aspect of the matter has to do with the progress in space. It is obvious that the Soviets have rockets with a great deal more thrust than do we. They have been "first" in numerous feats in outer space. Of course, at this moment we have nothing to match their moon shots and, apparently, nothing to match their recovery of animals from outer space. There can be no doubt that all this has greatly impressed many peoples of the world, and left the impression that we lag badly behind Russia—and the propaganda experts of the Kremlin intended that they should. But in real investigations of the laws of the universe and of the composition of space, we have not lagged. Indeed, it is said by those who ought to know, that our program in this aspect of the matter has far outshone that of the Soviets. It is probably true that the purposely spectacular performances of the Kremlin have greatly impressed the great rank and file of the world and thus very likely added to the "prestige" of Russia a good deal more than have our more carefully planned and more prosaic performances.

**How Important?**

Now just how important are all these developments—important, that is, to ability to cope with the imperialistic communists of the world? We may as well face the fact that the Kremlin has consistently outmatched us in the field of propaganda—and in the strategy of impressing some men's minds. It sometimes has appeared that we could not have been more inept in our poses before the world, and in our various steps which had a direct bearing upon what the great rank and file of the peoples of the world thought of us. It does seem a pity that it is necessary to waste energy in "putting on a show" which should be devoted to solid achievements, but that seems to be the way the world is made and, if we are to keep abreast of the propaganda specialists of the Kremlin, such a real waste of time and energy may be essential.

But fully as serious as any of these aspects of the current situation and closely related thereto is another matter. We have undertaken to be the "leader" of the free world—to fill the "vacuum" left by the decline in the power and position of the British Empire, as some are fond of putting it. At the end of World War II we were, of course, by all odds the most powerful nation in the world—powerful not only in a military sense but in an industrial sense as well. The magnitude of our lead over all other nations was so great, and our generosity so great in lending a helping hand to other countries, some of them recent enemies, that we inevitably stood out as the "leader" in many senses of the term. A good deal of water has been over the dam since those days, and it was, of course, inevitable that the margin of our supremacy would shrink. It has, although among the free nations of the world we still stand out as the largest and most powerful by a wide margin.

But the question is whether we still have sufficient influence over the other first rate powers and can command sufficient confidence from them to act as the leader in a situation where joint action is essential in the conflict with world communism. Here the future only can tell. Reports come from Britain and France that they, old world powers that they are, are all too often inclined to view us as "Johnny-come-latelies" in the area of world politics. We are, of course, not prepared to say precisely what the situation in this respect is, but it seems highly likely that our influence upon some of the powers is something less than we could wish it to be.

But lest some one suppose that this is a really valid political question let him remember that most of the decline in our relative status came before 1952, and, of course, young countries like that of Russia normally grow faster than the older ones.

# Income Tax Pointers for Present Security Market

*Continued from page 7*

specific stock, also at a set price on or before a specified date.

*What Are the Tax Rules on Puts and Calls?*

A put or call option may be sold, exercised, or allowed to expire by the buyer. The sale of the option results in capital gain or loss which will fall into either the over-six-month basket or the under-six-month basket.

If a call is exercised, the cost of the call is added to the cost of the stock. The holding period of the stock begins on the day after such exercise. If a put is exercised, the cost of the option is deducted from the sales proceeds.

If a put or call option is not exercised, the cost will be a capital loss to be included in either the over-six-month category or the under-six-month group.

From the seller's point of view, if the put or call expires unexercised, the amount received by the issuer is ordinary income upon expiration. If the put is exercised, the amount received by the issuer reduces the cost of the securities he is required to purchase. If the call is exercised, the amount received by the issuer is added to the proceeds of the sale.

*What Is the Situation With Tax-Exempt Securities?*

The bonds of states, counties, municipalities, school districts and similar public bodies pay interest rates somewhat lower than those of business corporations. Yet many investors are eager to buy them. Why?

The interest on these bonds is free from Federal income tax. A rate of 3% on a bond would mean a net, after-tax return of the same 3%. But if the taxpayer were in the 75% bracket, the 3% is equivalent to a 12% return on a taxable bond. Put differently, in the 75% bracket, only 1½% is the net after-tax yield on a taxable bond paying 6%. As the tax bracket rises, so does the benefit of tax-exempt securities.

*What Is the Treatment of Capital Gains From Regulated Investment Companies?*

Some companies provide their stockholders with a tax advantage by designating the amount of undistributed capital gains which the stockholders report as long-term gains. This does not ordinarily cost the stockholder any tax since a 25% credit is allowed for the amount of the gain included. And, in addition, the cost of the investment company stock is increased by the remaining 75% of the capital gain.

*How Can Dividends Be Converted Into Capital Gains?*

Because of the 25% tax limit on over-six-month profits, it is natural for people in high brackets to try to get that sort of profit rather than regular income. Here is a way to accomplish this: Suppose Jones, in the 91% bracket, has 100 shares of over-six-month preferred stock that costs him $100 a share. The stock is now worth $160 a share because of an accumulation of $60 of dividends which are about to be cleaned up. If he receives the $6,000 of dividends, he will have to part with 91% or $5,460, less $240 (4% of $6,000), or $5,220.

However, by selling the stock at 160 before the ex-dividend date (that is, at least four full business days before the dividend "record" date), he gets the same $6,000 but it is now in the form of profit from the sale of over-six-month stock. His tax on the $6,000 is, therefore, only 25% or $1,500, instead of $5,220—a saving of $3,720. If he still wants to maintain his position in the preferred stock, he can step right back into the market after the dividend date and buy 100 shares. That puts him back to where he started stock-wise, but ahead of the game by $3,720 tax-wise.

*How Are Wash Sales Treated?*

If an investor sells stock at a profit, and then buys the stock right back, the profit is taxed. Not so with losses. There is a rule that says that no loss will be allowed on a sale, if, within 30 days before or after the sale, the same security is bought. This is known as a wash sale. The tax effect is as if the sale never took place.

*How Can Securities Be Specifically Identified?*

Suppose Jones buys 100 shares of stock in 1958 at 70, and another 100 in 1959 at 80. In 1960 he sells 100 at 75. Does he have a five point profit or a five point loss? Or is he even? It all depends. If he delivers the 1959 certificate costing 80, he has a five point loss. If he delivers the 1958 certificate costing 70, he has a five point profit, or he can deliver half of each purchase and come out even. He can make his own selection of certificates, and so he can control whether to have a profit, a loss, or a break-even result.

The same result holds good if he instructs his broker at the time of the sale whether he wants to sell the 1958 block or the 1959 block. His instructions will control.

If he says nothing, and the certificates cannot be identified, the rule is that the 1958 block is sold first, because it was bought first.

*What Are the Rules on Commissions and Other Expenses?*

Purchase commissions are additions to the cost of securities, and sales commissions are deductions from their sales price. Commissions, therefore, affect only the profit or loss on a sale. State transfer taxes can be taken as a regular deduction. It is an advantage to have a regular deduction because it can mean 91% saving in tax. As a reduction of profit or an increase in loss on a sale, the tax effect is limited to the tax rate that applies to the profit or loss.

Interest on a debit balance in a brokerage account is deductible, if it is actually paid to the broker. The mere interest charge by a broker is not enough to give the deduction to anyone who makes his return on the basis of cash coming in and going out. However, credits to the customer's account for interest, dividends, and sales proceeds of the customer's securities are the same as so much cash paid by the customer.

Dividends and premiums on short sales are deductible. Other deductions include cost of investment advisory services, subscriptions to investment literature, rent of safe deposit boxes, custodian fees, office expenses, and cost of professional services for preparing or defending tax returns.

**The Corporate Investor**

*What Special Provisions Apply Only to Corporate Investors?*

In the case of over-six-month securities, individual investors have the choice of paying 25% of the profit or reporting one-half the profit as regular income. Corporate investors have the choice of paying 25% or reporting the full profit as regular income.

Also, while in the case of individuals, up to $1,000 of net security losses can be immediately deducted from other income, no such deduction can be taken by corporations. All that a corporation can do with the net losses is to carry them forward for five years until absorbed by security profits. If there are no security profits in the five-year period, no tax benefit is derived from the losses.

In the case of an individual, mention was made of the desirability of minimizing dividend income in favor of capital gains. A corporation, however, is better off with dividends than any other type of taxable income, even including capital gains. That is because they generally pay less than 8% tax on dividend income.

Accordingly, while in the case of individuals there is an advantage in selling stock before the dividend date and buying it back afterwards, in the case of a corporation it is just the opposite—there is an advantage in buying stock before the dividend date and selling afterwards.

However, quick in and out turns by corporations are restrained. The stock must be owned more than 15 days to get the 8% rate on dividends. Otherwise the rate goes up to 52%. With preferred stock paying back dividends of over a year, the holding must be at least 90 days. The rate is also up to 52% if a corporation is long and short the same stock on a dividend date.

**Timing of Year-End Sales**

*When Are Sales of Securities at the Year-end to Be Reported?*

Year-end tax selling, whether to take profits or establish losses, is a familiar occurrence. Timing is important, or else a transaction intended to affect 1960 taxes may turn out to be a 1961 item, and vice versa. The reason for this is the interesting rule that to a taxpayer reporting on the basis of cash coming in and going out, profits are not considered realized for tax purposes until the securities sold are delivered to the buyer. Losses, on the other hand, are deemed to be sustained when the sale is made on the floor of the Exchange, regardless of the time of certificate delivery.

As the various exchanges in New York have a four business-day delivery rule, the latest day to take profits for inclusion in 1960 returns is Friday, Dec. 23. Securities sold on the next business day, Tuesday, Dec. 27, will not be delivered until Tuesday, Jan. 3, 1961, and the profit will, therefore, be a 1961 item. Between Dec. 27 and 30, securities can be sold for "cash" instead of the regular four-day delivery, and in that way profits can still be established for 1960. In the case of losses, they can be taken by sales made right up to the end of the year.

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# SECURITY SALESMAN'S CORNER

*BY JOHN DUTTON*

## Something No Security Salesman Should Ever Forget

There are still some laws that hold true in the investment business despite much of the current over-emphasis on so-called miracle stocks. Every period of excess in the securities markets has eventually been corrected. It happened to the over-inflated utility holding company promotions, the bank stocks, radio stocks, aircrafts, end even natural gas promotions in the late twenties. No matter how big the noise and how strong the emotional promotions, sooner or later wild and extravagant prices for securities are reduced to realism once again. It is already happening in some of the much favored glamor items during the current reactionary market. We haven't seen the end of it yet. There will be many casualties from out of the welter of overpriced promotional underwritings and bail-outs of the past several years. Whether the time is near at hand or quite distant is not definable, but the eventual windup will follow history.

**Now About Investors**

There may be some of you salesmen who are still trying to cultivate investment accounts. Possibly you are attempting to retain them and find it not too easy to guide these people along sensible and sane pathways amid all this chatter about growth, space, science, and frivolity. Maybe you too are becoming indoctrinated. There is a current saying that if you are over 35 you haven't made any money during the past ten years in the stock market. Possibly I am one of those, but I still believe that my little mission in life is to help people protect capital and secure some livable income, and that I am not a tout for a gambling syndicate, a picker of "free rides" for seekers of new issues or a financial "Buck Rogers."

There are a few million people in this country who clip coupons and live off of their dividend checks. Some of these people, I will admit, are also over thirty-five and they want to be as certain as possible that a few years from now they won't end up with a box full of glamor stocks that they bought at from fifty to a hundred times earnings that have become nearly worthless. I would like to remind you salesmen that the theory of diversification that we used to place near the top of the page when we studied our catechism about how to manage an investment account still holds. This is: industrial diversification, geographic diversification, diversification as to type of securities between bonds, preferred and common stocks, and company diversification. It is still as important as ever in my book. During times of wildly inflated common stock prices, when the public is avidly gambling for capital gains, and the economy is spinning at new highs, THIS IS THE TIME FOR INVESTORS TO INSIST UPON VALUE AND TO DIVERSIFY.

**Don't Forget This**

Several years ago I set up a program for a retired couple in their late sixties. They held four good common stocks which at that time appeared almost impregnable. After much effort on my part, I finally persuaded them to sell three of the four stocks and put the proceeds into a balanced mutual fund. It wasn't easy and I earned the commission. I think I had three interviews with them. Then I had to resell them on the fund regularly about every three months.

One stock they would not sell because of a sentimental attachment they had for it namely, the husband had been an employee of the company for many years. Despite the then darkening outlook in the areas of the company's operations, these people would not think of selling. "Nothing could ever happen to their company." They kept about 25% of their life savings in that stock, the rest fortunately went into this sound, well managed, balanced mutual fund. The other day I received a call from them. For the past several years they have nervously been watching their investment erode away. Now they call me and ask what to do. And what can I tell them? Can I say, "I told you so!" That would be both poor salesmanship and cruel. Can I give them an opinion now that the stock is selling at less than a third of the price for which it sold when they bought the mutual fund and diversified their investments? What do you do after someone has stolen the horse and it is too late to lock the barn door?

Remember, when people lose their capital today they are through. The current confiscatory tax laws make it almost impossible for investors to recoup capital, especially if they are forty and over. The prices of some stocks are still stratospheric despite all this talk that you can't put a slide rule on brains. That may all be well but it is not the job of a security salesman to increase the risk that is inherent in all investing by forgetting that earnings are still earnings, and you have to produce them in a science business just the same as any other business.

Experience is a hard school—but millions learn no other way.

# Stephan Stock Is Marketed

Public offering of 150,000 shares of common stock of The Stephan Co. at a price of $4 per share is being made today by D. Gleich Co. and associates. The offering marks the initial public sale of the company's common stock.

Net proceeds from the financing will be used by the company for the purchase of packaging equipment and modification of bottling machines; for sales promotion and advertising relative to new products, and the balance of the proceeds will be added to working capital and used to finance an increased finished products inventory.

The Stephan Co., incorporated in Florida in 1952, as the successor of a business originally organized in 1897, is engaged in the manufacture and sale of men's hair lotions, shampoos, after shave preparations and toilet waters. The company's principal product has been and is "Stephan Dandruff Remover Hair Lotion." On June 1, 1960, the company entered into an agreement with a private label manufacturer of cosmetics for the production of certain products for sale under the company's label. These include three new products, a cream hair dressing, an after shave lotion and a wax used as a dressing to control short haircuts.

Headquarters of the company are in Fort Lauderdale, Fla., and its three plants are in Worcester, Mass.; St. Louis, Mo.; and Fresno, Calif. For the seven months ended July 31, 1960, the company had sales of $1,533,109 and net income of $90,967. Upon completion of the current financing, outstanding capitalization of the company will consist of 363,750 shares of common stock, 50 cents par value.

Other members of the offering group are: Laird, Bissell & Meeds, Aetna Securities Corp., Roman & Johnson, Levien, Greenwald & Co., Butcher & Sherrerd.

## Named Director

Harrison C. Reader was elected to the Board of Directors of Telescript, CSP, Inc. at a special meeting of the Board. Mr. Reader has served for the past 6 months as Managing Director of Telescript, a leading manufacturer of electronic equipment for the television industry.

Previous to his association with Telescript, Mr. Reader was Managing Director of Business Development for Federman & Stonehill, a Wall Street brokerage firm. In 1958 he was manager of the Call Loan department of D. H. Blair & Company, a member of the New York Stock Exchange.

## Now Lord & Rodes

PEORIA, Ill.—The firm name of Fund Distributors, Inc., 5617 North Prospect Road, has been changed to Lord & Rodes, Inc.

# Commercial Cred. Notes Offered

The First Boston Corporation and Kidder, Peabody & Co. are joint managers of the group that offered for public sale on Nov. 3 an issue of $50,000,000 Commercial Credit Co. 4¾% notes, due Nov. 1, 1980, at 99% to yield 4.83% to maturity.

The proceeds of the sale will be included in the company's working capital which is used for the purchase of receivables, for advances to or investments in subsidiaries and for reduction of loans.

The new notes may not be redeemed before Nov. 1, 1968. On and after that date, the company may, at its option, redeem the notes at 102%, the premiums scaling down to par after Nov. 1, 1976, with provision for reduction or elimination of premiums under certain conditions.

The business of the company and its subsidiaries consists primarily of specialized forms of financing and insurance. In addition, the company has several manufacturing subsidiaries. The finance companies collectively are one of the three largest enterprises in the United States engaged in the business of acquiring instalment obligations, deferred payment obligations and accounts receivable.

## Joseph Braunstein With Richard E. Kohn & Co.

NEWARK, N. J.—Joseph Braunstein has become associated with Richard E. Kohn & Co., 20 Clinton Street, members of the New York Stock Exchange.

Mr. Braunstein will be a customers' representative with the firm, specializing in tax planning and estate planning. A lawyer with many years of experience in private practice, he has been a mortgage broker and also administrative Vice-President of Charlex Realty Corporation, now part of General Development Corporation.

## Now Wm. Jennings Co.

TENAFLY, N. J.—The firm name of Unitas Investors Co., Inc., 46 West Clinton Avenue, has been changed to William Jennings & Co., Inc. William J. Lippman is a principal.

## Harstan Management

Harstan Management Associates, Inc. is engaging in a securities business from offices at 300 Central Park West, New York City. Stanton W. Felt III is a principal of the firm.


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### By JOHN DUTTON

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# STATE OF TRADE AND INDUSTRY

*Continued from page 4*

exist, steel producers are not likely to raise prices, even in the face of higher costs in the next two months.

On the price front, the magazine reports these developments:

Tinplate users have not been notified of any price increase. Producers usually notify their customers 35 days in advance of any price change.

Some stainless steel prices were cut in the past two weeks in competitive moves to increase business.

Price cutting is reported by converters on reinforcing bars and some structural steel products.

Some automotive tonnage has been set back from November to December. This means the large automotive users are at least fairly confident there will be no general price increase.

On the tinplate situation, the magazine comments that producers have high inventories. Producers point out they could ship through December with tinplate that had been produced before the Dec. 1 wage increase.

The magazine points out price comments are based on the assumption that a major upsurge in steel demand will not take place this year. If and when steel demand reaches a level that will sustain a price increase, steel companies will increase their prices in line with increased costs. This will probably occur when steel operations approach 70% of capacity.

**1960 Metalworking Sales on Way To Record $146 Billion**

This country's largest industry, metalworking, is on its way to a sales record this year despite a sharp business drop in the steel industry *Steel*, the metalworking weekly, said.

It predicts 1960 metalworking sales will approximate $146 billion compared with the record $144.4 billion of 1959. First quarter sales totaled $39.2 billion and second quarter, $38.5 billion. *Steel* estimated third quarter sales at $33.8 billion and fourth quarter at $34.5 billion.

The gain is shaping up because of two things:

(1) The high level of business in all of metalworking in the first quarter.

(2) Continued strength throughout the year in the metal consuming industries which customarily account for 90% of metalworking sales. The remaining 10% comes from the steel industry.

The magazine said the enlarged dollar volume of metalworking sales comes primarily from an increase in physical volume, rather than a rise in price.

This is how *Steel* charts sales progress in four major metalworking areas for the first eight months (latest period for which figures are available):

Fabricators of metal products saw their sales climb.

Machinery sales remained fairly steady.

Transportation equipment sales declined seasonally in late summer.

Primary metals sales went downhill due to the big drop in steel sales.

The magazine expects a modest seasonal increase in the final quarter. Transportation equipment sales, for example, are expected to turn upward as production of 1961 model automobiles accelerates.

November is also expected to bring a modest improvement in steel orders, output and shipments, *Steel* reported. Market analysts predict mill operations will climb 60% of capacity by Nov. 30 and average about 57% for the month (vs. 54% in October).

Last week, steelmakers operated furnaces at 53.2% of capacity, 2.2 percentage points below the previous week's revised rate. Output was about 1,516,000 ingot tons, making October's production about 6.9 million tons.

*Steel's* price composite on No. 1 heavy melting grade of scrap held unchanged at $30.17 a gross ton for the third straight week.

Soviet steel output is edging toward the U. S. level, the magazine reported. We turned out 19.6 million tons in the third quarter; Russia produced 18 million tons. In September, U. S. output was less than 6.5 million tons vs. Russia's 6.1 million tons.

In contrast, last January, we turned out twice as much steel as the Soviet Union. And, in the first quarter, U. S. producers made 34.7 million tons while the Soviet Union produced only 17.7 million tons.

**This Week's Steel Output Based On 51.7% of Jan. 1, 1960 Capacity**

The American Iron and Steel Institute announced that the operating rate of steel companies will average *91.7% of steel capacity for the week, beginning Oct. 31, equivalent to 1,473,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compared with the actual levels of *96.2% and 1,545,000 tons in the week begining Oct. 24.

Actual output for last week beginning Oct. 24, was equal to 54.2% 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 51.7%.

A month ago the operating rate (based on 1947-49 weekly production) was *94.7 and production 1,522,000 tons. A year ago the actual weekly production was placed at 368,000 tons, or *22.9%. At that time the industry was virtually closed down due to a strike of the steel union.

*Index of production is based on average weekly production for 1947-49.

**Electric Output 7.0% Above 1959 Week**

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 29 was estimated at 13,883,000,000 kwh., according to the Edison Electric Institute. Output was 78,000,000 kwh. above that of the previous week's total of 13,805,000,000 kwh. and showed a gain of 905,000,000 kwh., or 7.0% above that of the comparable 1959 week.

**Production of 1961 Cars Exceeds 1960 Record**

Production of 1961 model cars past the 1,000,000- unit mark this week, nearly a month earlier than the same milestone for the 1960 models last year, *Ward's Automotive Reports* said.

*Ward's* said a 2.1% production increase to 149,430 cars in U. S. plants this week from 146,339 last week swelled the 1961 model year production count to 1,068,403.

The statistical agency said the 1,000,000th car was built amidst a general softening in factory overtime but still found this week's volume rising 47.1% above the steel-strike-hit 101,616 for the same week last year.

The softening in "extra hours," started late last week, is observed at General Motors and Ford Motor Co. plants. It reflects a successful buildup in their 1961 model introductory inventory. Chrysler Corp. adjusted its operations several weeks ago, *Ward's* said.

*Ward's* said 32.3% of this week's U. S. car output was devoted to 48,297 compact models, with GM Corp. contributing 26.6%, Ford Motor Co. 33.9%, Chrysler Corp. 11.6% and American Motors and Studebaker-Packard a combined 27.9% of the economy car production.

The reporting service said that while Chrysler Corp. is taking only 12.2% of current weekly car output in the industry, it has contributed 21.0% of all 1961 models produced thus far by virtue of its earlier start on such manufacture.

*Ward's* said GM Corp. scheduled 49.6% of industry volume this week, Ford Motor Co. 29.2%, Chrysler Corp. 12.2%, AM Corp. 7.3% and S-P Corp. 1.7%.

*Ward's* estimated October car output at 615,000 passenger cars for U. S. plants—the second-best October in history but a 9% comedown from the 673,000 originally scheduled for the month. Canceled overtime this week and last accounts for much of the October deficit.

*Ward's* said truck production increased this week as Ford emerged from its model changeover. It added that the 1,000,000th truck of the calendar year has been built.

**Freight Car Loadings for Week Up 4.9% Over 1959 Week**

Loading of revenue freight for the week ended Oct. 22, 1960, totaled 637,311 cars, the Association of American Railroads announced. This was an increase of 29,794 cars or 4.9% above the corresponding week in 1959, which was affected by the nationwide strike in the steel industry, but a decrease of 37,534 cars or 5.6% below the corresponding week in 1958.

Loadings in the week of Oct. 22, were 15,834 cars or 2.4% below the preceding week.

All districts reported increases compared with the corresponding week in 1959 except the Centralwestern and the Southwestern. All districts reported decreases compared with the corresponding week in 1958, except the Northwestern.

There were 11,614 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended Oct. 15, 1960 (which were included in that week's over-all total). This was an increase of 2,766 cars or 31.3% above the corresponding week of 1959 and 4,974 cars or 74.9% above the 1958 week.

Cumulative piggyback loadings for the first 41 weeks of 1960 totaled 438,438 for an increase of 111,658 cars or 34.2% above the corresponding period of 1959, and 227,055 cars or 107.4% above the corresponding period in 1958. There were 55 Class I U. S. railroad systems originating this type traffic in the current week compared with 50 one year ago and 40 in the corresponding week of 1958.

**Intercity Truck Tonnage Down 1.5% Below 1959 Week**

Intercity truck tonnage in the week ended Oct. 22, was 1.5% below the volume in the corresponding week of 1959, the American Trucking Associations, Inc., announced. Truck tonnage was virtually even with that of the previous week of this year — off 0.2%.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

The terminal survey for last week showed increased tonnage over a year ago in 12 localities. Twenty-two points reflected decreased tonnage from the 1959 level. As in other recent weeks, Salt Lake City and Baltimore truck terminals reported the largest gains, up 17.6 and 15.1%, respectively. Sizable year-to-year tonnage decreases were shown at Omaha, Houston and Jacksonville terminals, each more than 10%.

Compared to the preceding week, 10 reporting metropolitan areas registered increased tonnage while 24 areas reported lower tonnage. Boston, New York, and Pittsburgh terminals showed the largest week-to-week changes reporting gains of 10.0% at Boston, 8.4% at New York, and 7.4% at Pittsburgh. Many facilities in Boston and New York were closed down a week ago for the Columbus Day holiday. Otherwise, somewhat more favorable results were found at eastern than at western terminal centers. The pattern of generally declining tonnage in the week-to-week comparison had also been found at this season in previous years.

**Lumber Shipments Were 3.4% Below Production During Week Ended Oct. 22**

Lumber shipments of 448 mills reporting to the National Lumber Trade Barometer were 3.4% below production during the week ended Oct. 22, 1960. In the same week, new orders of these mills were 5.3% below production. Unfilled orders of reporting mills amounted to 26% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 14 days' production at the current rate, and gross stocks were equivalent to 53 days' production.

For the year-to-date, shipments of reporting identical mills were 2.8% below production; new orders were 5.4% below production.

Compared with the previous week ended Oct. 15, 1960, production of reporting mills was 1.4% above; shipments were 3.3% above; new orders were 1.2% below. Compared with the corresponding week in 1959, production of reporting mills was 14.9% below; shipments were 7.8% below; and new orders were 5.4% below.

**Business Failures Rise Again in Week Ended Oct. 27**

Commercial and industrial failures rebounded to 331 in the week ended Oct. 27 from their decline to 270 in the preceding week reported Dun & Bradstreet, Inc. Casualties exceeded considerably the comparable year-ago level of 273 and also the 299 in 1958. Some 10% more businesses failed than in the similar week of prewar 1939 when the toll was 300.

Failures involving liabilities of $5,000 or more climbed to 297 from 248 in the previous week and 242 last year. A milder increase lifted small casualties, those under $5,000, to 34 from 22. Liabilities ran in excess of $100,000 for 39 of the week's casualties as against 32 in the preceding week.

Tolls rose appreciably among manufacturers, up to 63 from 47, among retailers, up to 142 from 118, and among construction contractors, up to 64 from 45. Little change appeared in wholesale trade where casualties edged to 32 from 28 or in commercial service where they dipped to 30 from 32. In all lines except service, mortality exceeded 1959 levels, with the sharpest upturn occurring in construction.

Most of the rise during the week was concentrated in the Middle Atlantic States where failures climbed to 108 from 68, and in the East North Central where the toll jumped to 65 from 35. Small increases were noted in the South Atlantic States, up to 38 from 33, and in New England. Contrasting declines prevailed in four regions, including the Pacific States, off to 69 from 71. There was no change in the Mountain States. More concerns succumbed than a year ago in seven of the nine major regions—the only declines were in the West South Central and New England States.

**Wholesale Food Price Index Edges Up in Latest Week**

The wholesale food price index, compiled by Dun & Bradstreet, Inc., edged up somewhat in the latest week and it was moderately higher than a year ago. On Oct. 25, it rose to $6.01 from the week earlier $5.99, and it was up 1.3% from the $5.93 of the corresponding date a year ago.

Commodities advancing in wholesale cost this week were flour, wheat, lard, cottonseed oil, eggs, potatoes, prunes, steers, hogs, and lambs. Declines occurred in corn, barley, bellies, cocoa, and beans.

The Dun & Bradstreet, Inc. wholesale food price index represents the sum total of the price per pound of 31 raw foodstuffs and meats 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 Down to Another New 1960 Low During the Week**

The Daily Wholesale Commodity Price Index, compiled by Dun & Bradstreet, Inc., dipped to 263.76 (1930-32=100) on Friday, Oct. 28, the lowest level so far this year and the lowest since the 263.13 of May 29, 1950. On Monday, Oct. 31, it moved up fractionally to 263.98, but was below the 264.49 of a week earlier and the 279.33 of the similar date a year ago. The decline reflected primarily lower prices on some grains, hogs, lambs, hides, and rubber.

Heavy supplies and expanded harvesting resulted in a moderate dip in corn prices during the week, but buying was up somewhat. There was a slight decline in oats prices as buying was sluggish; oats supplies were light.

Wheat prices moved up moderately from a week earlier, reflecting reduced offerings and higher export buying; sizable sales of wheat were made to Brazil, Spain, the United Arab Republic, Portugal, and Columbia and exports are expected to continue to expand in the weeks ahead; the domestic buying of wheat lagged behind the prior week. In contrast, rye prices were down fractionally, reflecting heavy stocks in most markets. Supplies of soybeans were heavy, trading was sluggish, and prices remained close to the week earlier.

Flour prices edged up slightly during the week, reflecting moderate gains in domestic buying; exports sales of flour were slow. Both exports and domestic purchases of rice were held at high-levels and prices climbed somewhat; an inquiry for a sizable shipment of rice was made by Pakistan.

Sugar trading was sluggish this week and prices showed no change from a week earlier. Volume in coffee lagged and prices were steady. Although trading in cocoa was close to the preceding week, a slight decline in prices occurred.

Although hog prices picked up at the week-end, they finished fractionally below the prior week; trading in hogs was down somewhat, despite a rise in supplies. A moderate increase occurred in steer prices as supplies were up and buying was sluggish. Lamb prices were down fractionally and trading showed little change from a week earlier.

Prices on the New York Cotton Exchange finished slightly below the prior week despite unfavorable weather conditions in some growing areas. For the season through Oct. 25 exports of United States cotton came to about 657,000 bales, compared with 635,000 last year.

**Cold Weather and Promotions Stimulate Retail Trade**

Cold temperatures in many areas and extensive sales promotions helped consumer buying in the week ended October 26 rose appreciably from the prior week, and over-all retail trade was up fractionally from a year ago. Shoppers were most interested in apparel, furniture, food

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products, and new passenger cars, all of which posted year-to-year increases. While the call for major appliances picked up from a week earlier, sales remained moderately below last year.

The total dollar volume of retail trade in the week ended October 26 was from 1% below to 3% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: Pacific Coast +2 to +6; West North Central and Mountain +1 to +5; East North Central 0 to +4; East South Central —1 to +3; New England —2 to +2; South Atlantic —3 to +1; West South Central —4 to 0; Middle Atlantic —5 to —1.

**Nationwide Department Store Sales Up 4% From 1959 Week**

Department stores sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Oct. 22, 1960, show an increase of 4% over the like period last year. In the preceding week for Oct. 15 a decline of 4% was reported. For the four weeks ended Oct. 22, a 1% increase was reported. The Jan. 1 to Oct. 22 period showed a 2% increase.

According to the Federal Reserve System department store sales in New York City for the week ended Oct. 22 was unchanged over same period last year. In the preceding week ended Oct. 15, sales were 1% less than the same period last year. For the four weeks ending Oct. 22 an 6% increase was reported over the 1959 period, and from Jan. 1 to Oct. 22 there was a gain of 6% above the level achieved in the 1959 period.

# Keller Corp. Com. Stock Marketed

Pursuant to a Sept. 29 offering circular, Caspar Rogers Co., 40 Exchange Place, New York City, publicly offered 74,750 shares of the Keller Corp.'s $1 par common stock at $4 per share.

The company estimates that it will receive net proceeds of approximately $246,650 (after deduction of estimated expenses of $7,500 incurred in connection with the public offering) from the 74,750 shares to be sold by it.

These proceeds will be used in the following priority: (1) To reduce accounts payable $200,000; (2) To pay the note due to Molly B. Hoag $23,600; (3) General corporate purposes $23,050.

Although the company intends to acquire additional property in the future for development of homes and sale to qualified purchasers and has investigated certain specific sites, at this time the company has made no determination as to which, if any, of the properties it has investigated, it might acquire or whether it will acquire any of the properties it has investigated up to the present time. The company will continue to investigate properties as they come to its attention.

The company may require additional financing in the future, but has no present plans for obtaining such financing other than those contained herein.

The company was organized under the laws of the State of Delaware on July 21, 1960, with an authorized capital stock of 1,000,000 shares of common stock of the par value of $1 per share. Its address is 101 Bradley Place, Palm Beach, Fla. Under a Plan and Agreement of Reorganization dated July 22, 1960, prior to or concurrently with the delivery of this stock offering, the company will acquire all of the stock of 21 corporations from Lewis E. Keller, the sole stockholder of said corporations, in exchange for 300,000 shares of common stock of the par value of $1 per share of Keller Corp.

# Mutual Banks Increase Assets And Deposits

**Annual compendium of data and other information on the mutual savings banks, recently published by the industry's Association, report impressive gains in assets and deposits for year ending June 30.**

Increases of $1.1 billion in assets and nearly $1 billion in deposits have been reported by the nation's mutual savings banks for the 12-month period ended June 30, 1960. These and other data for mutual savings banks are contained in the 1960-61 edition of the Directory and Guide to the Mutual Savings Banking Industry, issued recently by the National Association of Mutual Savings Banks.

Other gains for the industry are also indicated, including an increase in the average interest rate paid per bank from 3.19 to 3.49%, a rise in the number of branches from 420 to 449, an increase in number of accounts of nearly 268,000, and an increase in the size of the average account from $1,562 to $1,581. The number of banks declined from 519 to 516, reflecting mergers in Massachusetts, New Hampshire, and New York.

Compiled and published by NAMSB since 1924, the Directory presents data on deposits, number of depositors, assets, general reserve accounts, and number and amount of mortgage loans for each of the 516 banks, and also gives a complete roster of officers and information on current methods and rates for crediting interest.

All information in the 1960-61 Directory is for the period ended June 30, 1960.

The Directory also provides information on NAMSB, its officers, Board of Directors, and executive staff; on the nine state savings banks associations; and the other organizations developed by the banks to provide them with special investment and other services. Page 19 of the Directory presents a summary of mutual savings bank statistics, and page 20 gives current information on savings bank life insurance, an over-the-counter, low-cost insurance sold by nearly 300 banks in Massachusetts, Connecticut, and New York.

Other information provided in the Directory includes the incorporation dates for all banks, location of branches, special services, such as Christmas Clubs and School Savings, and the ranking of the banks according to amount of deposits.

A new feature of the Directory this year is a tab-index for easy reference.

(Copies of the Directory may be obtained from the National Association of Mutual Savings Banks, 60 East 42nd Street, New York 17, N. Y., at a cost of $3.50 each.)

## Inv. Trust of Boston Names Henry, Trustee

BOSTON, Mass.—Investment Trust of Boston has elected Ralph S. Henry, Trustee, according to an announcement by Robert L. Moore, President. Mr. Henry is President of Trust Securities Corporation of Boston.

## With Amott, Baker

Seymour Alper has become associated with Amott, Baker & Co., Incorporated, 150 Broadway, New York City, members of the New York and American Stock Exchanges, as a Registered Representative.

Mr. Alper has been in the investment business for several years.

# Businessman's BOOKSHELF

**Airline Traffic and Financial Data**—Quarterly Review—Air Transport Association of America, 1000 Connecticut Avenue, N. W., Washington 6, D. C. (paper).

**Analysis of Work Stoppages, 1959**—United States Department of Labor, Washington, D. C. (paper).

**Banking Legislation in the Second Session 86th Congress**—American Bankers, 12 East 36th Street, New York, N. Y. (paper).

**Brookings Publications** — Fall Catalogue—Brookings Institution, 1775 Massachusetts Avenue, N. W., Washington 6, D. C. (paper).

**Costs and Profit of the Special Checking Account**—Martin H. Seiden—Reprinted from Journal of Finance—National Bureau of Economic Research, 261 Madison Avenue, New York, N. Y. (paper).

**Cost Reduction and Profit Improvement**—Machinery and Allied Products Institute, 1200 18th Street, N. W., Washington 6, D. C. (paper), $1.50 (quantity prices on request).

**Crossroads:** Land and Life in Southwest Asia—George B. Cressey — J. B. Lippincott Company, East Washington Square, Philadelphia, Pa. (cloth), $12.00.

**Decade of Electric Utility Fuel Experience**—Myles E. Robinson and William L. Kurtz—American Society of Mechanical Engineers, 29 West 39th Street, New York 18, N. Y. (paper), $1.

**Economic Aspects of Military Procurement and Supply**—Report of the Subcommittee on Defense Procurement to the Joint Economic Committee of the Congress of the United States—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper) 35c.

**Economic Atlas of the Soviet Union**—University of Michigan Press, Administration Building, Ann Arbor, Mich., $10.

**Economic Growth** — Lectures delivered by Dr. Robert C. Turner at Tulane University—School of Business Administration, Tulane University, New Orleans 18, La. (paper), $1.00.

**Explanation of Social Security Law** as Amended in 1960—Commerce Clearing House, Inc., 4025 West Peterson Avenue, Chicago 46, Ill. (paper), $2.

**Food and Freedom:** Gearing U. S. Farm Production to World Plenty and Peace — Conference on Economic Progress, 1001 Connecticut Avenue, N. W., Washington 6, D. C. (paper), 50¢.

**Foreign Commerce Handbook:** Basic Information and a Guide to Sources—Chamber of Commerce of the United States, Washington 6, D. C. (paper), $2.00.

**Foreign Securities and Taxation**—Information on the fiscal consequences of owning securities issued in 12 different countries—R. Mees & Zoonen, Rotterdam, The Netherlands (paper).

**Gas Data Book, 1960**—Excerpts from "Gas Facts"—Bureau of Statistics, American Gas Association, 420 Lexington Avenue, New York 17, N. Y. (paper), 50c.

**Henry Ford: Inventor of the Supermarket?** — Stanley C. Hollander and Gary A. Marple—Bureau of Business and Economic Research, Michigan State University, East Lansing, Mich. (paper), 50c.

**Housing**—1960 Census—U. S. Department of Commerce, Bureau of the Census, Washington 25, D. C.—Complete set for 51 areas, $6.00; single state reports, 15¢ each.

**How Planned Annual Retooling Earns You a Dividend on Payroll Dollars** — Ingersoll-Rand, 11 Broadway, New York 4, N. Y. (paper).

**How to Get the Job Candidate to Talk About Himself** — Robert Hoppock — Institute of Occupational Research, 104 Webster Ave., Manhasset, N. Y. (paper), 15¢.

**Industrial Relations and the Small Firm:** An Annotated Bibliography—Albert A. Blum—Small Business Research, New York State School of Industrial and Labor Relations, Cornell University, Ithaca, N. Y.—Single copies on request to New York State residents, 40¢ per copy for out-of-state orders and all orders of six or more copies.

**Industrial Research Laboratories in New York State, 1960**—Directory—New York State Department of Commerce, Albany 7, N. Y. (paper).

**International Finance Corporation,** Fourth Annual Report—International Finance Corporation, 1818 H Street, N. W., Washington 25, D. C.

**Malagasy Republic**—Hour of Independence — French Embassy, Press and Information Service, 972 Fifth Avenue, New York, N. Y.

**Managers for Small Industry**—An International Study—Dr. Joseph E. Stepanek — The Free Press, Glencoe, Ill., ($6.00).

**Mental Health in Industry**—September issue of *Advanced Management* magazine — Society for Advancement of Management, 74 Fifth Avenue, New York 11, N. Y., $1 per copy.

**Money, Money, Money:** Wall Street in Words and Pictures—Ralph G. Martin & Morton D. Stone—Rand McNally & Company, P. O. Box 7600, Chicago 80, Ill. (cloth), $7.50.

**National Credit Society and the Liquidity Problem of the Credit Union Movement**—John T. Croteau—Credit Union National Association, Madison, Wis. (paper).

**New Views on Automation**—Papers Submitted to the Subcommittee on Automation and Energy Resources—U. S. Government Printing Office, Washington, D. C. (paper).

**New York City Bank Stocks**—Comparison of earning of 11 Banks for Third Quarter—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

**North Carolina Travel Serving Industry**—Survey—Travel Council of North Carolina, P. O. Box 2719, Raleigh, N. C. (paper).

**1960 Federal Tax Law Changes**—Commerce Clearing House, Inc., 4025 West Peterson Ave., Chicago 46, Ill. (paper), $1.00.

**Official Compilation of Codes, Rules and Regulations of all New York State Departments**—Vol. 1: Departments of Agriculture and Markets and Audit and Control—Department of State, 164 State Street, Albany, N. Y., $25 per volume.

**Personal Deductions in the Federal Income Tax**—C. Harry Kahn—Princeton University Press, Princeton, N. J. (cloth), $5.00.

**Property Insurance Fact Book, 1960**—Insurance Information Institute, 60 John St., New York 38, N. Y. (paper).

**Program for Community Improvement** — (Workable Program)—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 40¢.

**Property Taxation and the Wisconsin Tax System**—W. D. Knight, Bureau of Business Research and Service, School of Commerce, Commerce Building, University of Wisconsin, Madison 6, Wis. (paper), $1.15.

**Radioactive Waste Handling in the Nuclear Power Industry**—Edison Electric Institute, 750 Third Ave., New York 17, N. Y. (paper), $5.00.

**Reading Maketh A Full Man:** How to Improve Reading — Arthur Howard — Employee Relations, Inc., 32 North Bayles Ave., Port Washington, N. C. (paper), 25¢.

**Refractories:** Nucleus of Industry—Harbison-Walker Refractories Co., 307 Fifth Avenue, Pittsburgh 22, Pa. (paper).

**Research for Industry,** Sept.-Oct. 1960—Containing articles on Giving Plants their Iron, New Light on the Moon, and Manipulation of Molecules—Research for Industry, Stanford Research Institute, Menlo Park, Calif. (paper).

**Safekeeping and Servicing of Securities**—Chase Manhattan Bank, 18 Pine Street, New York 15, N. Y. (paper).

**Sales and Consumer Finance Companies:** A Lecture Series Presented by the Bank of New York and Pacific Finance Corporation—The Bank of New York, 500 Fifth Ave., New York 36, N. Y.

**Scientists in American Industry:** Some Organizational Determinants in Manpower Utilization — Simon Marcson—Industrial Relations Section, Princeton University, Princeton, N. J. (paper), $3.

**Second Five-Year Plan (1960-65)**—Planning Commission of the Government of Pakistan—Embassy of Pakistan, Washington, D. C. (paper).

**Sense of Responsibility Among Young Workers**—School of Industrial and Labor Relations, Cornell University, Ithaca, N. Y.

**Social Security:** Programs, Problems, and Policies — Edited by William Haber and Wilbur J. Cohen — Richard D. Irwin, Inc., Homewood, Illinois, $8.75.

**Some Techniques of Development Lending**—International Bank for Reconstruction and Development, 1818 H Street, N. W., Washington 25, D. C. (paper).

**Study in the Theory of Investment**—Trygve Haavelmo—University of Chicago Press, 5750 Ellis Ave., Chicago 37, Ill. (cloth), $5.00.

**Survey of Manufacturing Activity in Australia:** Basic Materials and Engineering Industries — Industries Division Department of Trade of Commonwealth of Australia, Canberra, Australia (paper).

**Taxation in India**—Vol. 6 in Harvard Law School's "World Tax Series"—Little Brown & Co.

**Tax Exemption of Cooperatives**—Robert T. Patterson — University Publishers, Incorporated, 59 East 54th Street, New York 22, N. Y.

**Technical Cooperation in Education** — International Cooperation Administration — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., 15¢.

**Tensions**—And How to Master Them—George S. Stevenson and Harry Milt—Public Affairs Committee, Inc., 22 East 38th Street, New York 16, N. Y. (paper), 25c.

**Views on Business Education**—A Symposium — American Association of Collegiate Schools of Business—School of Business Administration, University of North Carolina, Chapel Hill, N. C. (paper).

**Testing and Taming of Nuclear Weapons**—David R. Inglis—Public Affairs Pamphlets, 22 East 38th Street, New York 16, N. Y. (paper), 25¢ (quantity prices on request).

**U. S. Foreign Policy in a Changing World** — Oliver D. Knauth — National Planning Association, 1606 New Hampshire Avenue, N. W., Washington 9, D. C. (paper), $1.50.

**U. S. Information Agency,** 145th Report to Congress—U. S. Information Agency, Washington 25, D. C. (paper).

**U. S. Participation in the UN**—Report by the President to Congress—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C., 75c.

**Voting Research and the Businessman in Politics**—Foundation for Research on Human Behavior, 1141 East Catherine St., Ann Arbor, Mich. (paper), $3.00.

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# Stock Market in Retrospect And Outlook in This Decade

*Continued from page 3*

—down 40% for the decade. It is interesting to note that the 1930's has been the only decade in the 20th century when the market was lower at the end of the decade than at the beginning.

### The Decade of Hesitation

I call the 1940's the "Decade of Hesitation." It was also the decade of the trader, particularly in the early postwar years. Several severe declines occurred in the 1940's. In the early spring of 1942, a few months after Pearl Harbor, the DJI was under 100—the lowest since 1934 and actually under the 1919 close.

About a year after the successful conclusion of World War II, a blow came in 1946 when for some reason, exactly following the pattern of 1937, a severe decline began on the day after Labor Day. The DJI reached a peak of 213 in 1946—a modest gain over 1945, which in turn was a couple of points higher than the 1936 peak. The market then declined to the famous resistance level of the low 160's — reached in each of the years 1946-49. Although the percentage decline as calculated for the Average was less than 25%, individual stocks were off 50-75%. Some have never sold again as high as in 1946.

In summarizing the decade of the 1940's, only two years set a new high for the decade—1945 and 1946. An investor had to be nimble to keep his profits after the early postwar spurt. The DJI closed 1949 at an even 200—a gain of 33% for the decade.

### Decade of Automatic Profits

We now come to the 1950's. Practically all of us are very experienced with the decade just finished. As it was a period of almost automatic profits in the stock market, I have called the 1950's the "Decade of Automation." One had to be original and choosy **not** to make money in the stock market during the 1950's. There were some short - term downward moves, of course, and some stocks inevitably fell behind the procession but the typical investor had to work hard to have lost money during the 1950's. Many stocks increased 10 times or even much more but in some cases all these gains were not held while in others great patience was necessary.

A new high was set for the decade in every year with the exception of 1957 which just equaled the peak of the year before. In late 1953 the market, as measured by the DJI, was finally back to the level of the fatal spring of 1930. After the 1954 recession, the DPI for the first time reached the 400 level—thereby exceeding the 1929 peak. During this great bull market, the DJI for the first time reached the 500 level (1956) and then the 600 area (1959). Despite the decline of some 100 DJI points since the January, 1960 all-time peak of 685, the market today is selling higher than in any year prior to 1959.

The true investor, large or small, should think in terms of long-term market movements. One smart and lucky can make money on short turns but when one is not so lucky he can lose money quickly even though the market has a strong upward trend. There are bound to be sharp reactions, such as we have had recently. If one had bought an average run of stocks—not excellent and not bad—and stayed fully invested he should have tripled his investment during the decade of the 1950's.

This extraordinary appreciation in the market came during an equally exciting decade. The U. S. had three different recessions: the carryover of 1949 into early 1950, then 1954, and finally late 1957-spring of 1958. The U. S. had a full-scale war — with our battle deaths in the Korean War comparing with that of the AEF in World War I. The decade saw excess profit taxes and price controls. During the past half dozen years, although at peace, we have engaged in a vast armament program. Inflation was erratic but significant in total. All of this was compressed in a decade and despite this — and probably partly because of it — the market more than tripled. The decade of the 1950's compared as follows with the three preceding decades:

**Dow-Jones Industrial Average by Decade**

| | High | Low | Close | Gains Decade |
|---|---|---|---|---|
| 1920's Decade of Speculation | 381 | 64 | 248 | 132% |
| 1930's Decade of Frustration | 294 | 41 | 150 | —40 |
| 1940's Decade of Hesitation | 213 | 93 | 200 | 33 |
| 1950's Decade of Automation | 679 | 197 | 679 | 239 |

### Reason 1960's Climb Will Not Go As High

How did the Dow-Jones Industrial Average climb from exactly 200 at the beginning of 1950 to almost 700 at the end of the decade? The percentage appreciation was nearly 250%. Did corporate earnings go up proportionately? Definitely not, as earnings themselves increased less than 50%. The real gain in the market during the 1950's came from a revaluation of what investors were willing to pay for equities. At the beginning of the decade, people were paying too little—at the rate of eight to 10 times earnings. In the past year or two investors have been wililng to pay closer to 18 to 20 times. In summary, the great bull market of the decade of the 1950's was composed of roughly one part earnings gain and three parts revaluation of earning power.

This is a sobering thought for investors in the decade of the 1960's. The point is that no matter how good earnings are going to be over the decade of the 1960's—and no one knows this—the market would do well to go up proportionately with corporate profits. We had a tremendous free ride during the past decade. It is hard to visualize that the 1960's will present the same opportunity for automatic profits.

If one is extremely optimistic, he could project corporate profits doubling during the next 10 years. Assuming this and also assuming that the typical price/earnings ratio would be the same as at the present time, the decade's market appreciation would be around 100% from the 1959 close. On this optimistic basis, the DJI could be as high as 1,300 10 years from now. If net corporate earnings should increase 75% during this decade — a very creditable performance — then the Dow-Jones, as measured from the present level, would be in the 1,000 area.

A reasonably good profit performance by U. S. industry seems probable during the decade of the 1960's. If for some reason or another, typical price/earnings ratios should increase from the 17-19 times area to 20-22 times, then investors would be given another "free ride." However, the possibility cannot be ruled out that the average price/earnings ratio might decline from present historically high levels — to perhaps the 14-16 times area. This is a haunting thought and under such a development even a good gain in earnings would be offset, with the market making little if any progress during the decade of the 1960's. My own views, however, lean towards a continued buildup in corporate earning power and the same or perhaps even slightly higher P/E ratios.

When investors put a premium on a stock, they are — except in cases of rank speculation—thinking in terms of rapid growth of the industry and the ability of the individual management to perform. The result is that the current price/earnings ratio can easily increase to the 40 times level. A few commons have reached an unrealistic multiple of 100 times.

### Prefers Use of Yield to P/E Ratio

In this connection, I consider it too bad that our profession uses the "price/earnings ratio" measurement. We could better use the British method of "earnings yield." Thus a stock selling at 100 and earning $5.00 a share is selling at a 20 times price/earnings ratio or at an earnings yield of 5%. If the stock sold at 40 times earnings, as some fine stock do today, the earnings yield is 2.5%. With the dividend yield a mere 1%, the purchaser would get only 1.5% of his market price available for reinvestment. In other words, a 40 times P/E ratio may be a bit hard to grasp but an earnings yield of less than the interest rate available on savings graphically points up what the investor is paying for the prospect —but not assurance — of future growth. We should perhaps add a dash of inflation hedge.

### 1960's Will Require Investment Ability

It seems inevitable that the 1960's will be a decade requiring investment judgment and research in the broadest sense. The big market gains will go to those investors picking companies showing the largest earnings gains. This selection requires ability and at times a bit of good fortune. Undoubtedly some companies will be able to increase their earnings three, four or five times during this decade—barring war or price controls or excess profit taxes. The problem is to pick these companies.

The decade of the 1960's has started off inauspiciously. After a sharp and, in my opinion, unwarranted spurt in late 1959 which carried over for a couple of days in 1960, the DJI is now down around 15%. Individual stocks, some of them very good ones, are off 25-35% from their peak. Several glamour stocks about tripled early this year; however, even these have faded in recent months. Thus the decade of the 1960's has started off with a sizable decline. The first problem the next year or two will be to make up this lost ground.

For short-term action, the race track seems a more suitable place than attempting to guess a few points in the stock market. When one buys a stock for the short term and sees it go down, he is faced with a difficult decision as it usually takes more courage to sell than to buy. My point is that stock purchases for the true investor should be for the long term. If the market declines and the company continues strong, this actually gives an opportunity of averaging down your cost. If, however, the lower price is due to a basic change in the particular company, then immediate sale is the prudent step.

As the 1960's will not have the automatic factor prevalent during most of the 1950's, the investor must be selective. The emphasis will be more on individual companies than on the market as a whole. There are some guideposts in selecting individual equities. My own thoughts are to restrict investments for capital gains to companies meeting five fundamentals. Then for good measure, we can add a final determinent. Here again, I am talking about long-term investments and will leave to others the question of short-term profits—and losses.

### Five Investment Guidelines

The first basic consideration, in my view, is the necessity of a company having a secure place in a wide field of activities. Look for companies with broad vistas of potential operations rather than those fenced in by a narrow activity. Here I am not speaking of a polyglot corporation resulting from unnatural mergers and acquisitions—which often bring in more problems than profits.

A good example of companies with a broad horizon can be found in the tire and rubber industry. The typical company started with tires, then mechanical rubber goods, and next plastics and chemicals as a natural development. This in turn led to synthetic rubber operations. Several major tire and rubber companies have pioneered manufacturing outside the U. S. A.—with these large and profitable overseas operations an element of both stability and potential growth. The rubber companies also play an important role in defense programs. In summary, a well-managed company, such as in the rubber industry, naturally enters other growth fields and thereby expands its base of operations.

The second condition is a large and effective program of research and development. The basic requirements are for research budgets in reasonable relationship to sales, the necessary laboratories and specialized development facilities, and a nucleus of able scientists and engineers. The percentage of sales used as seed money varies from industry to industry but real growth probably requires a minimum of 3% and in some industries over 5% of sales going into research, development and engineering. In this connection, the growth of some leading companies, such as chemicals, has been greater during the past decade than appers by a simple comparison of expansion in net earnings. As many companies have tripled or quadrupled their research expenditures during the past decade, net earnings have had to absorb a sizable buildup in R & D as a percent of sales. Thus with the quality of earnings steadily improved, these commons are entitled to a higher appraisal in the market. Well-directed research more than pays for itself.

### Willingness to Invest in Plant and Equipment

The third consideration is the demonstrated willingness to spend money for new facilities and plants. The companion to effective research is a well-planned and long-range program of facilities for not only new products but for new processes and for expansion of older products. In reviewing the progress made by individual companies in the same industry, time has proven that the best growth in sales and earnings is achieved by those companies willing to spend considerable sums for new plants and facilities. Some managements have either lacked vision or were too conservative with the result that they were unable to keep pace with the demands of the past decade. Of course, when a management has committed large sums in the wrong fields, there can be real trouble. Alert managements maintain a fairly high level of capital expenditures in areas with growth prospects and where they have an economic position. Such companies steadily build up earning power. I feel strongly that the willingness to invest in efficient facilities is one of the necessities of growth.

The fourth consideration is the record of keeping the financial house in good order. There are several ways of looking at this. In recent years analysts as a group have concentrated on the earnings statement and given little attention to old fashioned balance sheet analysis. It is axiomatic that a company should keep debt within reasonable bounds — with the particular ratio varying with the industry. It is interesting to note that only a few large industrial companies are still debt free and several of these have large preferred stock issues.

The other side of the coin is to finance capital programs without undue dilution of common stock. Several large and reasonably successful industrial companies have had only mediocre records in net per share gains, due entirely to heavy dilution from convertible issues, rights, or outright sale of common stock. These companies have had to run pretty fast to stand still in terms of net earnings per share — the fundamental consideration for the common stockholder.

Another aspect of financial policy is an adequate level of depreciation charges — the function of the size and consistency of capital expenditures and of accounting methods. I prefer companies that keep one set of books for both tax payments and the stockholder. A company with a high level of depreciation—in relation to both sales and to gross plant—has better quality earnings than a company with modest depreciation. Such earnings, in my view, are entitled to sell at a higher multiple.

### Good Management

The fifth factor is that of management. For the true investor, the primary consideration is management. However, without a broad vista of operations, no management can show above-average growth. Good management would rate high on my points two, three and four and, over a period of time, would shape the company's position in its own and allied industries. In appraising management, we should judge the people by their ability to make difficult decisions, to have vision, to work hard and, of course, to be known for their integrity.

In appraising management performance, traditional measurements are return on investment and net per share progression. If I could have only one record of management, however, it would be the postwar dividend record. For here is measured the hopes, problems and failure or success of the management.

In addition to the people that run a company at the several echelons, there is the collateral factor of organization. Many companies have recast their organizational structure during the 1950's to effectively handle a sales volume well above their present level. Surely these companies are in a better position to take advantage of the 1960's than companies still experimenting or having yet to strengthen their organizational setup.

The sixth factor is an intangible one which I sum up by the word "serendipity." This could be defined loosely as "nothing succeeds like success." Thus in selecting our investments for the 1960's, we should look first at the fields of activity and management's reputation — together with the willingness to spend money for both research and facilities and still to maintain the financial house in good order.

My inclination then would be to go into partnership with companies fully qualified on all five fundamentals plus having demonstrated real ability during the past decade with particular emphasis on performance in recent years. The 1960's could well prove to be the "Decade of Selection" for the investor.

*Based on a talk by Mr. Butler before the Investment Women of Chicago, Chicago, Ill.

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# T. Coleman Andrews Speaks on Entertainment Tax Deductions

The Internal Revenue Department's new look at reimbursement business expenses creates no difficulties according to the ex-head of that government's division.

T. Coleman Andrews

Speaking before the New York Chapter, National Association of Accounts in New York City on Oct. 17, Mr. T. Coleman Andrews discussed several aspects of the very controversial item concerning reimbursed expenses. He took as the basis for his talk the new regulations "TR 221" as outlined in the Treasury Department's instructions.

Mr. Coleman is currently Chairman of the Board and President of the American Fidelity & Casualty Company, and American Fidelity Fire Insurance Company of Richmond, Va. He is a C. P. A. of the state of Virginia and former President of the American Institute of Certified Public Accountants.

Mr. Andrews pointed out that since all of us must pay Income Taxes under the present law, strict enforcement of these laws was essential to protect honest entrepreneurs against a few unscrupulous persons who constantly sought to shirk their share of Income Taxes by finding loopholes in the laws. In this connection, he was glad to see that the new regulations went a long way toward plugging some of these loopholes.

Many employers, realizing that high tax brackets resulted in the government paying for the bulk for traveling and entertainment expenses, had in the past been very lax in checking on expense reports submitted by their executives and sales employees. "A Night on the Town," "A Prolonged Cruise," "A Long Stay at a Swank Hotel," these and other devices for living high on the hog at the expense of the "Entertainment" account would now be checked into with greater vigor.

### Questions and Answers

On the basis of the new law (TR 221), three simple questions should be asked to determine whether an item is deductable.

(1) Was the money really spent?

(2) Was the money spent conducive to the business purposes for which it is intended?

(3) Was the amount of the expenditure in proportion to the benefits which might legitimately be expected from it?

To further check upon entertainment expenses, the government wanted the answers to the following questions concerning such entertainment:

(1) Who was entertained?

(2) What kind of entertainment was provided?

(3) Where did it take place?

(4) What kind of business gains could be expected from such entertainment?

(5) What is the reason why such entertainment was required?

### Keeping Information Secret And Available

Mr. Andrews indicated that the new provisions specifically opposed on the grounds that they enabled the government to delve into matters which might be regarded as secret. Many companies did not want this type of information available to competitors or (in some cases) even to their own personnel. He suggested that some firms might keep a "Secret Journal," in which this information — now required by government auditors could be kept, without allowing anything but total figures to appear in the general books.

He also indicated that there had been many statements made regarding the possible ill effects resulting from individual government auditors passing judgment upon specific company practices.

Much of the information which the government requires, said Mr. Andrews, was already part of the regular bookkeeping procedure of most companies. Government auditors tended to be reasonable, and if a sincere attempt was made to explain company practices in all simple honesty and in good faith, no difficulty should be encountered.

At the conclusion of his talk, Mr. Andrews indicated several cases in which questions had arisen regarding food and drink consumed while entertaining others. Government questions regarding hunting lodges, pleasure boats, and similar facilities main tained by corporations for entertainment purposes would be covered by a special questionnaire. Information would also be required from all companies regarding the salaries, allowances, and expenses of their key personnel.

# THE SECURITY I LIKE BEST...

*Continued from page 2*

cal, but based on expected recoveries in the San Juan Basin, a similar area though with less total sand thickness, it is not out of line to estimate an ultimate recovery of between 30 and 40 billion cubic feet of gas per section. The extent of the field is unknown but based on drilling to date there appears to be a minimum of three townships which can be regarded as proven."

In layman's language this is a major gas field covering 65,000 acres, so far, with reserves of between 3 and 4 trillion cubic feet of gas. The company's interest in this is roughly two thirds.

This appraisal was confirmed when Equity released electric logs and partial data on its exploration program in April, 1960. *Petroleum Information*, the leading oil reporting service in the Rocky Mountain area, devoted a special report to the company on April 15 which said in part:

"The equity program has established both gas and oil production, with gas completions in the majority. Multi-pay production has been found, with both Tertiary and Cretaceous formations listed as producing horizons. . . . Present indications are that extensive development with the promise of very substantial reserves should follow the work already done."

In 1958 the company signed a "Letter of Intent" with El Paso Natural gas to deliver 100 million cubic feet of gas per day at 16c per thousand, Equity retaining the distillate produced with the gas for separate sale. While investors tend to forget or downgrade the importance of events over a year old, this document should become actively important during the next few months. El paso's projected pipeline from Provo, Utah to Los Angeles will require gas from Colorado, including Equity's; it has received FPC Examiner approval; final hearings before the full commission are being held as this is written; and the project is scheduled for completion in 1961 with deliveries commencing next fall.

In addition to the recent, although hitherto unnoticed, success of the company's gas exploration program, developments in the Rangely field, where the company has a 4% interest, should improve Equity's income and reserve picture substantially. Rangely is one of the largest oil fields in the United States in terms of recoverable reserves. A water flood program begun in 1959 will, according to engineering studies, recover some 50% of the 1,849,000,000 bbls. estimated to have been in place. Deducting the oil already produced, the remaining recoverable reserve equals 648,500,000 bbls. Equity's net interest is 26,850,000 bbls. The field is currently producing about 46,000 bbls. per day which should increase to about 65,000 over the next couple of years.

The company also owns some 50,000 acres of leases in Utah in the N. W. portion of the Paradox Basin about 30 miles north of the active Lisbon area where a test well will be drilled with Continental Oil and Phillips Petroleum later this year.

Finally, Equity has an undivided 50% interest with Socony Mobil Oil in 24,000 acres of oil shale land, plus another 2,500 acres wholly owned. Potentially, this is the company's most valuable asset, since the company's oil reserves from this source are over 2 billion barrels, or some 1,300 bbls. per share. Moreover, included in the jointly-held acreage are 5,000 acres where the shale lies at or near the surface, so that it can be strip-mined, and therefore should logically be the first area to be developed commercially. Studies by Union Oil, the U. S. Government and others have established that oil can be produced from shale competitively with oil produced from domestic wells, and in some cases cheaper. The most recent estimate is $1.50 per bbl. The present surplus of cheap foreign crude, plus the high capital cost of building shale processing facilities have delayed its commercial development, although Union Oil's pilot plant operated successfully for about a year. In any case an investor can afford to discount this prospect heavily in view of the other values presently established.

With revenues from the Rangely field on the increase, and the prospect of an additional sharp jump expected in late 1961 when sales of gas to El Paso should commence, a realistic evaluation of the company's assets in relation to the market price for its stock produces a startling picture.

| | |
|---|---|
| Natural gas reserves in the Piceance Basin (based on the lower estimate in the Thurman Report) equal 2 trillion cu. ft. Using a value of 5c per 1,000 cu. ft. | $100,000,000 |
| Oil reserves in Rangely field only (this excludes some miscellaneous shallow production) at $1.00 per bbl. | 26,850,000 |
| Oil shale lands (present market value) 14,500 acres at $500 per acre | 7,250,000 |
| Unproven leases—50,000 acres at $5.00 per acre | 250,000 |
| | $134,350,000 |
| Assets per share (1,500,000 shares) | $89.23 per sh. |
| Current market price (over the counter) | 12.50 per sh. |

At a time when hopes are being so optimistically appraised in many fields, and the conversation ranges from electronics to missiles to outer space, it may be an opportunity for a few individualists to study value and profit thereby.

The stock is traded in the Over-the-Counter Market.

# Mortgage Market Outlook; Coming Business Decline

*Continued from page 5*

market is still showing no signs of strength, doubtless in good part because of the general uncertainty about the general business and employment outlook as well as the increasing adequacy of our existing housing supply in relation to current requirements. All this has been happening—or failing to happen — while the spread between FHA ceiling interest rates (which are now 5¾%) and the yield of AAA corporate bonds (now about 4¼%) is currently 1.50 percentage point. This is the widest spread since July, 1958, and on the basis of past experience indicates that savings institutions will be undertaking to increase their holdings and commitments for mortgage loans.

### Mortgage Return Inadequate

It is entirely possible that the failure of residential construction to pick up more substantially to date simply reflects the fact that in the past a yield differential of less than 150 basis points on mortgages has been inadequate to entice the financial institutions to undertake the greater task (and some would also argue the greater risk) of mortgage loans. There is no doubt that the upturn in mortgage loans and housing starts has been dampened by the markedly increased volume of new corporate issues which have been coming to market within the last several weeks in response to the lower yields now prevailing on such issues and the desire of corporations to replace temporary short-term financing with long-term paper. This moderate surge in corporate financing has served to increase the spread between high-grade corporate (particularly the yields on new issues) and the declining yields on government bonds. The wider spreads between corporates and governments has proved attractive to institutional lenders and has substantially dampened their enthusiasm for new mortgage commitments. This increase in corporate issues, however, is almost certain to be a temporary phenomenon if the rest of the business forecast presented here has any validity.

As already indicated, the prospect is for a marked reduction in the yields on corporates through the reduction of the present abnormally large spread, as well as for declining yields on both corporates and governments as the Federal Reserve pursues an increasingly easy money policy in the face of worsening general business conditions. Both these factors should generally improve the relative attractiveness of mortgage investment over the next six to nine months, and these developments will certainly serve to increase the flow of funds to mortgage loans.

The question remains, however, as to how great the responsiveness of housing starts and residential construction, and consequently the supply of new mortgage loans, will be to this prospective increase in demands for mortgage paper. I am inclined to believe that the supply will increase, but that the increase will be substantially less than would be indicated by comparable changes in yield spreads in the period 1957-58 or in earlier experience. My own estimate is that private housing starts next year are likely to be little more than 1,420,000 and stand a good chance of falling short of this—at least in the absence of new housing legislation; and for reasons I will come back to, this probably would not greatly raise the figure for private starts. It may be noted that 1,420,000 for the year would represent an increase of only a little more than 7% from this year, which contrasts with the year-to-year increase of 12% in 1958.

### No Housing Boom Despite Credit Ease

Several factors are going to make the response of the housing market to easier credit much more moderate than in previous periods of easier money:

(1) The basic shortage of housing, which was oppressive after the war and still large as we entered the 1950's, has been progressively worked off so that the demand and supply for the existing stock of houses is very nearly in balance as we enter the 1960's. One indication of this is that vacancy rates have been progressively rising for several years. While they have not yet reached levels which historically have signaled major declines in construction, they at the very least indicate that the basic excess demand for housing has now been eliminated.

(2) We have built about twice as many new houses in 1959 and 1960 as we have needed to supply the needs of new family formations. Demolitions and retirements have only partly filled the gap. Sluggish resale markets confirm that we end 1960 with the housing supply relatively more generous in relation to demand than in earlier years.

(3) All recent surveys show consumer plans to buy houses are still sluggish.

(4) The leverage of a given change in interest rates can confidently be expected to be much less under these conditions than it proved to be in the past when basic supply-demand conditions were stronger.

(5) We have already used up most of the leeway in mortgage terms (other than interest rates). The effect on monthly charges of extending maturities from 25 to 30 years is much less than in going from 20 to 25. Each further extension involves still less reduction in charges—and, as already noted, even as large a further reduction in charges would have less effect on starts and construction under present supply-demand conditions than previously.

(6) The same conclusions, of course, apply to any further reductions in down-payments which might possibly be undertaken.

(7) The major more hopeful possibility is by way of greater efficiency, better design, and better merchandising on the part of builders. Some progress has been made on these fronts, and costs should be somewhat lower next year, but is seems unlikely that there will be any breakthrough great enough to modify significantly the estimates given earlier.

### Conclusion

In short, I disagree on general business prospects with those who say we have already had our recession. I do think one is in the making and that most of its impact will be felt after the turn of the year. I do not expect it to be as steep or as severe as our last one. Interest rates will trend downward at least till summer. Yield differentials in favor of mortgages will widen further, and both mortgage volumes and housing will increase. Fundamental changes in the basic supply-demand situation in the housing market, however, will seriously dampen the response to the stimulus.

*An address by Dr. Lintner before the Fourth Regional Mortgage Workshop of the American Bankers Association, Boston, Mass., Oct. 24, 1960.

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# 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) | Nov. 5 | §51.7 | *54.2 | 53.4 | 13.0 |
| Equivalent to— | | | | | |
| Steel ingots and castings (net tons) | Nov. 5 | §1,473,000 | *1,545,000 | 1,522,000 | 368,000 |
| **AMERICAN PETROLEUM INSTITUTE:** | | | | | |
| Crude oil and condensate output—daily average (bbls. of 42 gallons each) | Oct. 21 | 6,771,000 | 6,823,700 | 6,876,860 | 6,875,075 |
| Crude runs to stills—daily average (bbls.) | Oct. 21 | ¶7,947,000 | 7,898,000 | 7,963,000 | 7,662,000 |
| Gasoline output (bbls.) | Oct. 21 | 28,301,000 | 28,518,000 | 28,575,000 | 27,236,000 |
| Kerosene output (bbls.) | Oct. 21 | 2,919,000 | 2,857,000 | 2,189,000 | 2,140,000 |
| Distillate fuel oil output (bbls.) | Oct. 21 | 12,728,000 | 11,863,000 | 12,624,000 | 12,253,000 |
| Residual fuel oil output (bbls.) | Oct. 21 | 5,408,000 | 5,738,000 | 6,388,000 | 5,902,000 |
| Stocks at refineries, bulk terminals, in transit, in pipe lines— | | | | | |
| Finished and unfinished gasoline (bbls.) at | Oct. 21 | 187,002,000 | 188,159,000 | 186,906,000 | 178,017,000 |
| Kerosene (bbls.) at | Oct. 21 | 36,807,000 | 35,987,000 | 34,896,000 | 33,176,000 |
| Distillate fuel oil (bbls.) at | Oct. 21 | 177,632,000 | 175,066,000 | 165,447,000 | 181,445,000 |
| Residual fuel oil (bbls.) at | Oct. 21 | 50,929,000 | 51,427,000 | 48,344,000 | 58,699,000 |
| **ASSOCIATION OF AMERICAN RAILROADS:** | | | | | |
| Revenue freight loaded (number of cars) | Oct. 22 | 637,311 | 653,145 | 617,635 | 607,517 |
| Revenue freight received from connections (no. of cars) | Oct. 22 | 527,670 | 528,542 | 533,302 | 526,106 |
| **CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:** | | | | | |
| Total U. S. construction | Oct. 27 | $348,100,000 | $400,200,000 | $409,500,000 | $318,500,000 |
| Private construction | Oct. 27 | 182,600,000 | 235,200,000 | 175,100,000 | 177,800,000 |
| Public construction | Oct. 27 | 165,500,000 | 165,000,000 | 234,400,000 | 140,700,000 |
| State and municipal | Oct. 27 | 143,900,000 | 135,000,000 | 209,600,000 | 113,900,000 |
| Federal | Oct. 27 | 21,600,000 | 30,000,000 | 24,800,000 | 26,800,000 |
| **COAL OUTPUT (U. S. BUREAU OF MINES):** | | | | | |
| Bituminous coal and lignite (tons) | Oct. 22 | 8,490,000 | *8,525,000 | 8,220,000 | 8,101,000 |
| Pennsylvania anthracite (tons) | Oct. 22 | 362,000 | 394,000 | 378,000 | 457,000 |
| **DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE=100** | Oct. 22 | 157 | *155 | 148 | 151 |
| **EDISON ELECTRIC INSTITUTE:** | | | | | |
| Electric output (in 000 kwh.) | Oct. 29 | 13,883,000 | 13,805,000 | 13,779,000 | 12,978,000 |
| **FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.** | Oct. 27 | 331 | 270 | 304 | 273 |
| **IRON AGE COMPOSITE PRICES:** | | | | | |
| Finished steel (per lb.) | Oct. 25 | 6.196c | 6.196c | 6.196c | 6.196c |
| Pig iron (per gross ton) | Oct. 25 | $66.32 | $66.41 | $66.41 | $66.41 |
| Scrap steel (per gross ton) | Oct. 25 | $29.50 | $29.50 | $31.50 | $46.17 |
| **METAL PRICES (E. & M. J. QUOTATIONS):** | | | | | |
| Electrolytic copper— | | | | | |
| Domestic refinery at | Oct. 26 | 29.600c | 29.600c | 32.600c | 33.300c |
| Export refinery at | Oct. 26 | 26.725c | 26.900c | 28.450c | 30.925c |
| Lead (New York) at | Oct. 26 | 12.000c | 12.000c | 12.000c | 13.000c |
| Lead (St. Louis) at | Oct. 26 | 11.800c | 11.800c | 11.800c | 12.800c |
| ‡Zinc (delivered) at | Oct. 26 | 13.000c | 13.000c | 13.000c | 12.500c |
| Zinc (East St. Louis) at | Oct. 26 | 13.500c | 13.500c | 13.500c | 13.000c |
| Aluminum (primary pig. 99.5%) at | Oct. 26 | 26.000c | 26.000c | 26.000c | 24.700c |
| Straits tin (New York) at | Oct. 26 | 103.250c | 103.125c | 102.250c | 101.750c |
| **MOODY'S BOND PRICES DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | Nov. 1 | 87.75 | 87.61 | 88.71 | 82.94 |
| Average corporate | Nov. 1 | 86.91 | 86.78 | 87.45 | 84.17 |
| Aaa | Nov. 1 | 91.62 | 91.48 | 92.06 | 87.99 |
| Aa | Nov. 1 | 89.23 | 89.37 | 90.20 | 85.59 |
| A | Nov. 1 | 86.24 | 86.38 | 86.78 | 84.17 |
| Baa | Nov. 1 | 80.93 | 80.69 | 81.54 | 79.13 |
| Railroad Group | Nov. 1 | 83.91 | 84.04 | 84.94 | 82.77 |
| Public Utilities Group | Nov. 1 | 87.99 | 87.86 | 88.54 | 83.53 |
| Industrials Group | Nov. 1 | 88.81 | 88.81 | 89.09 | 86.11 |
| **MOODY'S BOND YIELD DAILY AVERAGES:** | | | | | |
| U. S. Government Bonds | Nov. 1 | 3.79 | 3.81 | 3.67 | 4.23 |
| Average corporate | Nov. 1 | 4.64 | 4.65 | 4.60 | 4.85 |
| Aaa | Nov. 1 | 4.30 | 4.31 | 4.27 | 4.56 |
| Aa | Nov. 1 | 4.47 | 4.46 | 4.40 | 4.74 |
| A | Nov. 1 | 4.69 | 4.68 | 4.65 | 4.85 |
| Baa | Nov. 1 | 5.11 | 5.13 | 5.06 | 5.26 |
| Railroad Group | Nov. 1 | 4.87 | 4.86 | 4.79 | 4.96 |
| Public Utilities Group | Nov. 1 | 4.56 | 4.57 | 4.52 | 4.90 |
| Industrials Group | Nov. 1 | 4.50 | 4.50 | 4.58 | 4.70 |
| **MOODY'S COMMODITY INDEX** | Nov. 1 | 354.1 | 359.2 | 362.9 | 390.4 |
| **NATIONAL PAPERBOARD ASSOCIATION:** | | | | | |
| Orders received (tons) | Oct. 22 | 320,748 | 308,826 | 312,753 | 291,955 |
| Production (tons) | Oct. 22 | 327,941 | 326,613 | 321,633 | 317,823 |
| Percentage of activity | Oct. 22 | 93 | 94 | 93 | 91 |
| Unfilled orders (tons) at end of period | Oct. 22 | 435,919 | 437,157 | 411,961 | 487,298 |
| **OIL, PAINT AND DRUG REPORTER PRICE INDEX— 1949 AVERAGE=100** | Oct. 28 | 109.99 | 110.00 | 109.65 | 111.64 |
| **ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS** | | | | | |
| Transactions of specialists in stocks in which registered— | | | | | |
| Total purchases | Oct. 7 | 1,846,760 | 3,205,560 | 1,691,490 | 1,769,620 |
| Short sales | Oct. 7 | 353,910 | 438,520 | 279,770 | 314,600 |
| Other sales | Oct. 7 | 1,614,830 | 2,599,820 | 1,373,960 | 1,453,820 |
| Total sales | Oct. 7 | 1,968,740 | 3,038,340 | 1,653,730 | 1,768,420 |
| Other transactions initiated off the floor— | | | | | |
| Total purchases | Oct. 7 | 275,590 | 495,890 | 253,350 | 424,220 |
| Short sales | Oct. 7 | 33,300 | 30,900 | 42,760 | 54,550 |
| Other sales | Oct. 7 | 282,240 | 347,430 | 208,830 | 338,060 |
| Total sales | Oct. 7 | 315,540 | 378,330 | 251,590 | 392,610 |
| Other transactions initiated on the floor— | | | | | |
| Total purchases | Oct. 7 | 606,580 | 833,580 | 467,550 | 726,438 |
| Short sales | Oct. 7 | 111,720 | 118,920 | 77,860 | 162,950 |
| Other sales | Oct. 7 | 475,371 | 659,092 | 450,905 | 580,063 |
| Total sales | Oct. 7 | 587,091 | 778,012 | 528,765 | 743,013 |
| Total round-lot transactions for account of members— | | | | | |
| Total purchases | Oct. 7 | 2,728,930 | 4,535,030 | 2,412,390 | 2,920,278 |
| Short sales | Oct. 7 | 498,930 | 588,340 | 400,390 | 532,100 |
| Other sales | Oct. 7 | 2,372,441 | 3,606,342 | 2,033,695 | 2,371,943 |
| Total sales | Oct. 7 | 2,871,371 | 4,194,682 | 2,434,085 | 2,904,043 |
| **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 | Oct. 7 | 1,432,489 | 1,794,951 | 1,187,357 | 1,152,174 |
| Dollar value | Oct. 7 | $66,212,925 | $82,904,315 | $57,724,697 | $58,801,306 |
| Odd-lot purchases by dealers (customers' sales)— | | | | | |
| Number of orders—Customers' total sales | Oct. 7 | 1,125,784 | 1,614,894 | 1,163,600 | 885,629 |
| Customers' short sales | Oct. 7 | 20,955 | 28,097 | 10,866 | 10,441 |
| Customers' other sales | Oct. 7 | 1,104,829 | 1,586,797 | 1,152,734 | 875,188 |
| Dollar value | Oct. 7 | $52,048,948 | $76,510,970 | $56,150,992 | $44,372,645 |
| Round-lot sales by dealers— | | | | | |
| Number of shares—Total sales | Oct. 7 | 286,150 | 486,290 | 356,290 | 190,930 |
| Short sales | Oct. 7 | ------ | ------ | ------ | ------ |
| Other sales | Oct. 7 | 286,150 | 486,290 | 356,290 | 190,930 |
| Round-lot purchases by dealers—Number of shares | Oct. 7 | 575,950 | 694,080 | 379,600 | 491,640 |
| **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 | Oct. 7 | 690,350 | 761,870 | 574,270 | 642,980 |
| Other sales | Oct. 7 | 12,147,820 | 16,689,460 | 10,659,820 | 11,663,290 |
| Total sales | Oct. 7 | 12,838,170 | 17,451,330 | 11,234,090 | 12,306,270 |
| **WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49=100):** | | | | | |
| Commodity Group— | | | | | |
| All commodities | Oct. 25 | 118.9 | 119.0 | 119.5 | 119.3 |
| Farm products | Oct. 25 | 87.8 | 87.7 | 88.3 | 86.8 |
| Processed foods | Oct. 25 | 108.0 | 108.2 | 108.5 | 106.3 |
| Meats | Oct. 25 | 94.3 | 95.1 | 96.7 | 94.9 |
| All commodities other than farm and foods | Oct. 25 | 127.6 | 127.6 | 128.2 | 128.6 |

*Revised figure. ¶Includes 1,002,000 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 |
|---|---|---|---|
| **AMERICAN IRON AND STEEL INSTITUTE:** | | | |
| Steel ingots and steel for castings produced (net tons)—Month of September | 6,439,000 | 6,838,000 | 1,535,017 |
| Shipments of steel products (net tons)—Month of July | 5,071,953 | 4,710,565 | 1,338,609 |
| **AMERICAN RAILWAY CAR INSTITUTE—** | | | |
| Month of September: | | | |
| Orders for new freight cars | 2,061 | 1,343 | 943 |
| New freight cars delivered | 4,265 | 4,124 | 2,605 |
| Backlog of cars on order and undelivered (end of month) | 21,662 | 23,866 | 35,626 |
| **BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK**—As of Sept. 30: | | | |
| Imports | $408,851,000 | $406,862,000 | $316,226,000 |
| Exports | 632,059,000 | 593,959,000 | 300,873,000 |
| Domestic shipments | 15,205,000 | 16,029,000 | 15,970,000 |
| Domestic warehouse credits | 91,649,000 | 67,438,000 | 30,250,000 |
| Dollar exchange | 122,810,000 | 179,085,000 | 45,000,000 |
| Based on goods stored and shipped between foreign countries | 397,789,000 | 392,542,000 | 245,580,000 |
| Total | $1,668,363,000 | $1,655,955,000 | $953,899,000 |
| **BUSINESS INCORPORATIONS (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.**—Month of September | 14,007 | 14,993 | 14,664 |
| **COAL EXPORTS (BUREAU OF MINES)—** | | | |
| Month of August: | | | |
| U. S. exports of Pennsylvania anthracite (net tons) | 137,083 | 84,805 | 108,424 |
| To North and Central America (net tons) | 104,070 | 76,942 | 107,864 |
| To Europe (net tons) | 33,013 | 7,440 | ------ |
| To South America (net tons) | ------ | 17 | ------ |
| To Asia (net tons) | ------ | 406 | 560 |
| **COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—** As of Sept. 30 (000's omitted) | $1,263,000 | $1,266,000 | $763,000 |
| **CONSUMER PRICE INDEX—1947-49=100—** | | | |
| Month of August: | | | |
| All items | 126.6 | 126.6 | 124.8 |
| Food | 120.1 | 120.6 | 118.3 |
| Food at home | 117.4 | 117.9 | 115.7 |
| Cereal and bakery products | 137.7 | 137.5 | 134.0 |
| Meats, poultry and fish | 111.3 | 110.8 | 109.9 |
| Dairy products | 116.6 | 115.8 | 114.1 |
| Fruits and vegetables | 127.3 | 134.4 | 125.6 |
| Other food at home | 106.5 | 104.8 | 106.2 |
| Food away from home (Jan. 1953=100) | 119.1 | 118.9 | 116.6 |
| Housing | 131.5 | 131.3 | 129.3 |
| Rent | 141.9 | 141.8 | 139.8 |
| Gas and electricity | 124.9 | 124.8 | 120.1 |
| Solid fuels and fuel oil | 133.4 | 132.9 | 133.9 |
| Housefurnishings | 103.5 | 104.1 | 103.6 |
| Household operation | 137.6 | 137.4 | 134.6 |
| Apparel | 109.3 | 109.1 | 108.0 |
| Men's and boys' | 110.5 | 110.2 | 108.8 |
| Women's and girls' | 99.7 | 99.4 | 98.8 |
| Footwear | 139.9 | 139.8 | 137.3 |
| Other apparel | 93.1 | 93.1 | 92.5 |
| Transportation | 146.2 | 145.9 | 146.7 |
| Private | 134.4 | 134.2 | 135.5 |
| Public | 200.7 | 200.3 | 194.9 |
| Medical care | 156.7 | 156.4 | 151.4 |
| Personal care | 133.8 | 133.4 | 131.7 |
| Reading and recreation | 121.9 | 121.6 | 119.1 |
| Other goods and services | 132.4 | 132.2 | 131.1 |
| **COPPER INSTITUTE**—For month of September: | | | |
| Copper production in U. S. A.— | | | |
| Crude (tons of 2,000 pounds) | 107,617 | *99,415 | 26,081 |
| Refined (tons of 2,000 pounds) | 147,934 | 157,382 | 44,648 |
| Deliveries to fabricators— | | | |
| In U. S. A. (tons of 2,000 pounds) | 120,585 | 105,417 | 92,501 |
| Refined copper stocks at end of period (tons of 2,000 pounds) | 84,316 | 97,379 | 79,826 |
| **DEPARTMENT STORE SALES SECOND FEDERAL RESERVE DISTRICT FEDERAL RESERVE BANK OF NEW YORK—1947-49 Average=100**—Month of September: | | | |
| Sales (average monthly), unadjusted | 135 | 115 | 130 |
| Sales (average daily), unadjusted | 138 | 109 | 132 |
| Sales (average daily), seasonally adjusted | 136 | 137 | 131 |
| **FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)**—Month of September: | | | |
| Contracts closed (tonnage)—estimated | 259,986 | 261,976 | 284,114 |
| Shipments (tonnage)—estimated | 323,516 | 331,932 | 182,596 |
| **INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100**—Month of Sept.: | | | |
| Seasonally adjusted | 107 | 108 | 103 |
| Unadjusted | 108 | 107 | 105 |
| **METAL OUTPUT (BUREAU OF MINES)—** | | | |
| Month of August: | | | |
| Mine production of recoverable metals in the United States— | | | |
| Gold (in fine ounces) | 150,598 | *156,573 | 145,236 |
| Silver (in fine ounces) | 2,190,141 | *2,480,343 | 2,393,379 |
| Copper (in short tons) | 90,112 | *86,291 | 54,403 |
| Lead (in short tons) | 17,190 | *16,031 | 21,648 |
| Zinc (in short tons) | 33,022 | *36,942 | 31,211 |
| **NONFARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION**—Month of June | 4,514 | 4,001 | 3,946 |
| **NEW YORK STOCK EXCHANGE—** | | | |
| As of Sept. 30 (000's omitted): | | | |
| Member firms carrying margin accounts— | | | |
| Total customers' net debit balances | $3,259,000 | $3,220,000 | $3,406,000 |
| Credit extended to customers | 122,000 | 111,000 | 156,000 |
| Cash on hand and in banks in U. S. | 356,000 | 362,000 | 377,000 |
| Total of customers' free credit balances | 1,059,000 | 1,021,000 | 1,039,000 |
| Market value of listed bonds | 110,100,163 | 110,057,902 | 103,472,784 |
| Market value of listed shares | 283,318,365 | 300,900,603 | 290,503,856 |
| Member borrowings on U. S. Govt. issues | 684,000 | 720,000 | 427,000 |
| Member borrowings on other collateral | 2,325,000 | 2,231,000 | 2,255,000 |
| **SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—** | | | |
| Month of July: | | | |
| Net railway operating income | $23,984,149 | $57,025,664 | $48,796,588 |
| Other income | 25,055,789 | 25,922,415 | 22,272,674 |
| Total income | 49,039,938 | 82,948,079 | 71,069,262 |
| Miscellaneous deductions from income | 4,040,352 | 4,438,854 | 4,103,174 |
| Income available for fixed charges | 44,999,586 | 78,509,225 | 66,966,088 |
| Total fixed charges | 31,372,559 | 31,376,352 | 31,448,794 |
| Income after fixed charges | 13,627,027 | 47,132,863 | 35,517,294 |
| Other deductions | 4,044,124 | 4,055,283 | 4,229,246 |
| Net income | 9,582,903 | 43,077,580 | 31,288,048 |
| Depreciation (way & structure & equipment) | 52,534,278 | 52,647,779 | 51,223,641 |
| Federal income taxes | 7,539,276 | 24,577,362 | 16,100,597 |
| Dividend appropriations: | | | |
| On common stock | 27,314,746 | 26,153,694 | 26,322,685 |
| On preferred stock | 303,006 | 1,106,083 | 698,156 |
| Ratio of income to fixed charges | 1.43 | 2.50 | 2.13 |
| **TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.**—Month of September: | | | |
| Net sales | ------ | ------ | ------ |
| Net purchases | $3,432,300 | $44,398,900 | $28,274,650 |

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# News About Banks-Bankers

*Continued from page 14*

ber of shares outstanding—402,675 shares, par value $25.)

* * *

Stewart Morgan has been appointed Trust Officer of **Mellon National Bank and Trust Company, Pittsburgh, Pa.**, Frank R. Denton, Vice Chairman of the Bank, announced.

* * *

The Comptroller has approved the application to merge of two banks. They are **The Peoples National Bank of Bedford, Bedford, Va.**, and **The First National Exchange Bank of Roanoke, Roanoke, Va.** They will merge under the title of The First National Exchange Bank of Roanoke. The effective date is expected to be Nov. 1.

* * *

Directors of **Harris Trust and Savings Bank, Chicago, Ill.**, at a special meeting held Oct. 24, voted to transfer $3,450,000 from undivided profits to surplus. This brings the bank's surplus account to a total of $27,700,000.

**The Chicago National Bank, Chicago, Ill.**, formally merged into the Harris Bank, Oct. 24. The merger agreement provided that each share of the capital stock of Chicago National would be converted into 1 1/7 shares of Harris stock.

The directors also voted a 5% stock dividend, as provided for in the merger agreement, payable to stockholders of record Oct. 24, after the exchange of Chicago National shares to Harris stock. Stock certificates representing this dividend will be mailed Nov. 10. Order forms representing fractional shares resulting from the conversion and from the stock dividend will also be provided, with instructions for rounding out to full shares or selling the fractional shares.

Kenneth V. Zwiener, President and Chief Executive Officer of Harris Bank, pointed out that these increases in the bank's capital bring the total to $27,300,000, making combined capital and surplus of $55,000,000. Total deposits of the bank, following merger of Chicago National, amount to $863,-757.029, with resources totaling $942,477,822. Total loans and discounts aggregate $480,883,172.

Now members of the Harris board are five former Directors of the Chicago National Bank, who were elected by the Harris stockholders at a special meeting held earlier, Oct. 24. These new directors are Lester Armour, former Chicago National Chairman and now Vice-Chairman of Harris; Harold H. Anderson, George R. Birkelund, Paul L. Morrison and Dr. John T. Rettaliata.

* * *

**The South Chicago Savings Bank, Chicago, Ill.**, has announced the appointment of Harry C. Kriewitz as Chairman of the Board of Directors, and Roy Mathias as President.

* * *

Donald O'Toole, President of the **Pullman Trust & Savings Bank, Chicago, Ill.; Standard State Bank, Chicago, Ill.**, and **State Bank of Blue Island, Blue Island, Ill.**, announced last week that the directors of the three respective banks have voted a 3% stock dividend for the year ending 1960.

* * *

By a stock dividend, the **Oak Park National Bank, Oak Park, Ill.**, has increased its common capital stock from $600,000 to $1,200,000, effective Oct. 18. (Number of shares outstanding—24,000 shares, par value $50.)

* * *

Mr. Joseph M. Dodge, Chairman of **The Detroit Bank and Trust Company, Detroit, Mich.**, announced that 12 new officers were appointed at the Board of Directors meeting held Oct. 25.

Miss Leah B. Dunham, Assistant Cashier, Personnel Department; Miss Constance M. Wagner, Assistant Cashier, Administrative Executive Department; Mr. O. Charles Brown, Assistant Cashier, Customer Securities Department; Mr. James W. Little, Assistant Cashier, Commercial Tellers Department; Mr. William J. Luke, Assistant Cashier, Commercial Loan Department; Mr. James B. Lyons, Assistant Cashier, Electronic Data Processing Research Department; Mr. F. James Robinson, Assistant Cashier, Commercial Business Development; Mr. Manford Shepherd, Assistant Cashier, Livernois-Clarita Office; Mr. James Slessor, Assistant Cashier, Woodward-Milwaukee Office; Mr. A. Dale Dawson, Assistant Trust Officer, Income Tax Department; Mr. Robert K. Smith, Assistant Trust Officer, Pension Department; Mr. Thomas P. Trathen, Assistant Trust Officer, Administration of Trust Department.

* * *

**The State Savings Bank of Flat Rock, Flat Rock, Mich.**, a State member, and **Peoples Bank of Trenton, Trenton, Mich.**, an insured non-member, consolidated under the title of Peoples Bank of Trenton. The merger was made effective as of Oct. 17.

* * *

Eliot G. Fitch, President of the **Marine Corp., Milwaukee, Wis.**, announced Oct. 20 that tentative approval of the Federal Reserve Board to organize a new bank in Oak Creek has been received. The approval is subject to a 15 day publication in the Federal Register.

The new bank organized under the name of **Oak Creek Marine National Bank, Oak Creek, Wis.**, will have capital funds of $400,000 and will be located in the Howell Plaza. It is contemplated that construction of the bank building will begin as soon as possible after approval of the Federal Reserve becomes final. It is hoped that the bank will be in operation within six months.

Initially, the Board of Directors will include Eliot G. Fitch and John H. Kelly, President and Treasurer, respectively, of the Marine Corp.; William H. Lyon, former President of the **South Milwaukee Marine Bank, Milwaukee, Wis.**; Lawrence Q. Esch; and Roman J. Lewandowski.

Corporation officials said that the Marine Corp. will subscribe for at least 60% of the stock; up to 40% of the stock will be offered for sale to the residents of the Oak Creek area.

Application for a charter for the Oak Creek Marine National Bank was made to the Comptroller of the Currency in December, 1959, and received preliminary approval April 21, 1960. It is the application to the Federal Reserve Board which followed that has just been acted upon.

* * *

By a stock dividend, **The Fourth National Bank and Trust Company, Wichita, Wichita, Kansas**, has increased its common capital stock from $6,000,000 to $6,500,000, effective Oct. 6. (Number of shares outstanding, 650,000 shares, par value $10.)

* * *

**The Security - Mutual Bank and Trust Company, St. Louis, Mo.**, and **The Plaza Bank of St. Louis, St. Louis, Mo.**, have merged under the title of the Security-Mutual Bank and Trust Co.

* * *

The application of the **Merchants and Farmers Bank of Statesville, Inc., Statesville, N. C.** and the **North Carolina National Bank, Charlotte, N. C.**, was approved by the Comptroller of the Currency Oct. 5. The effective date was Oct. 7. They merged under the title of the North Carolina National Bank.

A merger certificate has been issued approving and making effective Oct. 18 the merger of the **National Bank of Commerce of Gastonia, Gastonia, N. C.**, with common stock of $500,000, into the **First Union National Bank of North Carolina, Charlotte, N. C.**, with common stock of $6,100,000. It was effected under the title of the First Union National Bank of North Carolina, with capital stock of $7,100,000, divided into 1,420,-000 shares of common stock of the par value of $5.00 each.

* * *

**The Citizens & Southern National Bank, Atlanta, Ga.**, has announced the appointment of James Sartor, and Hugh W. Fraser, Jr., to the new positions of General Vice-Presidents. Mr. Fraser was also elected a Director. Mr. Startor continues as a Director.

* * *

The application of the **State Bank & Trust Company, Brunswick, Ga.**, and the **American National Bank of Brunswick, Brunswick, Ga.**, to merge has been approved. They merge under the title of the American National Bank of Brunswick. The effective date was expected to be Oct. 28.

* * *

**The College Park National Bank at Orlando, Orlando, Florida**, has increased its common capital stock from $350,000 to $437,500, by the sale of new stock, and from $437,-500 to $500,000, by a stock dividend, effective Oct. 13. (Number of shares outstanding — 25,000 shares, par value $20.)

* * *

**The First National Bank of Mobile, Alabama**—organized immediately following the War Between the States—celebrated its 95th anniversary on Oct. 18.

* * *

A new overseas branch of **Bank of America, San Francisco, Calif.**, opens in Buenos Aires Oct. 24, President S. Clark Reise announced in San Francisco.

Located in the heart of the Argentine capital's financial district, it will be the bank's only branch in South America.

The branch will be managed by Stanfield S. Taylor, an officer in the International Banking division in San Francisco for several years.

Bank of America's representative office in Buenos Aires will continue its function as the liaison between the bank's many correspondent banks in the city and the territory covering the rest of Argentina and the River Platte.

* * *

The application filled by the **Deposit Guaranty Bank and Trust Company, Jackson, Miss.**, for permission to merge with the **Bank of Hazlehurst, Hazlehurst, Miss.**, under the title of Deposit Guaranty Bank & Trust Co., and, also, to establish a branch at the present location of Bank of Hazlehurst has been disapproved on Oct. 12 by the Board of Governors of the Federal Reserve System.

* * *

The Office of the Comptroller of the Currency has issued a charter to the **Southern National Bank of Houston, Houston, Harris County, Texas**, with a total capital and surplus of $2,000,000. Its President is Winston C. Baber, Cashier is Marvin Peterson, and is effective as of Oct. 18.

* * *

**The Republic National Bank of Dallas, Dallas, Texas**, Oct. 11 announced plans for issuance of a stock dividend of 78,888 shares, with a present market value in excess of $5,000,000, and simultaneous payment to the Bank of a $2,000,000 cash dividend by The Howard Corporation, et al, whose shares are held in trust for shareholders of the Bank.

Completion of these proposals will increase capital, surplus, undivided profits and reserve for contingencies of the Bank to more than $122,000,000. Plans for the increase were announced Oct. 11 following a meeting of the Bank's Board of Directors, in a statement issued jointly by Karl Hoblitzelle, Chairman of the Board; Fred F. Florence, Chairman, Executive Committee, and James W. Aston, President.

Proposals call for issuance of a stock dividend amounting to 78,-888 shares of the par value of $12 each, being 2% of the 3,944,435 shares presently outstanding. These new shares will be issued to shareholders of record as of Nov. 2, ratably, at no cost to them, bringing the total number of shares to be outstanding to 4,023,-323. This will amount to an increase in Capital stock of $946,-656, or from present capital of $47,333,220, to a total of $48,279,-876.

A special meeting of shareholders of the Bank has been called for Nov. 2, 1960, to effectuate proposals, subject to formal approval by the Comptroller of the Currency.

Coinciding with the abovementioned $2,000,000 cash dividend payment by The Howard Corporation, et al, $2,053,344 will be transferred from the Bank's Undivided Profits Account to Surplus, increasing Surplus to $56,720,124. Upon completion of proposals, Capital and Surplus will be $105,-000,000. Capital funds, including Undivided Profits and Reserve for Contingencies, will total more than $122,000,000.

* * *

Election of R. W. Wortham, Jr., to the Board of Directors of the **First City National Bank in Houston, Texas**, was announced by James A. Elkins, Sr., Senior Chairman of the Board.

* * *

The following additions to the official staff of **The Bank of California, N. A., San Francisco, Calif.**, were announced by Chairman Elliott McAllister.

Jay Gibson, Jr., was appointed Assistant Vice-President (Head Office), James K. Hill, Assistant Cashier, advanced to Manager of the Stevens Creek-Winchester Office (San Jose) and George L. Lorimer, Assistant Vice-President, was elected Manager of the Bank's new Sutter-Stockton Office (San Francisco), which is scheduled to open about Dec. 15.

Mr. Gibson has been in banking for 20 years in the Northwest.

Mr. Hill had served as Assistant Cashier of the Bank's Stevens Creek-Winchester Office since its opening earlier this year and advances due to the resignation of Richard K. Hulse, Manager.

Mr. Lorimer, who was appointed Assistant Vice-President earlier this year, began his banking career in 1935 and was a senior officer of a Seattle, Washington bank prior to joining The Bank of California.

Appointed Assistant Cashiers at Head Office were: Charles R. Boyle, David A. Bryant, James R. Campbell, Howard Jalving and Eugene Lynch.

John M. Vandall becomes Assistant Cashier at Sutter-Stockton Office (San Francisco) and John M. Vukich, Assistant Cashier at the Sacramento (California) office.

* * *

The Comptroller has approved an application to merge **Studio City Bank, Los Angeles, Calif.**, into **City National Bank of Beverly Hills, Beverly Hills, Calif.**, under the title of City National Bank of Beverly Hills. The effective date is to be determined.

* * *

By a stock dividend, **The United States National Bank of Portland, Portland, Ore.**, has increased its common capital stock from $23,-000,000 to $25,000,000, effective Oct. 20. (Number of shares outstanding — 1,250,000 shares, par value $20.)

# "The Only Thing We Ask"

"While I have never visited the middle of Africa, I am quite sure in my heart that I understand clearly your desires and the desires of your people in this world of tensions and fears. I understand when you say that 'we in Africa are without great material strength' and that you stand between two great hostile blocs.

Pres. Eisenhower

"But, sir, we are not a bloc. We are not hostile. But we are determined that those forces which want to destroy liberty, the dignity of man and human freedom shall not prevail in this world. When there is a militant dictatorship that has proclaimed openly and time again its intention to communize the world and control it from Moscow, then it is time for all of us—all free nations—so to order our affairs as to prevent selfish, dictatorial forces from having their way in the world.

"We do not urge—indeed, we do not desire—that you should belong to one camp or to the other. You cannot afford to waste your money which is needed to build the hospitals, the schools, the roads that your people need—you cannot afford to put that money into costly armaments.

* * *

"The only thing we ask is that through your own love of freedom and the determination of your people to live their own lives as they choose, you will resist others who have military, economic, or political intent to dominate you."—President Eisenhower to a representative of the Republic of Niger.

**The problem for these lesser powers is to detect the wolves in sheep's clothing before they are gobbled up by the most unrelenting of all imperialists!**

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# Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

***NOTE—Because of the large number of issues awaiting processing by the SEC, it is becoming increasingly difficult to predict offering dates with a high degree of accuracy. The dates shown in the index and in the accompanying detailed items reflect the expectations of the underwriter but are not, in general, to be considered as firm offering dates.***

**ACR Electronics Corp.**
Sept. 28, 1960 filed 150,000 shares of common stock, 75,000 series I common stock purchase warrants, and 75,000 series II common stock purchase warrants, to be offered in units, each unit to consist of two common shares, one series I 5-year purchase warrant, and one 5-year series II warrant. Warrants are exercisable initially at $2 per share. **Price**—To be supplied by amendment. **Proceeds** — For salaries of additional personnel, liquidation of debt, research, and the balance for working capital. **Office**—551 W. 22nd Street, New York City. **Underwriters**—Globus, Inc. and Ross, Lyon & Co., Inc., both of New York City.

● **Adirondack Industries, Inc. (11/28-12/2)**
Oct. 13, 1960 filed 120,000 shares of common stock (par $1), of which 50,000 shares will be offered for the account of the issuing company and 70,000 shares, representing outstanding stock, will be offered for the Estate of Edward D. McLaughlin, company founder. **Price**—To be supplied by amendment. **Business**—The company, for whom this represents the first public offering, makes baseball bats and bowling pins. **Proceeds**—For general corporate purposes. **Office** — Dolgeville, N. Y. **Underwriter**—Shearson, Hammill & Co., New York City (managing).

**Adler Built Industries, Inc.**
Aug. 29, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For acquisition and development of land and operating capital. **Office**—1201 W. 66th St., Hialeah, Fla. **Underwriter** — American Diversified Securities, Inc., Washington, D. C.

**Aircraft Armaments, Inc. (11/18)**
Sept. 26, 1960 filed 265,500 shares of common stock, to be offered by United Industrial Corp. to holders of UIC common on the basis of one Aircraft share for each 8 UIC shares held. **Price**—To be supplied by amendment. **Business**—The issuer, wholly owned by UIC, is engaged in applied research and development in various technical fields and works largely for the Department of Defense. **Office**—Cockeysville, Md. **Underwriter**—Eastman Dillon, Union Securities & Co., New York City (managing).

**Alarm Device Manufacturing Co. Inc. (11/7-10)**
Sept. 19, 1960 filed 130,500 shares of outstanding common stock (par 10 cents). **Price** — $4 per share. **Business**—Manufacture and sale of burglar and fire alarm equipment. **Proceeds**—To selling stockholders. **Office**—1665 St. Marks Ave., Brooklyn, N. Y. **Underwriter**—Golkin, Bomback & Co., New York, N. Y.

**All American Engineering Co. (11/15)**
Sept. 27, 1960 filed 85,918 shares of common stock (par 10 cents), to be offered to holders of the outstanding common on the basis of one new share for each four shares held. **Price**—To be supplied by amendment. **Business**—The firm is engaged primarily, under government-sponsored contracts, in research, development, and manufacturing activities related to the aircraft, satellite, and missile fields. **Proceeds** — For general corporate purposes. **Office**—Du Pont Airport, Wilmington, Del. **Underwriter**—Drexel & Co., Philadelphia, Pa. (managing).

● **Allegri-Tech, Inc. (11/21-25)**
Sept. 21, 1960 filed 100,000 shares of 50c par common stock. **Price** — $6 per share. **Business** — The company makes and sells printed circuitry and modules. **Proceeds** — To pay bank notes and other indebtedness incurred for equipment, to finance leasehold improvements, and for research and development expenses. **Office** — 141 River Road, Nutley, N. J. **Underwriter**—Myron A. Lomasney & Co., New York City.

**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.

**Alloys Unlimited, Inc.**
Oct. 14, 1960 filed 135,000 shares of common stock (par 10¢), of which 75,000 shares are to be offered for the account of the company and 60,000 shares for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company manufactures certain components for such semiconductor devices as silicon and germanium transistors, diodes and rectifiers. **Proceeds**—For general corporate purposes including debt reduction. **Office**—21-01 43rd Ave., Long Island City, N. Y. **Underwriters**—Newburger, Loeb & Co. and C. E. Unterberg, Towbin Co., New York, N. Y. **Offering**—Expected in late November.

*Continued on page 37*

## NEW ISSUE CALENDAR

**November 3 (Thursday)**

Georgia Power Co. — Bonds
(Bids 11:00 a.m. N. Y. time) $12,000,000

**November 4 (Friday)**

Metcom, Inc. — Common
(Hayden, Stone & Co.) 100,000 shares

**November 7 (Monday)**

Alarm Device Manufacturing Co. Inc. — Common
(Golkin, Bomback & Co.) $522,000

Baruch (R.) & Co. — Common
(R. Baruch & Co.) $200,000

Champion Spark Plug Co. — Common
(Blyth & Co., Inc.; Glore, Forgan & Co.; Hornblower & Weeks and Merrill Lynch, Pierce, Fenner & Smith, Inc.) 750,000 shares

Cyclomatics, Inc. — Common
(General Securities Co.) $250,000

Dubrow Electronic Industries, Inc. — Common
(Woodcock, Moyer, Fricke & French, Inc.) $300,000

Federal Street Fund, Inc. — Common
(Goldman, Sachs & Co.) $20,000,000

Foremost Industries, Inc. — Common
(Richard Bruce & Co., Inc.) $300,000

Gremar Manufacturing Co., Inc. — Common
(Milton D. Blauner & Co., Inc. and M. L. Lee Co., Inc.) 100,000 shares

Gulf Resources, Inc. — Common
(Amos Treat & Co., Inc.) $1,120,000

Heldor Electronics Manufacturing Corp. — Common
(S. Schramm & Co., Inc.) $300,000

International Mosaic Corp. — Common
(B. G. Harris & Co., Inc.) $279,999

Kirk (C. F.) Laboratories, Inc. — Common
(Schrijver & Co.) $299,700

Koeller Air Products, Inc. — Units
(Lloyd Securities) $200,000

Lawndale Industries, Inc. — Class A
(Paul C. Kimball & Co.) $500,000

Lawter Chemicals, Inc. — Capital
(Blunt Ellis & Simmons) 70,000 shares

Paddington Corp. — Common
(Lee Higginson Corp. and H. Hentz & Co.) 36,498 shares

Preferred Risk Life Assurance Co. — Common
(Preferred Investments, Inc.) $1,500,000

Robosonics, Inc. — Common
(Mandell & Kahn, Inc.) $900,000

Still-Man Manufacturing Corp. — Class A
(Francis I. duPont & Co.) 150,000 shares

Summers Gyroscope Co. — Common
(No underwriting) $4,802,412.75

Terry Shops, Inc. — Common
(Whitmore, Bruce & Co.) $300,000

Ultra-Sonic Precision Co. Inc. — Common
(Merritt, Vickers, Inc.) $200,000

White Avionics Corp. — Common
(Planned Investing Corp. and Fidelity Investors Service) $300,000

**November 9 (Wednesday)**

Omega Precision, Inc. — Common
(Pacific Coast Securities Co. and George, O'Neill & Co., Inc.) $300,000

**November 10 (Thursday)**

Clark Cable Corp. — Common
(Robert L. Ferman & Co.) $890,000

Coastal Acceptance Corp. — Notes
(Shontell & Varick) $100,000

Dalto Corp. — Common
(Offering to stockholders—underwritten by Sterling, Grace & Co.) $533,021.25

Dorsey Corp. — Debentures
(Blair & Co., Inc.) $3,500,000

Dorsey Corp. — Common
(Blair & Co., Inc.) 350,000 shares

High Point Ski Ways, Inc. — Common
(Osborne, Clark & Van Buren, Inc.) $300,000

Major League Bowling & Recreation, Inc. — Com.
(Eastman Dillon, Union Securities & Co. and J. C. Wheat & Co.) 150,000 shares

Standard Instrument Corp. — Common
(Havener Securities Corp.) 50,000 shares

Telex, Inc. — Common
(Lee Higginson Corp.) 196,000 shares

Tenax, Inc. — Debentures
(Myron A. Lomasney & Co.) $1,500,000

**November 12 (Saturday)**

Industrial Hose & Rubber Co., Inc. — Common
(Schrijver & Co.) $500,000

**November 14 (Monday)**

Amacorp Industrial Leasing Co., Inc. — Common
(McDonnell & Co., Inc.) 170,000 shares

Automatic Radio Mfg. Co., Inc. — Common
(Paine, Webber, Jackson & Curtis) 423,750 shares

Berkshire Frocks, Inc. — Common
(Blair & Co. and Richter & Co.) 120,000 shares

Bzura Chemical Co., Inc. — Common
(P. W. Brooks & Co., Inc. and Lee Higginson Corp.) 450,000 shares

Cannon Electric Co. — Common
(Kidder, Peabody & Co.) 200,000 shares

Cavitron Corp. — Common
(No underwriting) $600,000

Does-More Products Corp. — Common
(H. L. Wright & Co., Inc.) $300,000

First Connecticut Small Business Investment Co. — Common
(Hill, Darlington & Grimm) $2,250,000

Frouge Corp. — Common
(Van Alstyne, Noel & Co.) 175,000 shares

Frouge Corp. — Debentures
(Van Alstyne, Noel & Co.) $1,500,000

Gay (Connie B.) Broadcasting Corp. — Common
(Hill, Darlington & Co.) 130,000 shares

General Automation Corp. — Common
(Bertner Bros. and Earl Edden Co.) $200,000

Geophysics Corp. of America — Common
(C. E. Unterberg, Towbin Co.) 50,000 shares

Indian Head Mills, Inc. — Common
(Blair & Co. and F. S. Smithers & Co.) 60,000 shares

Mary Carter Paint Co. — Common
(Lee Higginson Corp.) 375,000 shares

Model Finance Service, Inc. — Debentures
(Paul C. Kimball & Co.) $1,000,000

Model Finance Service, Inc. — Preferred
(Paul C. Kimball & Co.) 100,000 shares

Nationwide Tabulating Corp. — Common
(Milton D. Blauner & Co., Inc.) $200,000

New Jersey Bell Telephone Co. — Debentures
(Bids 11:30 a.m. EST) $20,000,000

Rotron Manufacturing Co., Inc. — Common
(W. E. Hutton & Co.) 130,000 shares

Sampson-Miller Associated Companies, Inc. — Com.
(Moore, Leonard & Lynch) 150,000 shares

Sexton (John) & Co. — Common
(Hornblower & Weeks) 200,000 shares

Simplex Wire & Cable Co. — Capital
(Paine, Webber, Jackson & Curtis) 118,000 shares

Standard Pressed Steel Co. — Common
(Kidder, Peabody & Co.) 112,760 shares

Sulray, Inc. — Common
(J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc.) $300,000

Tech Laboratories, Inc. — Common
(Carroll Co. and Dewey, Johnson & Co.) $252,000

Telephone & Electronics Corp. — Common
(Equity Securities Co.) $264,900

Tele-Tronics Co. — Common
(Woodcock, Moyer, Fricke & French, Inc.) $300,000

Texas Butadiene & Chemical Corp. — Common
(Blyth & Co., Inc. and Lehman Brothers) 635,800 shares

Vacudyne Associates, Inc. — Common
(Kenneth Kass; H. S. Simmons & Co., Inc. and B. N. Rubin & Co.) $200,000

Willer Color Television System, Inc. — Common
(Equity Securities Co.) $242,670

Zurn Industries, Inc. — Common
(Lee Higginson Corp.) 200,000 shares

**November 15 (Tuesday)**

All American Engineering Co. — Common
Offering to stockholders—underwritten by Drexel & Co.) 85,918 shares

Brothers Chemical Co. — Common
(Sandkuhl & Company, Inc.) $300,000

Chemtronic Corp. — Common
(Jay W. Kaufman & Co.) $400,000

Coral Aggregates Corp. — Common
(Peter Morgan & Co. and Robinson & Co., Inc.) $400,000

Davega Stores Corp. — Debentures
(Amos Treat & Co., Inc.) $1,500,000

Deere (John) Credit Co. — Debentures
(Harriman Ripley & Co., Inc.) $50,000,000

Drexel Dynamics Corp. — Common
(Warner, Jennings, Mandel & Longstreth) $600,000

Electronic & Missile Facilities, Inc. — Common
(Hardy & Co.) 260,000 shares

Glas Foam Corp. — Common
(Martinelli & Co., Inc.) $300,000

Idaho Power Co. — Bonds
(Bids 11:00 a.m. EST) $15,000,000

Keyes Fibre Co. — Debentures
(Offering to stockholders—underwritten by Coffin & Burr, Inc.) $10,000,000

National Airlines, Inc. — Debentures
(Offering to stockholders—underwritten by Lehman Brothers) $10,288,000

Polymer Corp. — Common
(White, Weld & Co. and A. G. Edwards & Sons) 20,000 shares

Polymer Corp. — Conv. Debentures
(White Weld & Co. and A. G. Edwards & Sons) $2,750,000

Stop & Shop, Inc. — Common
(Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith, Inc.) 625,000 shares

United Bowling Centers, Inc. — Common
(Emanuel, Deetjen & Co and Hill, Darlington & Co.) 200,000 shares

**November 16 (Wednesday)**

Central Maine Power Co. — Common
(Harriman Ripley & Co., Inc., First Boston Corp., Coffin & Burr) 120,000 shares

Franklin Discount Co. — Debentures
(No underwriting) $300,000

Franklin Discount Co. — Notes
(No underwriting) $300,000

Goodrich (B. F.) Co. — Debentures
(Goldman, Sachs & Co.) $60,000,000

Matheson Co., Inc. — Common
(White, Weld & Co., Inc.) 160,000 shares

Merrimack Essex Electric Co. — Preferred
(Bids to be received) $7,500,000

Wisconsin Electric Power Co. — Bonds
(Bids 11:00 a.m.) $30,000,000

**November 17 (Thursday)**

Public Service Co. of New Hampshire — Bonds
(Bids 11:00 a.m. EST) $6,000,000

Transitron Electronics Corp. — Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 1,250,000 shares

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**November 18 (Friday)**

Aircraft Armaments, Inc. ---------------- Common
(Offering to UIC stockholders—underwritten by Eastman Dillon, Union Securities & Co.) 265,500 shares

**November 21 (Monday)**

Allegri-Tech, Inc. ---------------- Common
(Myron A. Lomasney & Co.) $600,000

Carolina Metal Products Corp. ---------------- Common
(Arnold, Wilkens & Co.) $500,000

Cook Coffee Co. ---------------- Common
(Goldman, Sachs & Co.) 100,000 shares

Foxboro Co. ---------------- Common
(Paine, Webber, Jackson & Curtis) 211,000 shares

Globe Security Systems, Inc. ---------------- Common
(Drexel & Co.) 100,000 shares

Metropolitan Telecommunications Corp. --- Common
(M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc.) 25,000 shares

Metropolitan Telecommunications Corp. --- Debens.
(M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc.) $600,000

Mohawk Insurance Co. ---------------- Common
(R. F. Dowd & Co., Inc.) $900,000

Resisto Chemical, Inc. ---------------- Common
(Amos Treat & Co., Inc.) $500,000

**November 22 (Tuesday)**

American Heritage Life Insurance Co. --- Common
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Smith, Inc. and Pierce, Carrison, Wulbern, Inc.) 354,240 shares

Berman Leasing Co. ---------------- Common
(Eastman Dillon, Union Securities & Co.) 430,000 shares

Consolidated Edison Co. of New York ------ Bonds
(Bids to be received) $75,000,000

**November 28 (Monday)**

Andersen Laboratories, Inc. ---------------- Common
(Putnam & Co.) 150,000 shares

Canaveral International Corp. ---------------- Common
(S. Schramm & Co., Inc.) 300,000 shares

Dial-A-Disk, Inc. ---------------- Common
(McClane & Co., Inc.) $300,000

Living Aluminum, Inc. ---------------- Common
(Arnold Malkan & Co., Inc. and Sulco Securities, Inc.) $300,000

Madigan Electronic Corp. ---------------- Common
(McLaughlin, Kaufman & Co.) $467,500

Patrician Paper Co., Inc. ---------------- Units
(Hill, Darlington & Grimm) 100,000 units

Pik-Quik, Inc. ---------------- Common
(A. C. Allyn & Co., Inc.) 550,000 shares

Radar Measurements Corp. ---------------- Common
(Blaha & Co., Inc.) $299,950

School Pictures, Inc. ---------------- Common
(Equitable Securities Corp. and Kroeze, McLarty & Co.) 100,000 shares

Wood-Mosaic Corp. ---------------- Common
(Cruttenden, Podesta & Co. and Berwyn T. Moore & Co., Inc.) 30,000 shares

**November 29 (Tuesday)**

Central Maine Power Co. ---------------- Bonds
(Bids 11:00 a.m. EST) $6,000,000

Ginn & Co. ---------------- Common
(White, Weld & Co.) 817,391 shares

**December 1 (Thursday)**

Speedry Chemical Products, Inc. ------- Debentures
(S. D. Fuller & Co.) $2,000,000

Speedry Chemical Products, Inc. --------- Common
(S. D. Fuller & Co.) 60,000 shares

**December 5 (Monday)**

Frisch's Restaurants, Inc. ---------------- Common
(Westheimer & Co.) 180,000 shares

Southern Bell Telephone & Telegraph Co. -- Debs.
(Bids to be received) $75,000,000

**December 6 (Tuesday)**

Central Vermont Public Service Corp. --- Preferred
(Hallgarten & Co.) 60,000 shares

Northern States Power Co. (Minn.) -------- Bonds
(Bids to be invited) $35,000,000

**December 8 (Thursday)**

Brooks (James) & Co. Inc. ---------------- Units
(Lloyd Haas & Co.) $450,000)

**December 12 (Monday)**

Consumers Power Co. ---------------- Bonds
(Bids 11:30 a.m. EST) $35,000,000

**December 13 (Tuesday)**

Public Service Electric & Gas Co. ------- Preferred
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) $25,000,000

**December 15 (Thursday)**

Stancil-Hoffman Corp. ---------------- Capital
(Pacific Coast Securities Co.) $300,000

**January 9 (Monday)**

Bell Electronic Corp. ---------------- Common
(Schwabacher & Co.) 136,000 shares

**January 17 (Tuesday)**

Gulf States Utilities Co. ---------------- Common
(Bids to be received) $11,500,000

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**Amacorp Industrial Leasing Co., Inc. (11/14-18)**
Sept. 9, 1960 filed 170,000 shares of common stock (no par), of which 40,000 shares, representing outstanding stock, will be offered for the account of a selling stockholder, and 130,000 shares will be offered for the account of the issuing company. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Business**—The financing of industrial and office equipment through the purchase and leasing of such property to its customers. **Office**—Alhambra, Calif. **Underwriter**—McDonnell & Co., Inc., New York City (managing).

**American Consolidated Mfg. Co., Inc.**
Sept. 27, 1960 (letter of notification) 39,500 shares of common stock (par 33⅓ cents). **Price** — $5 per share. **Proceeds** — For advertising and promotion and accounts receivable. **Office**—835 N. 19th St., Philadelphia, Pa. **Underwriter**—Martin, Monaghan & Mulhern, Inc., Ardmore, Pa.

★ **American Cryogenics, Inc.**
Oct. 27, 1960 filed 150,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Business**—The company and its subsidiaries make and sell liquid and gaseous nitrogen and oxygen, dental and medical equipment, and various other gases and cylinders. **Proceeds**—About $1,300,000 for expansion of production facilities including the purchase of equipment, with the balance for working capital. **Office** — New Savannah Road, Augusta, Ga. **Underwriter**—Courts & Co., Atlanta, Ga. (managing). **Offering** — Expected in early December.

● **American Heritage Life Insurance Co. (11/22)**
Oct. 24, 1960 filed 354,240 shares of common stock, to be offered to holders of the outstanding common of record Nov. 22 on the basis of one new share for each eight shares held with rights to expire on Dec. 6 at 3:30 p.m. (EST). **Price** — To be supplied by amendment. **Business** — The company writes ordinary life, group life, and group accident and health insurance in 13 states and the District of Columbia. **Proceeds**—To be used to repay $1,481,006 of short-term indebtedness incurred in acquiring stock of Acme United Life Insurance Co., a new subsidiary of the issuer, with the remainder for general corporate purposes. **Office**—218 West Adams St., Jacksonville, Fla. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York City, and Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla. (managing).

**American Income Life Insurance Co.**
Aug. 26, 1960 filed 90,174 shares of common stock, to be offered to the holders of the outstanding common on the basis of one new share for each 5⅓ shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—5th and Franklin, Waco, Texas. **Underwriters**—Ladenburg, Thalmann & Co. and Lee Higginson Corp., both of New York City (managing). **Note**—This stock is not qualified for sale in New York.

**American Mortgage Investment Corp.**
April 29 filed $1,800,000 of 4% 20-year collateral trust bonds and 1,566,000 shares of class A non-voting common stock. It is proposed that these securities will be offered for public sale in units (2,000) known as Investment Certificates, each representing $900 of bonds and 783 shares of stock. **Price**—$1,800 per unit. **Proceeds**—To be used principally to originate mortgage loans and carry them until market conditions are favorable for disposition. **Office** — 210 Center St., Little Rock, Ark. **Underwriter**—Amico, Inc.

**American Playlands Corp.**
Aug. 22, 1960 filed 300,000 shares of common stock. **Price**—$4 per share. **Business**—The company intends to operate an amusement and recreation park on 196 acres of land near Liberty, N. Y. **Proceeds**—For development of the land. **Office**—55 South Main St., Liberty, N. Y. **Underwriter**—M. W. Janis Co., Inc., New York City.

★ **Amercana Properties, Inc.**
Oct. 27, 1960 filed 100,000 shares of common stock. **Price**—$6 per share. **Business**—The operation of shopping areas and bowling establishments in Long Island, N. Y. **Proceeds**—For debt reduction and construction of stores and a bowling facility. **Office** — 855 Montauk Highway, Oakdale, L. I., N. Y. **Underwriter**—Plymouth Securities Corp., New York City. **Offering**—Expected in early December.

**American Recreational Development Corp.**
Sept. 7, 1960 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price** — $3 per share. **Proceeds**—For expenses in constructing and operating recreation centers. **Office** — 210 E. Lexington St., Baltimore 2, Md. **Underwriter**—Investment Securities Co. of Maryland, Baltimore, Md.

**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.

● **Ampal-American Israel Corp.**
Oct. 25, 1960 filed $5,000,000 of 7-year series I 6% sinking fund debentures. **Price**—At par. **Proceeds**—For various business enterprises in Israel. **Office**—17 East 71st Street, New York City. **Underwriter**—None.

**Andersen Laboratories, Inc. (11/28-12/2)**
Sept. 28, 1960 filed 150,000 shares of common stock, of which 40,000 shares are to be offered for the account of the issuing company and 110,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds**—To reduce indebtedness, buy new tools, and add to working capital. **Office** — Hartford, Conn. **Underwriter** — Putnam & Co., Hartford, Conn. (managing).

★ **Apache Corp.**
Oct. 26, 1960 filed $4,000,000 of 6% convertible subordinated debentures, due Dec. 1, 1975. **Price** — At par. **Business**—Management of long-term risk capital investments in gas, oil, and real estate ventures, and also in mutual funds. **Proceeds**—For debt reduction, working capital, and to buy a small oil producing company. **Office**—523 Marquette Ave., Minneapolis, Minn. **Underwriters**—To be supplied by amendment.

★ **Arizona Valley Development Co., Inc. (11/14)**
Oct. 17, 1960 (letter of notification), 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For deed of trust due, engineering, construction, and working capital. **Office** — 1512 W. Indian School Rd., Phoenix, Ariz. **Underwriter** — Henry Fricke Co., New York, N. Y.

● **Arnoux Corp.**
May 23 filed 133,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes and working capital. **Office**—11924 W. Washington Blvd., Los Angeles, Calif. **Underwriter**—Shearson, Hammill & Co., New York. **Note**—This statement has been withdrawn.

★ **Atlanta Gas Light Co.**
Nov. 1, 1960 filed $9,000,000 of first mortgage bonds, due 1985. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans incurred for construction, which are expected to aggregate $10,200,000 at the time of the offering. **Office**—Atlanta, Ga. **Underwriter**—To be determined by competitive bidding. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); Shields & Co.; Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly); Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; First Boston Corp.

● **Automatic Canteen Co. of America**
Sept. 1, 1960 filed 540,266 shares of common stock being offered to holders of the outstanding common on the basis of one new share for each 10 shares held of record Oct. 28 with rights to expire on Nov. 14 at 3:30 p.m. New York Time. **Price** — $24.75 per share. **Proceeds**—$9,500,000 to pay for the acquisition of Commercial Discount Corp., with the balance for general corporate purposes. **Office**—Chicago, Ill. **Underwriter**—Glore, Forgan & Co., New York City (managing).

● **Automatic Radio Mfg. Co., Inc. (11/14-18)**
Sept. 9, 1960 filed 423,750 shares of common stock (par $1), of which 100,000 shares will be offered for the account of the issuing company and 323,750 shares, representing outstanding stock, will be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business**—The firm makes and sells car and portable radios. **Proceeds**—For expansion, working capital, and possible acquisitions. **Office**—122 Brookline Ave., Boston, Mass. **Underwriter** — Paine, Webber, Jackson & Curtis, New York City (managing).

**Autosonics, Inc.**
July 29, 1960 (letter of notification) 135,000 shares of common stock (par five cents). **Price**—$2 per share. **Proceeds**—For production and research for equipment, inventory, building and working capital. **Office**—42 S. 15th St., Philadelphia, Pa. **Underwriter**—Robert M. Harris & Co., Inc., Transportation Bldg., Philadelphia, Pa.

**Avionics Investing Corp.**
July 12, 1960 filed 250,000 shares of capital stock (par $1). **Price** — $10 per share. **Business** — The issuer is a closed - end non - diversified management investment company. **Proceeds**—For investments in small business concerns in avionics and related fields, with a proposed limit of $800,000 to be invested in any one such enterprise. **Office** — 1000 - 16th Street, N. W., Washington, D. C. **Underwriter**—S. D. Fuller & Co., New York City. **Offering**—Expected sometime in November.

**Bal-Tex Oil Co., Inc.**
June 17, 1960 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses for development of oil properties. **Office**—Suite 1150, First National Bank Bldg., Denver, Colo. **Underwriter**—L. A. Huey & Co., Denver, Colo.

**Baruch (R.) & Co. (11/7-10)**
Sept. 20, 1960 (letter of notification) 100,000 shares of common stock (par 75 cents). **Price** — $2 per share. **Business**—The issuer is a broker-dealer with the SEC, and a member of the NASD. **Proceeds**—To take positions and maintain markets in securities, participate in underwritings, and the balance for working capital. **Office**—1518 K St., N. W., Washington, D. C. **Underwriter**—Same.

**Bell Electronic Corp. (1/9)**
Oct. 12, 1960 filed 136,000 shares of common stock, of which 86,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holder thereof. **Price**—To be supplied by amendment. **Business**—The company, which was organized in May 1959, is a distributor of electronic parts and equipment manufactured by others. **Proceeds**—For inventory and to carry accounts receivable. **Office**—306 E. Alondra Blvd., Gardena, Calif. **Underwriter** — Schwabacher & Co., San Francisco, Calif.

● **Berkshire Frocks, Inc. (11/14-18)**
Sept. 28, 1960 filed 120,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—127 Forsyth St., Boston, Mass. **Underwriters**—Blair & Co. and Richter & Co., both of New York City.

**Berman Leasing Co. (11/22)**
Sept. 27, 1960 filed 430,000 shares of common stock (par $1), of which 200,000 shares are to be offered for the

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account of the issuing company and 230,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The leasing, reconditioning, and sale of trucks, tractors, trailers, and related equipment. **Proceeds**—For general corporate purposes, including working capital. **Office**—Pennsburg, Pa. **Underwriter** — Eastman Dillon, Union Securities & Co., New York City (managing).

**★ Bomard Industries, Inc.**
Oct. 19, 1960 (letter of notification), 50,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For payment of tooling, additional factory equipment, and working capital. **Office**—21 W. Gregory Blvd., Kansas City, Mo. **Underwriter**—None.

**★ Bonneville Manufacturing Co.**
Oct. 24, 1960 (letter of notification) 32,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—For lease of a building and operating capital. **Office**—10915 N. Burgard, Portland, Ore. **Underwriter**—Auld & Co., Portland, Ore.

**★ Bowl-Mor Co., Inc.**
Oct. 28, 1960 filed $2,000,000 of 6% convertible subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office** — Newtown Road, Littleton, Mass. **Underwriters**—Paine, Webber, Jackson & Curtis and Granbery, Marache & Co., both of New York City (managing). **Offering**—Expected in early December.

**● Bowl-Mor Co., Inc.**
Oct. 25, 1960 filed 78,955 shares of common stock, to be offered to holders of the outstanding common on the basis of one new share for each 10 shares held. **Price**—To be supplied by amendment. **Business**—The company manufactures pin-sitting machines for various types of bowling games. **Proceeds**—For working capital and for costs of the company's entry into the "tenpin" bowling field. **Office** — Newton Road, Littleton, Mass. **Underwriters** — Paine, Webber, Jackson & Curtis, and Granbery, Marache & Co., both of New York City (managing). **Offering**—Expected in early December.

**Bradford Pools, Inc.**
Oct. 24, 1960 filed 160,000 shares of class A common stock, with stock purchase warrants attached, to be offered in units consisting of five shares of stock and one warrant. **Price**—$10 per unit. **Business**—The construction, sale, and installation of pools in New Jersey and neighboring states. **Proceeds**—For general corporate purposes, including working capital. **Office** — 245 Nassau St., Princeton, N. J. **Underwriter**—R. A. Holman & Co., Inc., New York City. **Offering**—Expected sometime in November.

**Bridgeport Gas Co.**
Sept. 2, 1960 filed 42,561 shares of common stock being offered to the holders of the outstanding common of record Oct. 17 on the basis of one new share for each six shares held with rights to expire on Nov. 15. **Price**—$27.50 per share. **Proceeds**—To be applied to the payment of bank loans incurred for property additions which are expected to approximate $1,800,000 in 1960. **Office**—815 Main St., Bridgeport, Conn. **Underwriter**—None.

**Brooks (James) & Co., Inc. (12/8)**
Oct. 24, 1960 filed $400,000 of 12% subordinated debentures, due 1980, 50,000 shares of common stock, and warrants for the purchase of 50,000 common shares, to be offered in units consisting of $400 of debentures, 50 common shares, and warrants for the cash purchase of 50 shares. **Price**—$450 per unit. **Business**—The retail sale in two Bronx, N. Y., stores of furniture, appliances, cameras, photo supplies, and related items. **Proceeds**—To reduce accounts payable to factors, with the balance for working capital. **Office**—542 E. 138th Street, New York City. **Underwriter**—Lloyd Haas & Co., New York City.

**● Brothers Chemical Co. (11/15)**
Aug. 9, 1960 (letter of notification) 100,000 shares of class A common stock (par 10 cents). **Price** — $3 per share. **Business**—Manufacturing chemicals. **Proceeds**—For general corporate purposes. **Office** — 575 Forest Street, Orange, N. J. **Underwriter**—Sandkuhl & Company, Inc., Newark, N. J. and New York City.

**Business Finance Corp.**
Aug. 5, 1960 (letter of notification) 195,000 shares of common stock (par 20 cents). **Price** — $1.50 per share. **Proceeds**—For business expansion. **Office**—1800 E. 26th St., Little Rock, Ark. **Underwriter**—Cohn Co., Inc., 309 N. Ridge Road, Little Rock, Ark.

**Bzura Chemical Co., Inc. (11/14-18)**
Aug. 25, 1960 filed 450,000 shares of common stock (par 25 cents), an undetermined number of which will be offered for the account of the issuing company, with the remainder to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business** — The company makes and sells citric acid. **Proceeds** — To expand the capacity of the parent company, Bzura, Inc., for the manufacture of fumaric acid, and to enable it to produce itaconic acid, with the balance for working capital. **Office**—Broadway & Clark Streets, Keyport, N. J. **Underwriters**—P. W. Brooks & Co., Inc., and Lee Higginson Corp., both of New York City (managing).

**Campbell Chibougamau Mines, Ltd.**
Oct. 14, 1960 filed 305,392 shares of common stock to be offered to warrant holders. **Price**—$4 per share. **Business**—The company owns and works mining properties. **Proceeds**—For general funds of the company. **Office**—55 Yonge St., Toronto, Canada. **Underwriter**—None.

**● Canaveral International Corp. (11/28-12/2)**
Aug. 12, 1960 filed 300,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—Land sales and development. **Proceeds**—$150,000 for accounts payable, $335,000 for mortgage and interest payments, $250,000 for advertising, $250,000 for development costs and $290,000 for general working capital. **Office**—1766 Bay Road, Miami Beach, Fla. **Underwriter** — S. Schramm & Co., Inc., New York City.

**● Cannon Electric Co. (11/14-18)**
Sept. 26, 1960 filed 200,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Business**—Designs and makes electrical connectors and related wiring devices. **Proceeds**—To selling stockholders, two members of the Cannon family. **Office**—3208 Humboldt Street, Los Angeles, Calif. **Underwriter** — Kidder, Peabody & Co., New York City (managing).

**● Carhart Photo, Inc. (11/7-10)**
Sept. 7, 1960 (letter of notification) 150,000 shares of Class A preferred stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—105 College Ave., Rochester, N. Y. **Underwriter**—Doolittle & Co., Buffalo, N. Y.

**Caribbean American Corp.**
Sept. 14, 1960 filed 459,500 shares of capital stock. **Price**—$2 per share. **Business**—Caribbean real estate. **Proceeds** — For general corporate purposes. **Office** — 615 Robinson Bldg., 15th & Chestnut Sts., Philadelphia, Pa. **Underwriter**—R. P. & R. A. Miller & Co., Inc., Philadelphia, Pa.

**Caribbean & Southeastern Development Corp.**
Sept. 28, 1960 filed 140,000 shares of common stock. **Price**—$5.25 per share. **Proceeds**—For investment in land in the Caribbean area, development of a site in Atlanta, Ga., and the balance for general corporate purposes. **Office**—4358 Northside Drive, N. W., Atlanta, Ga. **Underwriter**—To be supplied by amendment.

**Carolina Metal Products Corp. (11/21)**
Sept. 28, 1960 filed 100,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds** — Repayment of indebtedness, machinery and equipment, and the balance for working capital. **Office** — 2222 S. Blvd., Charlotte, N. C. **Underwriter**—Arnold, Wilkens & Co., New York City.

**● Caruso Foods, Inc. (11/10)**
Sept. 2, 1960 (letter of notification) 150,000 shares of common stock (par three cents). **Price** — $2 per share. **Business**—Food processing. **Proceeds**—For general corporate purposes. **Office**—2891-99 Nostrand Ave., Brooklyn, N. Y. **Underwriter** — Searight, Ahalt & O'Connor, Inc., New York, N. Y.

**● Cavitron Corp. (11/14-18)**
July 17, 1960 filed 40,000 shares of common stock. **Price**—At-the-market. **Proceeds**—To finance the company's anticipated growth and for other general corporate purposes. **Office**—42-15 Crescent St., Long Island City, N. Y. **Underwriter**—None.

**● Central Maine Power Co. (11/29)**
Oct. 19, 1960 filed $6,000,000 of first and general mortgage bonds, series X, due 1990. **Proceeds**—To repay bank loans, for construction, and the balance for general corporate purposes. **Office**—9 Green St., Augusta, Me. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co.; First Boston Corp. and Coffin & Burr (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc., and White, Weld & Co. (jointly). **Bids**—Expected to be received on Nov. 29 at 11:00 a.m. **Information Meeting**—Tentatively scheduled for Nov. 21 at 11:00 a.m. in Boston.

**● Central Maine Power Co. (11/16)**
Oct. 19, 1960 filed 120,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For the repayment of bank loans. **Office**—9 Green St., Augusta, Me. **Underwriters** — Harriman Ripley & Co., Inc., and First Boston Corp., both New York City, and Coffin & Burr, Boston, Mass. (managing).

**Central Vermont Public Service Corp. (12/6)**
Oct. 7, 1960 filed 60,000 shares of second preferred stock convertible series A (par $50). **Price**—To be supplied by amendment. **Proceeds** — For repayment of outstanding short-term borrowings and for general corporate purposes. **Office**—77 Grove St., Rutland, Vt. **Underwriter**—Hallgarten & Co., New York, N. Y.

**Century Acceptance Corp.**
Sept. 29, 1960 filed $1,000,000 of 6½% junior subordinated debentures, due 1975, with five-year warrants for the purchase of 80,000 shares of regular common shares. The debentures are to be offered at par, and in units of one $500 debenture with warrants for 40 shares. **Proceeds**—For working capital and general corporate purposes. **Office**—1334 Oak Street, Kansas City, Mo. **Underwriter**—A. G. Edwards & Sons, St. Louis, Mo. (managing). **Offering**—Expected in late November.

**● Champion Spark Plug Co. (11/7-10)**
Sept. 23, 1960 filed 750,000 shares of outstanding common stock (par $1.66). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders, members of the Stranahan family. **Office** — Toledo, O. **Underwriters**—Blyth & Co., Inc. (handling the books), Glore, Forgan & Co., Hornblower & Weeks, Merrill Lynch, Pierce, Fenner & Smith Inc. (managing).

**Charter Design & Manufacturing Corp.**
Sept. 20, 1960 (letter of notification) 90,000 shares of common stock (par 10 cents). **Price** — $3.30 per share. **Proceeds**—To purchase the assets of Rosander Co., pay obligations owed to banks and for working capital. **Office**—2701 14th Ave., South, Minneapolis, Minn. **Underwriter**—Jamieson & Co., Minneapolis, Minn.

**★ Chemonics Corp.**
Oct. 17, 1960 (letter of notification), 100,000 shares of common stock (par one cent). **Price** — $3 per share. **Proceeds**—For general funds and working capital. **Office**—1827 N. E. 144th St., North Miami, Fla. **Underwriter**—To be supplied by amendment.

**Chemtronic Corp. (11/15-30)**
Sept. 2, 1960 filed 200,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—The company makes and sells miniature electrolytic capacitors. **Proceeds**—For general corporate purposes, including the repayment of bank loans and the addition of technical personnel. **Office**—309 11th Ave., South, Nashville, Tenn. **Underwriter**—Jay W. Kaufmann & Co., New York City.

**★ Circle Controls Corp.**
Oct. 28, 1960 (letter of notification) 95,000 shares of common stock (par 10 cents). **Price** — $3 per share. **Business** — Manufacture and rebuilding of electronic, electro-mechanical and mechanical controls. **Proceeds**—For general corporate purposes and working capital. **Office**—204 S. W. Boulevard, Vineland, N. J. **Underwriters**—Rodetsky, Kleinzahler, Walker & Co., Jersey City, N. J.; L. C. Wegard, Trenton, N. J. and L. D. Sherman & Co., 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.

**Citizens Telephone Co.**
Oct. 11, 1960 (letter of notification) 23,000 shares of common stock (no par) of which 12,000 shares are to be offered for subscription by common stockholders on the basis of one share for each five shares presently held. **Price**—$13 per share. **Proceeds**—For expenses for operating a telephone company. **Office**—220 W. Monroe St., Decatur, Ind. **Underwriter** — City Securities Corp., Indianapolis, Ind.

**● Clark Cable Corp. (11/10)**
Aug. 23, 1960 filed 222,500 shares of common stock, of which 127,500 shares are to be offered for the account of the issuing company and 95,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$4 per share. **Proceeds** — To reduce indebtedness, with the balance for working capital. **Office** — Cleveland, O. **Underwriter**—Robert L. Ferman & Co., Miami, Fla. (managing).

**● Coastal Acceptance Corp. (11/10)**
Oct. 3, 1960 (letter of notification) $100,000 of 10-year 7% registered series notes, to be offered in denominations of $100 to $1,000 each. **Price**—At face value. **Proceeds**—For working capital. **Office**—36 Lowell St., Manchester, N. H. **Underwriter** — Shontell & Varick, Manchester, N. H.

**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 Edison Co. of New York, Inc. (11/22)**
Oct. 20, 1960 filed $75,000,000 of first and refunding mortgage bonds, series S, due Dec. 1, 1990. **Proceeds**—For expansion. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; First Boston Corp. **Bids**—Expected Nov. 22. **Information Meeting**—Scheduled for Nov. 16 at 10:00 a.m. at the company's office, 4 Irving Place, New York City.

**Consolidated Realty Investment Corp.**
April 27 filed 2,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To establish a $250,000 revolving fund for initial and intermediate financing of the construction of custom or pre-fabricated type residential or commercial buildings and facilities upon properties to be acquired for sub-division and shopping center developments; the balance of the proceeds will be added to working capital. **Office**—1321 Lincoln Ave., Little Rock, Ark. **Underwriter**—The Huntley Corp., Little Rock, Ark.

**Consolidated Southern Companies, Inc.**
Sept. 30, 1960 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For the closing payment on a building, repayment of an outstanding loan and for working capital. **Office**—Suite 656, 800 Peachtree St., N. E., Atlanta, Ga. **Underwriter**—Atlanta Shares, Inc., same address as the company.

**★ Consolidated Supply Co.**
Oct. 17, 1960 (letter of notification), 12,000 shares of preferred stock. **Price**—At par ($25 per share). **Proceeds** To liquidate present obligations. **Office**—1900 W. Slauson Ave., Los Angeles, Calif. **Underwriter**—None.

**★ Consumers Cooperative Association**
Oct. 25, 1960 filed $8,000,000 of 5½%, 25-year subordinated certificates of indebtedness, 320,000 shares of 5½% preferred stock, 40,000 shares of 4% second preferred stock, and 1,000 shares of common stock. **Prices**—For the certificates of indebtedness, 100% of principal amount, and for the common stock and both classes of the preferred stock, $25 per share. **Business**—The association is a cooperative wholesale purchasing and manufacturing association and functions as a supply source for local farmers' cooperative associations in several mid-Western States. **Proceeds** — For facility expansion and improvement, with $1,739,600 to be used for the retirement of maturing certificates of indebtedness and

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redemption prior to maturity of such certificates and the 5½% preferred stock. Office—3315 N. Oak Trafficway, Kansas City, Mo. Underwriter—None.

**Consumers Power Co. (12/12)**
Oct. 21, 1960 filed first mortgage bonds in the amount of $35,000,000, maturing in 1990 to be sold for the best price obtainable but not less favorable to the company than a 5¼% basis. Proceeds—To be used to finance the continuing expansion and improvement of the company's electric and gas service facilities in a 65-county area outside of Greater Detroit. Office—212 West Michigan Ave., Jackson, Mich. Underwriter — To be determined by competitive bidding. Probable bidders: For bonds—Halsey, Stuart & Co. Inc.; White, Weld & Co., and Shields & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp., and Harriman Ripley & Co., Inc. Bids—Expected to be received on Dec. 12 up to 11:30 a.m., at 300 Park Ave., New York City. Information Meeting—Scheduled for Dec. 9 at 11:00 a.m., Bankers Trust Co., 16 Wall St., New York City, 12th floor.

**• Cook Coffee Co. (11/21-25)**
Oct. 19, 1960 filed 100,000 shares of outstanding common stock (par $1). Price — To be supplied by amendment. Business — Wholesale and retail grocery business. Proceeds—To three selling stockholders. Office—16501 Rockside Road, Maple Heights, Cleveland 37, Ohio. Underwriter—Goldman, Sachs & Co., New York City (managing).

**Coral Aggregates Corp. (11/15)**
Aug. 25, 1960 filed 100,000 shares of common stock (par 10 cents). Price—$4 per share. Business—The company intends to engage in the extraction and sale of rock. Proceeds—For equipment, working capital, and the retirement of indebtedness, with the balance for general corporate purposes. Office—7200 Coral Way, Miami, Fla. Underwriters—Peter Morgan & Co., New York City, and Robinson & Co., Inc., Philadelphia, Pa.

**Cormany Corp.**
Sept. 21, 1960 (letter of notification) 91,000 shares of common stock to be sold at par ($2.50 per share). Business—Makes and leases oil well testing equipment. Proceeds—To buy such equipment and to develop new tools. Office—2427 Huntington Drive, San Marino, Calif. Underwriter — Jacoby, Daigle & Werner, Inc., 541 South Spring St., Los Angeles, Calif. Offering—Imminent.

**• Cove Vitamin & Pharmaceutical Inc.**
Sept. 30, 1960 filed 108,000 shares of common stock (par 50 cents), and five-year warrants for the purchase of an additional 54,000 shares of common stock to be offered in units, each unit to consist of two shares and a warrant for the purchase of one share. Price — To be supplied by amendment. Business—Mail order marketing of vitamins through department stores. Proceeds — To implement the company's merchandising plan and for working capital. Office—26 The Place, Glen Cove, L. I., N. Y. Underwriter — Hill, Thompson & Co., Inc., New York, N. Y. Offering—Expected in early December.

**Cryogenics Inc.**
Aug. 16, 1960 filed 175,000 shares of common stock. Price—$2 per share. Proceeds—To repay a bank loan, for salaries, operating expenses, purchase of land, construction of a new laboratory and working capital. Office—Washington, D. C. Underwriter—John R. Maher Associates, New York City.

**Cyclomatics Inc. (11/7-10)**
Aug. 31, 1960 filed 250,000 shares of common stock (par 10 cents). Price—$1 per share. Business—Motorized and automatic health equipment. Proceeds — For inventory and working capital. Office—Astoria, L. I., N. Y. Underwriter—General Securities Co., 101 W. 57th St., N. Y. 19, N. Y.

**Daffin Corp.**
Aug. 22, 1960, filed 150,000 shares of common stock (no par). Price—To be supplied by amendment. Business—The company makes agricultural implements, feed grinding and mixing equipment for the livestock industry, and conveying and seed cleaning equipment. Proceeds—To selling stockholders. Office—Hopkins, Minn. Underwriters—Lehman Brothers, New York City, and Piper, Jaffray & Hopwood, Minneapolis, Minn. (managing). Offering—Indefinitely postponed.

**Dakota Underwriters, Inc.**
Aug. 3, 1960 (letter of notification) 300,000 shares of common stock. Price—At par ($1 per share). Proceeds—To pay outstanding notes and the remainder for general corporate purposes. Office—214 W. Third St., Yankton, S. C. Underwriter—Professional Insurers and Investors Ltd., 104 E. 8th St., Denver, Colo., is no longer underwriting. New underwriter is Paul G. Swessinger, Box 634, Brandon, S. D.

**• Dalto Corp. (11/10)**
March 29 filed 431,217 shares of common stock to be offered for subscription by holders of such stock of record Oct. 7 at the rate of one-and-a-half new shares for each share then held. Price—$1.25 per share. Proceeds—For the retirement of notes and additional working capital. Office—Norwood, N. J. Underwriter—Sterling, Grace & Co., 50 Broad St., New York City.

**Davega Stores Corp. (11/15)**
Sept. 7, 1960, filed $1,500,000 of 6% convertible subordinated debentures, due 1975, to be offered to holders of its common stock pursuant to preemptive rights. Price—$100 per debenture. Business—The company operates a chain of 29 retail stores in the metropolitan New York areas in which it sells various electrical appliances and sporting goods and apparel. Proceeds—For general corporate purposes, including fixtures and inventory for two new retail discount centers. Office — 215 Fourth Ave., New York City. Underwriter—Amos Treat & Co., Inc., New York City (managing).

**★ Davos, Inc.**
Oct. 26, 1960 (letter of notification) 100,000 shares of common stock (par 50 cents). Price — $3 per share. Business—Operation of a ski resort and related entertainment facilities. Proceeds — For general corporate purposes. Office—1401 K Street, N. W., Washington, D. C. Underwriter—None.

**• Deere (John) Credit Co. (11/15)**
Sept. 16, 1960 filed $50,000,000 of series A debentures, due 1985. Price—To be supplied by amendment. Business—The purchase of retail instalment paper from the 14 domestic sales branches operated by Deere & Co. subsidiaries. Proceeds — For general corporate purposes. Underwriter—Harriman Ripley & Co., Inc., New York City (managing).

**Delta Design, Inc.**
Sept. 28, 1960 filed 100,000 shares of capital stock. Price—$4.50 per share. Business — Development of vacuum system components. Proceeds — For acquisition of land and construction of a factory; purchase of new machinery and tooling; inventory and working capital. Office—3163 Adams Ave., San Diego, Calif. Underwriter—None.

**Designatronics, Inc.**
Sept. 28, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). Price — $2.25 per share. Business—Manufacturers of electronic equipment. For general corporate purposes. Office — 199 Sackett St., Brooklyn, N. Y. Underwriters — Cortlandt Investing Corp.; Rothenberg, Heller & Co., Inc. and Joseph Nadler & Co., Inc., New York, N. Y.

**Detroit Tractor, Ltd.**
May 26 filed 1,375,000 shares of class A stock. Of this stock, 1,125,000 shares are to be offered for the company's account and the remaining 250,000 shares are to be offered for sale by the holders thereof. Price—Not to exceed $3 per share. Proceeds—To be applied to the purchase of machine tools, payment of $95,000 of notes and accounts payable, and for general corporate purposes. Office—1221 E. Keating Avenue, Muskegon, Mich. Underwriter—To be supplied by amendment.

**★ Dial-A-Disk, Inc. (11/28-12/2)**
Nov. 2 (letter of notification in Atlanta, Ga. SEC office) 150,000 shares of 5¢ par common stock. Price — $2 per share. Proceeds—For the merchandising and sale of phonograph records with a new electronic device. Office—North Miami, Fla. Underwriter—McClane & Co., Inc., 26 Broadway, New York City.

**Diketan Laboratories, Inc.**
Sept. 30, 1960 (letter of notification) 150,000 shares of common stock (par $1). Price—$2 per share. Proceeds—To increase inventory, purchase new equipment, for research and new product development and working capital. Office — 9201 Wilshire Blvd., Beverly Hills, Calif. Underwriter — Holton, Henderson & Co., Los Angeles, Calif.

**• Does-More Products Corp. (11/14-18)**
Oct. 12, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). Price—$4 per share. Proceeds — To pay notes payable, purchase inventory, for purchase of die and equipment and additional working capital. Office—201 W. Semmes St., Osceola, Ark. Underwriter—H. L. Wright & Co., Inc., New York, N. Y.

**Dorsett Electronics Laboratories, Inc.**
Sept. 15, 1960 filed 50,000 shares of common stock. Price—To be supplied by amendment. Business—The design and manufacture of various electronic data handling and control systems. Proceeds—For debt reduction, and for working capital for the issuer and its subsidiaries. Address—P. O. Box 862, Norman, Okla. Underwriter—To be named by amendment.

**• Dorsey Corp. (11/10)**
Sept. 1, 1960 filed $3,500,000 of 6½% sinking fund debentures, due October, 1975, with warrants for the purchase of 140,000 common shares, together with 350,000 common shares. Price—For the 140,000 shares, $12 per share; for the 350,000 shares the price will be supplied by amendment. Business—The design, manufacture, and distribution of all types of highway trailers except those carrying liquids. Proceeds—$7,000,000 will be supplied to the purchase of all the outstanding capital stock of Chattanooga Glass Co., with the balance for general corporate purposes. Office — 485 Lexington Ave., New York City. Underwriter—Blair & Co., Inc., New York City (managing).

**Drexel Dynamics Corp. (11/15)**
Aug. 26, 1960 filed 100,000 shares of common stock (no par). Price—$6 per share. Business—Research, development, and production in the fields of mechanics, electronics, optics, and functional systems. Proceeds—The net proceeds, estimated at $511,740, will be used for product development ($100,000), payment of notes ($16,000), and working capital ($395,740). Office—Philadelphia, Pa. Underwriter — Warner, Jennings, Mandel & Longstreth, Philadelphia, Pa. (managing).

**Drexel Equity Fund, Inc.**
Oct. 25, 1960 filed 500,000 shares of common stock (par 10 cents). Price—$10.20 per share. Business—This is a new mutual fund, organized as a closed-end fund on Oct. 19, which will become open-end pursuant to the public sale of these shares. Proceeds—For portfolio investment. Office—1500 Walnut Street, Philadelphia, Pa. Distributor and Investment Adviser—Drexel & Co., Philadelphia, Pa. Offering—Expected in mid December.

**• Dubrow Electronic Industries Inc. (11/7-10)**
Sept. 7, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents.) Price—$3 per share. Business—Electronic equipment for military use. Proceeds—For general corporate purposes. Office—235 Penn St., Burlington, N. J. Underwriter — Woodcock, Moyer, Fricke & French, Inc., Philadelphia, Pa.

**★ Eagle, Inc.**
Oct. 19, 1960 (letter of notification), 200,000 shares of common stock (par 2½ cents). Price—$1 per share. Proceeds—To repay a bank loan and for working capital. Office—Pier 3, City Docks, Miami, Fla. Underwriter—None.

**Edwards Industries, Inc.**
Sept. 27, 1960 filed 100,000 shares of common stock. Price—$4.50 per share. Proceeds — For land, financing of homes, and working capital relating to such activities. Office—Portland, Oreg. Underwriter—Joseph Nadler & Co., Inc., New York City (managing). Offering—Expected in late November to early December.

**Electro Industries, Inc.**
July 19, 1960 (letter of notification) 75,000 shares of class A common stock (no par) and 20,000 shares of additional class A common stock to be offered to the underwriters. Prices—Of class A common, $2 per share; of additional class A common, 2½ cents per share. Proceeds—To expand the company's inventory to go into the packaging and export of electrical equipment, and for working capital. Office—1346 Connecticut Ave., N. W., Washington, D. C. Underwriter — Carleton Securities Corp., Washington, D. C.

**Electro-Mechanics Co.**
Oct. 4, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). Price—$3 per share. Proceeds—For working capital. Address—Westlake Hills, Tex. Underwriter—James C. Tucker & Co., Inc., Austin, Tex.

**Electro-Nuclear Metals, Inc.**
Aug. 31, 1960 (letter of notification) 250,000 shares of common stock. Price—At par ($1 per share). Proceeds—To purchase new equipment, rental and for administrative costs. Office—115 Washington Blvd., Roseville, Calif. Underwriter—A. J. Taranto & Co., Carmichael, Calif.

**• Electronic & Missile Facilities Inc. (11/15)**
Sept. 23, 1960 filed 260,000 shares of common stock (par 25 cents). Price—To be supplied by amendment. Business—Builds and installs facilities for the armed forces and also does work for civilian public works agencies. Proceeds—For general corporate purposes including expansion. The additional funds will also enable the firm to furnish bonds necessary to bid on larger Government contracts. Office—2 Lafayette St., New York City. Underwriter—Hardy & Co., New York City.

**• Electronic Specialty Co.**
June 2 filed 150,000 shares of common stock (par 50 cents). Price—To be supplied by amendment. Proceeds—To be added to the general funds in anticipation of capital requirements, possibly to include acquisitions. Office—5121 San Fernando Road, Los Angeles, Calif. Underwriter — Bateman, Eichler & Co. of Los Angeles, Calif. Offering—Indefinitely postponed. Note—Reynolds & Co., Inc., has withdrawn as underwriter.

**★ Elion Instruments, Inc.**
Oct. 28, 1960 filed 60,000 outstanding shares of capital stock (par 50 cents), together with five-year warrants for the purchase of 6,000 new capital shares, to be offered for sale in units of one share of stock and one-tenth of a warrant. No sale will be made of less than 10 such units. Price—To be related to the price of the company's stock in the over-the-counter market immediately prior to the offering. Business—The firm makes and sells instruments and equipment for scientific and industrial measurement and analyses. Proceeds—To selling stockholders, who are two company officers who will lend the net proceeds to the company. Office—430 Buckley St., Bristol, Pa. Underwriter — Warner, Jennings, Mandel & Longstreth, Philadelphia, Pa. Offering—Expected in late January-to-early February.

**★ Ernst Hardware Co.**
Oct. 18, 1960 (letter of notification), 4,500 shares of common stock (par $10) and $55,000 of 6% subordinated debentures to be offered for subscription by present stockholders, who will be limited to purchase up to 10% of their present holdings and will be required to purchase a $100 debenture with each ten shares of stock purchased. Price—Of stock, $23 per share; of debentures, at face value. Proceeds—For working capital. Office—Sixth & Pike, Seattle, Wash. Underwriter—None.

**• Federal Street Fund, Inc. (11/7-10)**
Sept. 26, 1960 filed a minimum of $20,000,000 market value of shares of its $1 par common stock. Price—To be supplied by amendment. Business—The company is a newly organized open-end mutual fund. Proceeds—For investment. Office—140 Federal St., Boston, Mass. Dealer-Manager — Goldman, Sachs & Co., New York City (managing).

**First American Investment Corp.**
Oct. 14, 1960 filed 2,500,000 shares of common stock. Price—$2 per share. Business—Insurance. Proceeds—To acquire control of Western Heritage Life Insurance Co. of Phoenix, and to organize subsidiaries. Office—2222 N 16th St., Phoenix, Ariz. Underwriter—None.

**First Connecticut Small Business Investment Co. (11/14-18)**
Aug. 12, 1960 filed 225,000 shares of common stock (par $1). Price—$10 per share. Proceeds—To retire $150,000 of debentures, and for capital for loans for small businesses. Office—955 Main St., Bridgeport, Conn. Underwriter—Hill, Darlington & Grimm, of New York City.

**★ First Finance Co.**
Oct. 20, 1960 (letter of notification) $250,000 of nine-year 5½% capital debentures to be offered in denominations of $50 but not sold in amounts of less than $100 at one time. Price—At par. Proceeds—For redemption of outstanding class A debentures and working capital. Office—105 W. Cherry Street, Nevada, Mo. Underwriter—None.

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**First Small Business Investment Company of Tampa, Inc.**
Oct. 6, 1960 filed 500,000 shares of common stock. **Price**—$12.50 per share. **Proceeds** — To provide investment capital. **Office**—Tampa, Fla. **Underwriter**—None.

**Florida Suncoast Land & Mining Co.**
Sept. 30, 1960 filed 1,050,000 shares of common stock, of which 330,000 shares are to be offered in exchange for certain lands and assets, and the balance will be for public sale. **Price**—To be supplied by amendment. **Proceeds** — For the acquisition and development of land, mining operations and equipment, and the balance for working capital. **Office**—Tarpon Springs, Fla. **Underwriter**—None.

**Ford Electronics Corp.**
Oct. 4, 1960 (letter of notification) 150,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—To pay a loan, pay a balance under creditors agreement and for working capital. **Office**—11747 Vose St., North Hollywood, Calif. **Underwriter**—Thomas Jay, Winston & Co., Inc., Beverly Hills, Calif.

**Foremost Industries, Inc. (11/7-10)**
Oct. 14, 1960 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$3 per share. **Business**—Manufacturers of stainless steel food service equipment used by department, drug and variety chain stores, and institutions. **Proceeds**—For expansion; to repay a loan; advertising, sales and promotion; for working capital and general corporate purposes. **Office**—250 W. 57th St., New York, N. Y. **Underwriter**—Richard Bruce & Co., Inc., New York, N. Y.

**Foxboro Co. (11/21-25)**
Oct. 18, 1960 filed 211,000 shares of common stock, of which 125,000 shares are to be offered for the account of the issuing company and 86,000 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, including warehouse and plant facilities. **Office**—38 Neponset Ave., Foxboro, Mass. **Underwriter** — Paine, Webber, Jackson & Curtis, New York City (managing).

**Franklin Discount Co. (11/16)**
Aug. 23, 1960, filed $300,000 of 8% subordinated convertible debentures, due serially 1966-1968, and $300,000 of 8% subordinated capital notes due eight years, eight months and eight days after date of issue. **Prices**—At par. **Business**—The company is engaged in the consumer finance or small loan business, and, to a lesser extent, in the purchasing of car, boat, and appliance installment sales contracts from dealers. **Proceeds**—For general corporate purposes. **Office**—105 North Sage Street, Toccoa, Ga. **Underwriter**—None.

**Frisch's Restaurants, Inc. (12/5-9)**
Oct. 18, 1960 filed 180,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Cincinnati, O. **Underwriter**—Westheimer & Co., Cincinnati, O. (managing).

● **Frouge Corp. (11/14-18)**
July 22, 1960 filed $1,500,000 of 6½% convertible subordinated debentures, due September 1975, and 175,000 shares of common stock (par $1), of which filing 50,000 of the common shares are to be offered for the account of selling stockholders and the balance for the account of the issuing company. **Price** — To be supplied by amendment. **Business**—The company is engaged in the construction business, both as a general contractor and as a builder for its own account. **Proceeds** — For debt reduction and working capital. **Office**—141 North Ave., Bridgeport, Conn. **Underwriter**—Van Alstyne, Noel & Co., New York City (managing).

★ **Gar Wood Ameritronics, Inc.**
Oct. 26, 1960 filed 80,000 shares of common stock and 160,000 common stock purchase warrants, to be offered in units consisting of one share of stock and two warrants. **Price** — $4 per unit. **Business** — The firm makes auto and truck bodies, parts, and trailers, and rebuilds and sells vacuum powerbrakes. **Proceeds** — For expansion, inventory, and distribution. **Office**—Kensington & Sedgley Avenues, Philadelphia, Pa. **Underwriter**—Fraser & Co., Inc., Philadelphia, Pa.

**Garsite Corp.**
Oct. 12, 1960 filed 100,000 shares of common stock. **Price**—$3 per share. **Business**—A hydrant jet fueling company. **Proceeds**—Expansion. **Office**—Seaford, L. I., N. Y. **Underwriter**—Theodore Arrin & Co., Inc., 82 Beaver St., New York City.

**(Connie B.) Gay Broadcasting Corp. (11/14-18)**
Sept. 9, 1960 filed 130,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The company and its subsidiaries own and operate radio and television stations. **Proceeds**—For the acquisition of a television station and two radio stations in Missouri. **Office** — 4000 Albemarle St., N. W., Washington, D. C. **Underwriter**—Hill, Darlington & Grimm, New York City (managing).

**General Automation Corp. (11/14-18)**
Sept. 30, 1960 (letter of notification) 100,000 shares of common stock (par two cents). **Price**—$2 per share. **Business**—Manufacture of machinery. **Proceeds**—For general corporate purposes. **Office**—40-66 Lawrence St., Flushing, N. Y. **Underwriters**—Bertner Bros. and Earl Edden Co., New York, N. Y.

★ **General Azumatics Corp.**
Oct. 24, 1960 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To purchase new machinery, equipment, construction of a research laboratory and for working capital. **Office**—3220 16th Avenue, N., Seattle, Wash. **Underwriter**—None.

**General Development Investment Plans, Inc.**
Oct. 6, 1960 filed 1,285 of Investment Plans. **Price**—To be offered for public sale with sales commissions ranging from 8% to 10%, depending upon the type of mortgage financing involved. **Proceeds**—For investment in Port St. Lucie Country Club homes, on the east coast of Florida. **Business**—The company is a wholly-owned subsidiary of General Development Corp., whose principal business is the development of large tracts of land into planned communities. **Office**—2828 S. W. 22nd Street, Miami, Fla. **Underwriter**—None.

● **General Sales Corp.**
April 28 filed 120,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$75,000 will be used for additional working capital, inventories and facilities for the Portland Discount Center; $75,000 for the same purposes in the Salem Center; and $50,000 to provide working capital for General Sales Acceptance Corp. for credit sales to member customers. The balance of the proceeds will be used to open two new stores in Oregon and Idaho. **Office** — 1105 N. E. Broadway, Portland, Ore. **Underwriter**—A. J. Gabriel & Co., Inc., New York City. **Offering**—Expected sometime in November.

**Geophysics Corp. of America (11/14-18)**
Sept. 28, 1960 filed 50,000 shares of common stock of which 18,750 shares are to be offered for the account of the issuing company and the remaining 31,250 for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office**—New Bedford, Mass. **Underwriter**—C. E. Unterberg, Towbin Co., New York City (managing).

**Georgia Power Co. (11/3)**
Sept. 26, 1960 filed $12,000,000 of 30-year first mortgage bonds due 1990. **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. **Bids**—Expected to be received on Nov. 3 at the office of Southern Services, Inc., Room 1600, 250 Park Avenue, N. Y. C., up to 11 a.m., New York Time. **Information Meeting**—Scheduled for Oct. 31 between 2:30 p.m. and 4:30 p.m. at the Chemical Bank New York Trust Co., 11th floor, 100 Broadway, New York City.

**Ginn & Co. (11/29)**
Oct. 10, 1960 filed 817,391 shares of common stock (par $1), of which 173,300 shares will be offered for the account of the issuer, and 644,091 shares will be offered for the account of selling stockholders. **Price** — To be supplied by amendment. **Business**—Publication and distribution of text books and related educational materials for schools. **Proceeds**—To reimburse the company's treasury for redemption costs of its preferred stock, and the balance for working capital. **Office**—Statler Office Bldg., Boston, Mass. **Underwriter** — White, Weld & Co., New York City.

● **Glas Foam Corp. (11/15)**
Sept. 28, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For boat molds, to pay off a mortgage and for working capital. **Address**—Hialeah, Fla. **Underwriter**—Martinelli & Co., Inc., New York, N. Y.

**Globe Security Systems, Inc. (11/21-25)**
Oct. 13, 1960 filed 100,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—Supplying plant security and uniformed guard and investigatory services to industrial and commercial customers. **Proceeds**—For debt reduction, working capital, expansion, and possibly acquisitions. **Office**—2011 Walnut St., Philadelphia, Pa. **Underwriter**—Drexel & Co., Philadelphia, Pa. (managing).

**Golden Crest Records, Inc.**
Oct. 25, 1960 filed 85,000 shares of 10c par class A common stock. **Price**—$3 per share. **Proceeds**—The firm will use the proceeds of its first public offering for working capital and general corporate purposes. **Office**—Huntington, L. I., N. Y. **Underwriter**—Dean Samitas & Co., Inc., 11 Broadway, New York City. **Offering**—Expected in January.

**Goodrich (B. F.) Co. (11/16)**
Oct. 19, 1960 filed $60,000,000 of sinking fund debentures due Nov. 15, 1985. **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures and investment outlays and working capital. **Address**—230 Park Ave., New York City. **Underwriter**—Goldman, Sachs & Co., New York, N. Y. (managing).

**Gremar Manufacturing Co., Inc. (11/7-10)**
Sept. 20, 1960 filed 100,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—Manufactures coaxial cable connectors and associated fittings for the electronic and electrical industries. **Proceeds** — For general corporate purposes, including debt reduction, inventory and construction. **Office**—7 North Ave., Wakefield, Mass. **Underwriters**—Milton D. Blauner & Co., Inc and M. L. Lee Co., Inc., New York, N. Y.

**Gro-Rite Shoe Co., Inc.**
Oct. 12, 1960 (letter of notification) an undetermined number of shares of common stock (par $1). **Price**—The offering will not exceed $300,000. **Proceeds**—For working capital. **Address**—Route 2, Box 129, Mount Gilead, N. C. **Underwriter**—American Securities Co., Charlotte, N. C.

**Guild Musical Instrument Corp.**
Oct. 25, 1960 filed 110,000 shares of common stock. **Price**—$3 per share. **Proceeds** — For general corporate purposes, including debt reduction, machinery and equipment, inventory, and working capital. **Office**—Hoboken, N. J. **Underwriter**—Michael G. Kletz & Co., Inc., New York City.

● **Gulf Resources, Inc. (11/7-10)**
Sept. 2, 1960 filed 140,000 shares of common stock (par 10 cents). **Price**—$8 per share. **Business**—Gathering natural gas in Zapata and Starr Counties, Texas. **Proceeds**—For general corporate purposes. **Office** — 20 Broad Street, New York City. **Underwriter**—Amos Treat & Co., Inc., New York City.

★ **Heartland Development Corp.**
Oct. 21, 1960 (letter of notification) 22,820 shares of convertible non-voting preference stock (par $2). **Price**—$12 per share. **Business**—Real estate enterprises. **Proceeds**—For general funds of the corporation and to reduce unsecured loans. **Office**—40 Beaver Street, Albany, N. Y. **Underwriter**—None.

● **Heldor Electronics Manufacturing Corp. (11/7-10)**
June 29, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 238 Lewis Street, Paterson, N. J. **Underwriter**—S. Schramm & Co., Inc., New York, N. Y.

**Heller, (Walter E.) & Co.**
Oct. 24, 1960 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—About $1,000,000 to purchase preferred stock of Nationwide Investment Co., about $1,000,000 to purchase securities of an as yet unorganized firm tentatively named "Credit Acceptance Co.," and the remainder for general corporate purposes. **Office**—105 West Adams St., Chicago, Ill. **Underwriters** — F. Eberstadt & Co. and Dean Witter & Co., both of New York City (managing). **Offering**—Expected in late December to early January.

● **High Point Ski Ways, Inc. (11/10)**
Oct. 17, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—Operation of a ski area, ice-skating rink, open air theatre, skeet and other shooting ranges. **Proceeds**—For general corporate purposes. **Address**—Port Jervis, N. Y. **Underwriter**—Osborne, Clark & Van Buren, Inc., New York, N. Y.

**Hilltop, Inc.**
Aug. 17, 1960 filed $1,650,000 of 6% subordinated debentures, due 1980, and 1,650 shares of class A common stock, to be offered in units of one $1,000 debenture and one class A share. **Price** — To be supplied by amendment. **Business**—The principal business of the company, which was organized under Kansas law in June, 1959, will be the owning, acquiring, improving, developing, selling, and leasing of improved and unimproved real property. **Proceeds**—To reduce funded debt. **Office**—401 Columbian Bldg., Topeka, Kan. **Underwriter**—None.

★ **Holden-Day, Inc.**
Oct. 20, 1960 (letter of notification), 225,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—728 Montgomery St., San Francisco, Calif. **Underwriter**—None.

**Home Builders Acceptance Corp.**
July 15, 1960 filed 1,000,000 shares of common stock (par 50c). **Price**—$1 per share. **Business**—The company is engaged in real estate financing and lending. **Proceeds**—For general corporate purposes. **Office** — 409 N. Nevada, Colorado Springs, Colo. **Underwriter**—None.

● **Howell Instruments Inc.**
Oct. 4, 1960 filed 140,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Address** — Fort Worth, Texas. **Underwriters**—G. H. Walker & Co., New York, N. Y. and Dewar, Robertson & Pancoast, San Antonio, Tex. **Offering**—Expected in early December.

**Hydroswift Corp.**
Oct. 20, 1960 filed 70,000 shares of common stock. **Price**—$5 per share. **Business**—The firm, which was organized in February, 1957, makes and wholesales products and services for the fiberglass industry, including particularly fiberglass boats known as "HydroSwift" and "Skyliner." **Proceeds**—For general funds, including expansion. **Office** — 1750 South 8th St., Salt Lake City, Utah. **Underwriter**—Whitney & Co., Salt Lake City, Utah.

**Idaho Power Co. (11/15)**
Sept. 21, 1960 filed $15,000,000 of first mortgage bonds due 1990. **Proceeds**—For capital expenditures, etc. **Underwriter**—(For the bonds) 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. **Bids**—Expected to be received on Nov. 15. **Information Meeting**—Scheduled for Nov. 10 at 11:00 a.m. at the Bankers Trust Co., 16 Wall St., New York City.

**Illinois Beef, L. & W. S., Inc.**
April 29 filed 200,000 shares of outstanding common stock. **Proceeds**—To selling stockholders. **Price**—$10 per share. **Office**—200 South Craig Street, Pittsburgh, Pa. **Underwriters**—Amos Treat & Co., Inc., New York, and Bruno Lenchner, Inc., Pittsburgh, Pa.

● **Indian Head Mills, Inc. (11/14-18)**
Aug. 10, 1960 filed 60,000 shares of outstanding common stock (par $1), of which 50,000 shares are to be offered for the account of present holders, and the remaining shares being registered pursuant to an option agreement. **Price**—To be supplied by amendment. **Business**—Production and distribution of fabrics, and related services for fabric converters. **Proceeds**—To selling stockholders. **Office**—111 W. 40th Street, New York City. **Underwriters**—Blair & Co. and F. S. Smithers & Co., both of New York City (managing).

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★ **Industrial Control Products, Inc.**
Nov. 1, 1960 filed 125,000 shares of 10¢ par class A stock. **Price**—$4 per share. **Business**—The design and manufacture of control systems and subcontracted precision machining. The firm has recently begun to make double-diffused, broad base silicon diodes, but is not yet in commercial production of these items. **Proceeds**—For expenses of semi-conductor production, research and development, advertising and selling, inventory, and general funds. **Office**—78 Clinton Road, Caldwell Township, N. J. **Underwriter**—Edward Hindley & Co., 99 Wall Street, New York 5, N. Y. (managing).

● **Industrial Hose & Rubber Co., Inc. (11/12)**
Aug. 31, 1960 filed 125,000 shares of common stock. **Price**—$4 per share. **Proceeds** — Toward the repayment of notes, new machinery, additional inventory, and the balance for working capital. **Office** — Miami, Fla. **Underwriter**—Schrijver & Co., New York City (managing).

**Intercoast Companies, Inc.**
Aug. 16, 1960 filed 110,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To pay the balance due on the purchase of Western Life shares, and the balance will be added to the general funds to finance the development of general life insurance agency and for working capital. **Office**—Sacramento, Calif. **Underwriter**—Schwabacher & Co., San Francisco, Calif. and New York City.

**International Diode Corp.**
July 29, 1960 filed 42,000 shares of 6% non-cumulative convertible preferred stock (par $8). **Price** — $8 per share. **Business**—Makes and sells diodes. **Proceeds**—To establish a staff of production and sales engineers, finance new product development, buy equipment, and add to working capital. **Office**—90 Forrest St., Jersey City, N. J. **Underwriter**—Ernst Wells, Inc., New York City.

**International Mosaic Corp. (11/7-10)**
Sept. 30, 1960 (letter of notification) 93,333 shares of common stock (par 10 cents). **Price**—$3 per share. **Business** — Manufacture of glass mosaics by machines and processes. **Proceeds** — For general corporate purposes. **Office**—45 East 20th St., New York 3, N. Y. **Underwriter**—B. G. Harris & Co., Inc., New York, N. Y.

★ **International Motor Hotel Corp.**
Oct. 25, 1960 (letter of notification) 300,000 shares of common stock to be offered in multiples of 50 shares. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—232 Fourth Avenue, Anchorage, Alaska. **Underwriter**—None.

**Investors Preferred Life Insurance Co.**
Sept. 26, 1960 (letter of notification) 150,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—For capital and surplus accounts. **Office**—522 Cross St., Little Rock, Ark. **Underwriter** — Life Securities, Inc., P. O. Box 3662, Little Rock, Ark.

**Irving Fund for Investment in U. S. Government Securities, Inc.**
July 22, 1960, filed 400,000 shares of common stock. **Price** — $25 per share. **Business** — A diversified investment company, which will become an open-end company with redeemable shares upon the sale and issuance of the shares being registered. **Proceeds**—For investment in U. S. Government securities. **Office**—50 Broad Street, New York City. **Underwriter**—To be supplied by amendment. **Attorneys** — Brinsmade & Shafrann, 20 Pine Street, New York 5, N. Y.

**Jonker Business Machines, Inc.**
Sept. 30, 1960 filed 50,000 common stock units, each unit to consist of one share of class A common and 3 shares of class B common, to be offered for subscription by holders of its common stock. **Price**—The price and the basis of the rights offering will be supplied by amendment. **Proceeds**—To establish sales and information centers, establish distributorships, expansion, and the balance for working capital. **Office**—404 No. Frederick Ave., Gaithersburg, Md. **Underwriter** — Hodgdon & Co., Inc., Washington, D. C.

**Kanavau Corp.**
Sept. 30, 1960 filed 250,000 shares of common stock (par $1). **Price**—$10 per share. **Business**—A real estate investment company. **Proceeds**—For acquisition of properties, working capital and general corporate purposes. **Office**—415 Lexington Ave., New York, N. Y. **Underwriter**—Ira Investors Corp., New York, N. Y.

**Keyes Fibre Co. (11/15)**
Oct. 4, 1960 filed $10,000,000 of convertible subordinated debentures, due 1985, with attached warrants for the purchase of 500,000 shares of common stock, to be offered to holders of outstanding preferred and common stock, on the basis of $100 of debentures for each 15 shares of common or preferred held. **Price**—To be supplied by amendment. **Proceeds**—Construction of a new plant, additional equipment, and the balance for working capital. **Office**—Upper College Avenue, Waterville, Maine. **Underwriter**—Coffin & Burr, Inc., Boston, Mass.

★ **Keystone Alloys Co.**
Oct. 28, 1960 filed 107,755 shares of common stock, of which 32,755 shares are to be offered for the account of the issuing company and 75,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business**—The company makes aluminum siding and accessories, coated materials, aluminum railing and columns for interior and exterior use, and a variety of aluminum combination storm-screen sash and doors and related products. **Proceeds**—$150,000 will be used to finance the construction and installation of an additional paint line, with the balance for working capital. **Office**—511 Mellon Bank Bldg., Latrobe, Pa. **Underwriter** — Singer, Deane & Scribner, Pittsburgh, Pa. (managing).

**Kings Electronics Co., Inc.**
May 26 filed 200,000 shares of common stock (par 10 cents) and 100,000 common stock purchase warrants. The company proposes to offer these securities for public sale in units, each consisting of one share of common stock and one-half common stock purchase warrant. **Price**—$4 per unit. **Proceeds**—$165,000 will be applied to the repayment of certain loans, $75,000 for development and design work by a subsidiary in the field of infra-red instrumentation, $100,000 for continued research in the design, development and production of components for microwave instruments, and the balance for working capital. **Office**—40 Marbledale Road, Tuckahoe, N. Y. **Underwriters** — Ross, Lyon & Co., Inc.; Globus, Inc.; Reich & Co.; Harold C. Shore & Co. and Godfrey, Hamilton, Magnus & Co., all of New York City. **Offering**—Expected in November.

**Kirk (C. F.) Laboratories, Inc. (11/7-10)**
Sept. 28, 1960 (letter of notification) 99,900 shares of common stock (par 20 cents). **Price**—$3 per share. **Business**—Manufacturers of drugs. **Proceeds** — For general corporate purposes. **Office**—521 West 23rd St., New York, N. Y. **Underwriter**—Schriiver & Co., New York, N. Y.

● **Koeller Air Products, Inc. (11/7-10)**
Aug. 31, 1960 filed 100,000 shares of common stock (par 5 cents) and 500,000 warrants to be offered in units, each unit to consist of 2 shares of common stock and 1 warrant. Each full warrant is convertible into one share of common within a year from the date of offering at $2 per share. **Price**—$4 per unit. **Business**—The firm distributes hydrogen, nitrogen, oxygen, and welding equipment. **Proceeds** — For general corporate purposes. **Office**—596 Lexington Ave., Clifton, N. J. **Underwriter**—Lloyd Securities, 150 Broadway, New York City.

**LP Gas Savings Stamp Co., Inc.**
Sept. 27, 1960 (letter of notification) 30,000 shares of common stock **Price**—At par ($10 per share). **Proceeds**—For purchase of creative design and printing of catalogs, stamp booklets, advertising and for working capital. **Office**—300 W. 61st St., Shreveport, La. **Underwriter**—International Sales & Investment, Inc., 4501 North Blvd., Baton Rouge, La.

★ **"Lapidoth" Israel Oil Prospectors Corp. Ltd.**
Oct. 27, 1960 filed 1,500,000 ordinary shares. **Price**—To be supplied by amendment, and to be payable either totally or partially in Israel bonds. **Business**—The company was organized in October 1959 as a consolidation of individual and corporate licensees who had been operating in the oil business as a joint venture. **Proceeds**—For exploration and development of oil lands. **Office**—22 Rothschild Blvd., Tel-Aviv, Israel. **Underwriter**—None.

● **Lawndale Industries, Inc. (11/7-10)**
Aug. 15, 1960 filed 100,000 shares of class A stock. **Price**—$5 per share. **Business**—The manufacture of porcelain enameled steel plumbing fixtures. **Proceeds** — For the construction and equipping of a new plant, and the reduction of outstanding bank loans. **Office** — Haven & Russell Aves., Aurora, Ill. **Underwriter**—Paul C. Kimball & Co. of Chicago, Ill.

● **Lawter Chemicals, Inc. (11/7-10)**
Sept. 19, 1960 filed 70,000 shares of capital stock of which 20,000 shares are first to be offered to certain personnel of the company and certain friends of its management. **Price** — To be supplied by amendment. **Business**—Manufacture and sale of printing ink vehicles, fluorescent pigments and coatings, and synthetic resins. **Proceeds**—For general corporate purposes. **Office**—3550 Touhy Ave., Chicago, Ill. **Underwriter** — Blunt Ellis & Simmons, Chicago, Ill.

**Leadville Water Co.**
June 28, 1960 (letter of notification) $220,000 of 20-year 6% series A first mortgage coupon bonds to be offered in denominations of $1,000. **Price**—At par. **Proceeds**—For a mortgage payment, outstanding notes, construction of a new water supply and general corporate purposes. **Office**—719 Harrison Ave., Leadville, Colo. **Underwriter**—H. M. Payson & Co., Portland, Me.

**Liberian Iron Ore Ltd.**
May 19 joined with The Liberian American-Swedish Minerals Co., Monrovia, Liberia, in the filing of $15,000,000 of 6¼% first lien collateral trust bonds, series A, due 1980, of Lio, $15,000,000 of 6¼% subordinated debentures due 1985 of Lio, an unspecified number of shares of Lio capital stock, to be offered in units. The units will consist of $500 of collateral trust bonds, $500 of debentures and 15 shares of capital stock. **Price**—For units, to be supplied by amendment, and not to be in excess of par. **Proceeds**—To make loans to Lamco. **Office**—97 Queen St., Charlottetown, Prince Edward Island, Canada, N. S **Underwriter**—White, Weld & Co., Inc., New York. **Note** — This offering has temporarily been postponed.

**Lifetime Pools Equipment Corp.**
July 1, 1960, filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—Engaged in the manufacture and selling of fiber glass swimming pools. **Proceeds**—$125,000 will be used to purchase machinery and equipment; $200,000 to purchase raw materials, parts and components; $40,000 for sales and advertising promotion; $30,000 for engineering and development; and the balance will be added to working capital. **Office**—Renovo, Pa. **Underwriter**—First Pennington Corp., Pittsburgh, Pa. **Offering**—Expected in late November.

**Living Aluminum, Inc. (11/28-12/2)**
Oct. 3, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Business**—Manufacturers of aluminum furniture and other household products. **Proceeds**—For additional equipment; purchase of a building; plant expansion and working capital. **Office**—40 Gazza Blvd., Farmingdale, N. Y. **Underwriters**—Arnold Malkan & Co., Inc. and Sulco Securities, Inc., New York, N. Y.

★ **Loral Electronics Corp.**
Oct. 27, 1960 filed $5,000,000 of convertible subordinated debentures, due Dec. 1, 1980. **Price**—To be supplied by amendment. **Proceeds**—For plant additions, acquisitions, and working capital. **Office**—825 Bronx River Ave., New York City. **Underwriters**—Kidder, Peabody & Co., Lehman Brothers, and Model, Roland & Stone, all of New York City (managing). **Offering**—Expected in late November.

**Mac Charge Plan & Northern Acceptance Corp.**
Sept. 21, 1960 (letter of notification) 60,000 shares of common stock class A (par 60 cents). **Price**—$5 per share. **Proceeds**—For company expansion. **Office**—5 E. Centre St., Baltimore, Md. **Underwriters**—Sade & Co., Bellamah, Neuhauser & Barrett, Washington, D. C., McCarley & Co., Asheville, N. C. and Murphy & Co., Denver, Colo.

**Madigan Electronic Corp. (11/28-12/2)**
Oct. 5, 1960 filed 110,000 shares of common stock (par 10 cents). **Price**—$4.25 per share. **Business**—The design, manufacture and sale of electronic equipment for use primarily in weapons and data processing systems. **Proceeds**—Reduction of indebtedness and working capital. **Office**—200 Stonehinge Lane, Carle Place, N. Y. **Underwriter**—McLaughlin, Kaufman & Co., New York City.

● **Major League Bowling & Recreation, Inc. (11/10)**
Sept. 16, 1960 filed 150,000 shares of common stock ($1 par). **Price**—To be supplied by amendment. **Business**—The corporation operates or has under construction 17 bowling centers in the southeastern part of the U. S. **Proceeds**—To complete centers and for the development or acquisition of additional centers. **Office**—Richmond, Va. **Underwriters**—Eastman Dillon, Union Securities & Co., New York City, and J. C. Wheat & Co., Richmond, Va. (managing).

**Marine & Electronics Manufacturing Inc.**
Sept. 22, 1960 (letter of notification) 100,000 shares of common stock class A (par 10 cents). **Price**—$3 per share. **Proceeds**—For expenses in the fabrication of sheet metal parts for missiles, rockets, radar and marine items. **Address**—Hagerstown, Md. **Underwriter**—Batten & Co., Washington, D. C.

★ **Marine View Electronics, Inc.**
Oct. 28, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price** — $3 per share. **Business**—Manufacturers of electronic equipment. **Proceeds**—For general corporate purposes. **Office**—88-06 Van Wyck Expressway, Jamaica 18, N. Y. **Underwriter**—Fund Planning, Inc., New York, N. Y.

● **Mary Carter Paint Co. (11/14-18)**
Sept. 23, 1960 filed 375,000 shares of class A common stock (par $1), of which 75,000 shares are to be offered for the account of the issuing company, and 300,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business** — The firm makes various paint products for retail distribution. **Proceeds**—For debt reduction, expansion, and working capital. **Office**—666 Fifth Ave., New York City. **Underwriter**—Lee Higginson Corp., New York City (managing).

**Matheson Co., Inc. (11/16)**
Sept. 27, 1960 filed 160,000 shares of common stock ($1 par), of which 40,000 shares are to be offered for the account of the issuing company and 120,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company sells chemical gases, chemicals, regulators and valves. **Proceeds** — To redeem all the outstanding shares of 6% cum. preferred stock at $21 per share, with the remainder to be added to the issuer's general funds. **Office**—932 Paterson Plank Road, East Rutherford, N. J. **Underwriter**—White, Weld & Co., Inc., New York City (managing).

**Merrimack-Essex Electric Co. (11/16)**
Sept. 20, 1960 filed 75,000 shares of cumulative preferred stock (par $100). **Proceeds**—For reduction of short-term indebtedness. **Business**—The issuer is a subsidiary of the New England Electric System and conducts its business of generating, buying, and selling electricity in northeastern Massachusetts. It sells appliances related to its business. **Office**—205 Washington St., Salem, Mass. **Underwriter** — To be determined by competitive bidding. Probable bidders: Kidder, Peabody & Co. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc. and Eastman Dillon, Union Securities & Co. (jointly); First Boston Corp. **Bids**—Expected to be received on Nov. 16. **Information Meeting**—Scheduled for Nov. 4.

● **Metcom, Inc. (11/4)**
Sept. 2, 1960 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company makes microwave tubes and devices. **Proceeds**—For working capital, machinery and equipment, the retirement of a mortgage loan, and research and development. **Office** — 76 Lafayette Street, Salem, Mass. **Underwriter** — Hayden, Stone & Co., New York City.

● **Metropolitan Telecommunications Corp. (11/21-25)**
Sept. 27, 1960 filed $600,000 of convertible subordinated debentures, to be offered for the account of the issuing company, and 25,000 shares of outstanding common stock, to be offered for the account of four company officers, the selling stockholders. **Prices**—For the debentures, at par; for the common, to be supplied by amendment. **Business**—The company makes and sells electronic and communications equipment. **Proceeds**—For general corporate purposes including debt reduction, working capital, and expansion. **Office** — Ames Court,

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Plainview, N. Y. **Underwriters**—M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc., both of New York City (managing).

**Mid-America Life Insurance Co.**
Oct. 11, 1960 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price** — $2.75 per share. **Proceeds**—For capital and surplus accounts. **Office**—318 Northwest 13th St., Oklahoma City, Okla. **Underwriter**—F. R. Burns & Co., Oklahoma City, Okla.

★ **Midland Cooperatives Inc.**
Oct. 17, 1960 (letter of notification) $250,000 of 5% five, seven, eight and 10 year subordinated debentures to be offered in denominations of $100 or multiples thereof to member cooperatives of the company, individual members, and insurance companies. **Price**—At par. **Proceeds**—To purchase treasury stocks and for working capital. **Office**—739 Johnson St., N. E., Minneapolis, Minn. **Underwriter**—None.

★ **Midland-Guardian Co.**
Oct. 27, 1960 filed 100,000 shares of common stock. **Price**—To be supplied by amendment. **Business** — The firm discounts retail instalment sales notes for dealers in shell homes, mobile homes, and cars; finances at wholesale inventories of dealers in mobile homes and cars; makes small loans directly to borrowers; and operates various insurance subsidiaries, including a life insurance company. **Proceeds**—To repay short-term bank loans, which on Sept. 30 amounted to $31,529,000. **Office**—1100 First National Bank Bldg., Cincinnati, O. **Underwriter**—Kidder, Peabody & Co., New York City (managing). **Offering**—Expected in December.

● **Midwestern Acceptance Corp.**
Sept. 8, 1960, filed 1,169,470 shares of common stock and $994,050 of 6% debentures, to be offered for public sale in units of one share of stock and 85¢ of debentures. **Price** — $1 per unit. **Business** — The company will do interim financing in the home building industry. **Proceeds** — To start its lending activities. **Address** — P. O Box 886, Rapid City, S. D. **Underwriter**—None. **Offering**—Imminent.

**Mobile Credit Corp.**
Sept. 14, 1960 filed 25,874 shares of common stock and 1,000 shares of $100 par 6% cumulative convertible preferred stock. The stock will be offered for subscription by shareholders of record on the basis of two shares of new common for each three such shares held and one share of new preferred for each 38.81 common shares held, the record date in each case being Sept. 1, 1960. **Prices**—For common, $10 per share; for preferred, $100 per share. **Business**—The purchase of conditional sales contracts from dealers in property so sold, such as mobile homes, trailers, boats, and motorcycles. **Proceeds**—For working capital. **Office**—100 E. Michigan Ave., Jackson, Mich. **Underwriter**—None.

● **Model Engineering & Manufacturing Corp. (11/21-25)**
Sept. 21, 1960 filed 140,000 shares of common capital stock. **Price**—To be supplied by amendment. **Business**—The company makes and sells equipment for the electrical, automotive, and aviation industries. **Proceeds**—To reduce indebtedness and for working capital. **Office**—50 Frederick St., Huntington, Ind. **Underwriter**—Raffensperger, Hughes & Co., Indianapolis, Ind. (managing)

● **Model Finance Service, Inc. (11/14-18)**
May 26 filed 100,000 shares of second cumulative preferred stock—65c convertible series, $5 par—and $1,000,000 of 6½% junior subordinated debentures, due 1975 **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general working funds. **Office**—202 Dwight Building, Jackson, Mich. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill.

● **Mohawk Insurance Co. (11/21-25)**
Aug. 8, 1960, filed 75,000 shares of class A common stock **Price**—$12 per share. **Proceeds**—For general funds. **Office**—198 Broadway, New York City. **Underwriter**—R. F. Dowd & Co. Inc., 39 Broadway, New York 6, N. Y.

★ **Monarch Electronics International, Inc.**
Oct. 31, 1960 filed 200,000 shares of common stock. **Price**—To be supplied by amendment. **Business**—The company, organized in 1958 under the name Arrow Electronics International, Inc., imports and sells electronic and high fidelity parts and equipment. **Proceeds**—To retire bank loans and for working capital. **Office**—7035 Laurel Canyon Boulevard, North Hollywood, Calif. **Underwriter**—Pacific Coast Securities Co., 240 Montgomery Street, San Francisco, Calif. **Offering**—Expected sometime in January.

**Mortgage Guaranty Insurance Corp.**
Oct. 17, 1960 filed 155,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—Insuring lenders against loss on residential first mortgage loans, principally on single family non-farm homes. **Proceeds**—For capital and surplus. **Office**—606 West Wisconsin Avenue, Milwaukee, Wis. **Underwriter**—Bache & Co., New York City (managing). **Note**—This stock is not qualified for sale in New York State. **Offering**—Expected in late November.

★ **Mountain States Telephone & Telegraph Co.**
Oct. 28, 1960 filed 6,729,142 shares of capital stock to be offered to stockholders of record Nov. 28 on the basis of one new share for each five shares then held. Rights expire Dec. 20. **Price**—$12.50 per share. **Proceeds**—To repay short-term loans made to finance construction. **Office**—931 14th St., Denver, Colo. **Underwriter**—None.

★ **National Trust Life Insurance Co. of America**
Oct. 17, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—To increase capital and for surplus accounts. **Office**—1943 Tyler St., Hollywood, Fla. **Underwriter**—None.

● **National Airlines, Inc. (11/15)**
Sept. 21, 1960 filed $10,288,000 of convertible subordinated debentures, due 1975, to be offered for subscription by holders of the outstanding common stock on the basis of $100 of debentures for each 18 common shares held. **Price**—To be supplied by amendment. **Business**—Domestic and international transport of persons, property, and mail. **Proceeds**—To make payments on planes and reduce short-term indebtedness, with the balance for general corporate purposes. **Office** — Miami International Airport, Miami, Fla. **Underwriter** — Lehman Brothers, New York City (managing).

● **National Film Studios, Inc.**
Sept. 20, 1960 (letter of notification) 150,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For expansion of the business. **Office**—Washington, D. C. **Underwriter**—R. Baruch & Co., 1518 K St., N. W., Washington, D. C. **Offering**—Imminent.

**National Lawnservice Corp.**
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. **Offering**—Indefinite.

**National Western Life Insurance Co.**
Sept. 13, 1960 filed 225,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—Together with the proceeds from the sale of shares to be issued as a result of options, in the amount of $1,106,407.50 for the discharge of indebtedness and general corporate purposes. **Office**—Denver, Colo. **Underwriter**—Peters, Writer & Christensen Inc., Denver, Colo. **Offering** — Expected sometime in December.

● **Nationwide Tabulating Corp. (11/14-18)**
Sept. 19, 1960 filed 100,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—Tabulating of industry and government records. **Proceeds**—For general corporate purposes including working capital **Office**—384 Clinton St., Hempstead, N. Y. **Underwriter**—Milton D. Blauner & Co., Inc., New York, N. Y.

● **Navajo Freight Lines, Inc.**
May 9, 1960, filed (with the ICC) 250,000 shares of common stock, of which 189,000 shares, being outstanding stock, will be offered for the account of the present holders thereof, and 61,000 shares will be offered for the account of the issuing company. **Price**—To be supplied by amendment. **Office**—1205 So. Plate River Drive, Denver 23, Colo. **Underwriters**—Hayden, Stone & Co and Lowell, Murphy & Co. (jointly). **Offering**—Expected sometime in November.

● **New Jersey Bell Telephone Co. (11/14)**
Oct. 21, 1960 filed $20,000,000 of 40-year debentures. **Proceeds**—To reduce indebtedness and to supply funds for capital expenditures, which are expected to reach a record high of $105,000,000 in 1960. **Office**—Newark, N. J. **Underwriter**—To be determined by competitive bidding Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly); Morgan Stanley & Co.; First Boston Corp. **Bids**—Expected Nov. 14 in room 2315, 195 Broadway, New York City, up to 11:30 a.m. EST.

● **New Western Underwriting Corp.**
Oct. 25, 1960 filed $2,600,000 of 15-year 6% subordinated convertible debentures. **Business** — The company which was organized in August, 1959, is developing, through subsidiaries, a dealer-recourse finance business and a life insurance business. **Proceeds**—For expansion. **Price**—At par. **Office**—Helena, Mont. **Underwriter**—Wilson, Ehli, Demos, Bailey & Co., Kook Bldg., 3203 3rd Ave., North Billings, Mont.

**Normandy Oil & Gas, Inc.**
Aug. 31, 1960 filed 750,000 shares of common stock. **Price**—$1 per share. **Business**—Oil and gas exploration and production. **Proceeds** — For general corporate purposes. **Office**—620 Oil & Gas Bldg., Wichita Falls, Texas. **Underwriter**—None, but 102,500 of the shares are reserved for commissions to selling brokers at the rate of 15 shares for each 100 shares sold.

**North Washington Land Co.**
May 3 filed $1,600,000 of first mortgage participation certificates. **Price**—The certificates will be offered at a discount of 17.18% from face value. **Proceeds**—For the primary purpose of refinancing existing loans. **Office**—1160 Rockville Pike, Rockville, Md. **Underwriter**—Investor Service Securities, Inc.

● **Northern Natural Gas Co. (11/15)**
Oct. 21, 1960 filed $20,000,000 of sinking fund debentures, due 1980. **Price**—To be supplied by amendment. **Proceeds**—For construction, the reduction of indebtedness incurred for construction, and the purchase of securities of subsidiaries for their property additions and acquisitions. **Office** — 2223 Dodge St., Omaha, Neb. **Underwriter**—Blyth & Co., Inc., N. Y. City (managing).

★ **Northern States Power Co. (Minn.) (12/6)**
Oct. 27, 1960 filed $35,000,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Lehman Brothers and Riter & Co. (jointly); Equitable Securities Corp. and Eastman Dillon, Union Securities & Co. (jointly). **Bids** — Expected to be received Dec. 6 up to 10:00 a.m. (CST) at Room 1100, 231 So. La Salle St., Chicago 4, Ill.

**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.

**Nu-Line Industries, Inc.**
Sept. 28, 1960 filed 200,000 shares of common stock, of which 175,000 shares are to be offered for the account of the issuing company and 25,000 shares, representing outstanding stock, are to be offered for the account of the issuer's president. **Price**—To be supplied by amendment. **Proceeds**—For capital equipment, research, sales development, and working capital. **Office**—Minneapolis, Minn. **Underwriter**—Kalman & Co., Inc., St. Paul, Minn. (managing).

● **Omega Precision, Inc. (11/9)**
Sept. 26, 1960 (letter of notification) 120,000 shares of common stock (par 25 cents). **Price** — $2.50 per share. **Business**—Manufacturers of electronic equipment. **Proceeds**—For general corporate purposes, including working capital. **Address**—Azusa, Calif. **Underwriters**—Pacific Coast Securities Co., San Francisco, Calif. and George, O'Neill & Co., Inc., New York, N. Y.

★ **PTA, Inc.**
Oct. 21, 1960 (letter of notification) 30,000 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—For working capital. **Office** — 1080 Green Bay Road, Lake Bluff, Ill. **Underwriter**—None.

**Paddington Corp. (11/7-10)**
Sept. 28, 1960 filed 36,498 shares of outstanding common stock. **Price**—To be related to the price of the stock on the American Stock Exchange at the time of the public offering. **Proceeds**—To selling stockholders. **Office**—630 Fifth Ave., New York City. **Underwriters**—Lee Higginson Corp. and H. Hentz & Co., both of New York City (managing).

★ **Pall Corp. (12/5-9)**
Oct. 27, 1960 filed 80,000 shares of class A stock (par $1), of which 30,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business** — The firm produces metal and plastic filters for defense and consumer industries. **Proceeds**—For expansion, working caiptal, and to finance the company's entry into fibre glass manufacture. **Office**—30 Sea Cliff Ave., Glen Cove, L. I., N. Y. **Underwriter**—L. F. Rothschild & Co., New York City (managing).

**Palm Developers Limited**
Sept. 8, 1960, filed 100,000 shares of common stock (par 1 shilling). **Price** — $3 per share. **Business** — The company intends to deal in land in the Bahamas. **Proceeds**—To buy land, and for related corporate purposes. **Office**—6 Terrace, Centreville, Nassau, Bahamas. **Underwriter**—David Barnes & Co., Inc., New York City. **Offering**—Expected in November.

**Pan Technics Inc.**
Oct. 4, 1960 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—To purchase additional tooling and equipment, for research and development and for working capital. **Office**—470 1st St., Encinitas, Calif. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

● **Park Electrochemical Corp. (11/7-10)**
Sept. 22, 1960 filed 175,000 shares of 10 cent par class A stock. **Price**—$4 per share. **Business**—The firm designs and makes anodyzed aluminum specialty components for cars, planes, appliances, and other objects needing naming devices. **Proceeds**—For working capital, debt reduction, and research and development. **Office**—Flushing, L. I., N. Y. **Underwriters** — Stanley Heller & Co., and Michael G. Kletz & Co., Inc., both of New York City, with the latter handling the books.

**Pathe Equipment Co., Inc.**
Oct. 17, 1960 filed 125,000 shares of class A stock (par 75 cents), of which 42,500 shares are to be offered for the account of the company and 72,500 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. The remaining 10,000 shares have been acquired by the underwriter and Hampstead Investing Corp., as a finder's fee. **Price**—$5 per share. **Business**—Developing and producing automatic multiple needle and specialized sewing equipment. **Proceeds**—For general corporate purposes. **Office** — 16 Leliart's Land, East Paterson, N. J. **Underwriters** — Amos Treat & Co., Inc. and William Stix Wasserman & Co., Inc., New York, N. Y. **Offering**—Expected in late November.

**Patrician Paper Co., Inc. (11/28-12/2)**
Oct. 14, 1960 filed $750,000 of 7% unsecured subordinated notes due 1964 and 100,000 shares of common stock to be offered in units of $7.50 of notes and one share of common stock. **Price**—To be supplied by amendment. **Business**—The company manufactures facial and toilet tissues. **Proceeds**—For acquisition of property, to acquire machinery and equipment, and for repayment of certain loans. **Office** — 485 Lexington Ave., New York, N. Y. **Underwriter** — Hill, Darlington & Grimm, New York, N. Y.

**Penobscot Chemical Fibre Co.**
Oct. 24, 1960 filed $3,250,000 of convertible subordinated debentures, due 1980. **Price**—To be supplied by amendment. **Business**—Makes wood pulp, which it sells directly to the users, nearly all of whom are paper manufacturers. **Proceeds**—For construction, and for the reduction of indebtedness incurred for construction. **Office**—211 Congress St., Boston, Mass. **Underwriter**—Coffin & Burr, Inc., Boston, Mass. (managing). **Offering** — Expected in early December.

**Philadelphia Aquarium, Inc.**
Oct. 14, 1960 filed $1,700,000 of 6% debentures due 1975 and 170,000 shares of capital stock (par 50 cents) to be offered in units, each consisting of one $100 debenture and 10 shares of stock. **Price**—$150 per unit. **Business**—Operation of an aquarium in or about Philadelphia. **Proceeds**—To acquire ground and to construct an aquari-

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um building or buildings. **Office**—2635 Fidelity-Philadelphia Trust Building, Philadelphia, Pa. **Underwriter**—Stroud & Co., Inc., Philadelphia, Pa. **Offering**—Expected in early December.

**Philippine Oil Development Co., Inc.**
March 30 filed 103,452,615 shares of capital stock being offered for subscription by stockholders of record Aug. 25, at the rate of one new share for each 5½ shares held with rights to expire at 3:30 p.m. on Dec. 14. **Price**—U. S. price is 1.3 cents per share; Philippine price is 3 centavos per share. **Proceeds** — To be added to the company's working capital. **Office**—Soriano Bldg., Manila, Philippines. **Underwriter**—None. **Note**—The subscription offer has been extended.

★ **Phoenix Enterprises, Inc.**
Oct. 24, 1960 (letter of notification) 266,500 shares of class A common stock to be offered to officers and directors for cash, and 30,000 shares of class A common stock to be offered to officers and directors for a period of two years. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—4547 N. Scottsdale Road, Scottsdale, Ariz. **Underwriter**—None.

**Photogrammetry, Inc.**
Aug. 10, 1960 (letter of notification) 13,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—For retirement of a short term note and working capital. **Office** — 922 Burlington Ave., Silver Spring, Md. **Underwriter**—First Investment Planning Co., Washington, D. C.

**Pik-Quik, Inc. (11/28-12/2)**
July 27, 1960 filed 550,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Business**—The organization and operation of self-service markets in Florida under the names of "Pik-Quik" and "Tom Thum." There are now 31 such markets. **Proceeds**—Together with other funds, the proceeds will be used to purchase substantially all of the assets of Plymouth Rock Provision Co., Inc. **Office**—Baker Bldg., Minneapolis, Minn. **Underwriter**—A. C. Allyn & Co., Inc., New York City.

● **Pioneer Electronics Corp.**
Oct. 26, 1960 filed 217,902 shares of common stock, to be offered to holders of the outstanding common on the basis of one new share for each share held. **Price**—$1 per share. **Proceeds** — To retire current liabilities, for capital expenditures, and for working capital. **Office**—2235 S. Carmelina Ave., Los Angeles, Calif. **Underwriter**—None.

**Plastics & Fibers, Inc.**
June 14 (letter of notification) 150,000 shares of common stock (par 20 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—Whitehead Avenue, South River, N. J. **Underwriter**—Pearson, Murphy & Co., Inc., New York, N. Y. **Note**—The underwriter states that this offering will be delayed.

● **Polymer Corp. (11/15)**
Sept. 16, 1960 filed $2,750,000 of convertible subordinated sinking fund debentures, due 1975, and 20,000 shares of class A non-voting common stock. **Prices**—To be supplied by amendment. **Business** — The company makes nylon rod, plate, strip, and tubing, Teflon, and plastic powders for coating metals. **Proceeds**—From the common stock, to the present holder thereof; from the debentures, for general corporate purposes, including debt reduction and working capital. **Office** — Reading, Pa. **Underwriters**—White, Weld & Co., New York City, and A. G. Edwards & Sons, St. Louis, Mo. (managing).

**Portland Reporter Publishing Co.**
Sept. 12, 1960 filed 175,000 shares of common stock, of which 125,000 shares are to be publicly offered, 39,000 shares sold to employees, and 11,000 shares exchanged for property or services. **Price**—$10 per share. **Business**—The company intends to publish an afternoon newspaper in Portland, Oreg. **Proceeds**—For general corporate purposes. **Office**—1130 S. W. 3rd Ave., Portland, Oreg. **Underwriter**—None.

● **Preferred Risk Life Assurance Co. (11/7-10)**
Aug. 18, 1960 filed 300,000 shares of common stock. **Price**—$5 per share. **Proceeds** — For general corporate purposes. **Office** — 20 East Mountain St., Fayetteville, Ark. **Underwriter**—Preferred Investments, Inc., a subsidiary of the issuer.

**Process Lithographers, Inc.**
Sept. 28, 1960 filed 145,000 shares of common stock (par 10 cents), of which 125,000 shares are for public offering, and 20,000 shares are to be offered for the account of Solomon Roskin, President. **Price** — $5 per share. **Proceeds** — Toward the repayment of indebtedness, new equipment, and working capital. **Office**—200 Varick St., New York City. **Underwriter**—First Broad St. Corp., New York City (managing).

**Public Service Co. of New Hampshire (11/17)**
Oct. 7, 1960 filed $5,000,000 of first mortgage bonds, series L, due 1990. **Proceeds** — For repayment of loans, construction, and general corporate purposes. **Office**—1087 Elm Street, Manchester, N. H. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Blyth & Co., Inc.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected Nov. 17 in room 170, Parker House, Tremont & School Sts., Boston, Mass., up to 11:00 a.m. EST. **Information Meeting** — Scheduled for Nov. 14 at 3:30 p.m. EST in room 118, Parker House, Boston, Mass.

**Puritron Corp.**
Aug. 3, 1960 filed 250,000 shares of common stock, of which 200,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of Joseph Stein, President, the present holder thereof. **Price**—To be supplied by amendment. **Business**—Makes and sells electronic air purifiers and range hoods. **Proceeds** — To retire indebtedness, with the balance for capital expenditures. **Office**—New Haven, Conn. **Underwriter** — Bache & Co., New York City (managing). **Offering**—Indefinite.

**R. C. Can Co.**
Aug. 25, 1960 filed 230,000 shares of common stock, of which 50,000 shares will be offered for the account of the issuing company and 180,000 shares, representing outstanding stock, will be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business** — The manufacture and sale of fibre-bodied cans and containers of various sizes. **Proceeds**—For general corporate purposes. **Office**—9430 Page Blvd., St. Louis, Mo. **Underwriter** — Reinholdt & Gardner, St. Louis, Mo. (managing). **Offering**—Expected sometime in November.

● **R. E. D. M. Corp.**
Sept. 27, 1960 filed 100,000 shares of common stock. **Price** $3.50 per share. **Proceeds**—For working capital ($217,250) and production machinery and equipment ($50,000). **Office**—Little Falls, N. J. **Underwriter**—Robert Edelstein & Co., Inc., New York City. **Offering**—Expected sometime in January.

● **Radar Measurements Corp. (11/28-12/2)**
Sept. 28, 1960 (letter of notification) 85,700 shares of common stock (par $1). **Price**—$3.50 per share. **Business**—Manufacturers of electronic equipment. **Proceeds**—For general corporate purposes. **Office** — 190 Duffy Ave., Hicksville, N. Y. **Underwriter**—Blaha & Co., Inc., 29-28 41st Avenue, Long Island City 1, N. Y.

**Real Estate Mutual Fund**
Oct. 14, 1960 filed 200,000 shares of beneficial interest. **Price**—$5 per share. **Business**—An open-end real estate investment trust specializing in investment real estate. **Office** — 606 Bank of America Bldg., San Diego, Calif. **Distributor**—Real Estate Mutual Distributors, Inc., San Diego, Calif.

● **Resisto Chemical, Inc. (11/21-25)**
Aug. 29, 1960 filed 200,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Business**—The firm makes and sells protective coatings for packaging and fabrics, and products used in insulation. **Proceeds**—For working capital ($235,358), with the balance for machinery, equipment, and general corporate purposes. **Office** — New Castle County Air Base, New Castle County, Del. **Underwriter**—Amos Treat & Co., Inc., New York City.

★ **Revlon, Inc.**
Oct. 28, 1960 filed 130,000 shares of outstanding common stock (par $1). **Price**—To be related to the price of the firm's shares on the New York Stock Exchange. **Proceeds** To two company officers, the selling stockholders. **Office**—666 Fifth Ave., New York City. **Underwriters**—Lehman Brothers and Reynolds & Co. Inc., both of New York City (managing). **Offering**—Expected in early December.

★ **Richmond Cedar Works**
Oct. 19, 1960 (letter of notification) $171,500 of 6% 10-year convertible debentures to be offered for subscription by stockholders in units of $1 or multiples thereof. **Price**—At par. **Proceeds**—For working capital. **Office**—Camden Mills, Great Bridge, Va. **Underwriter**—None.

**Riddle Airlines, Inc.**
Aug. 19, 1960 filed $2,250,000 of 6% subordinated convertible debentures. **Price**—At 100% of principal amount. **Proceeds** — To be used as operating capital to fulfill M. A. T. S. contract, and to acquire aircraft. **Office**—International Airport, Miami, Fla. **Underwriter**—James H. Price & Co., Coral Gables, Fla., and New York City.

**Robosonics, Inc. (11/7-10)**
Sept. 14, 1960 filed 180,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Business**—The company makes and sells an automatic telephone answering device, and an automatic intelligence reproduction machine. **Proceeds**—For general corporate purposes. **Office**—22 W. 48th St., New York City. **Underwriter**—Mandell & Kahn, Inc., New York City.

● **Rotron Manufacturing Co., Inc. (11/14-18)**
Sept. 21, 1960 filed 130,000 shares of common stock (par 5 cents), of which 65,000 shares are to be offered for the account of the issuing company and 65,000 shares representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—Makes air and gas moving devices for military and industrial use. **Proceeds**—For inventory, expansion, and debt reduction. **Office**—7-9 Hasbrouch Lane, Woodstock, N. Y. **Underwriter**—W. E. Hutton & Co., New York City (managing).

★ **Russ Togs, Inc.**
Oct. 27, 1960 filed 150,000 shares of $1 par class A stock of which 100,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The firm produces a diversified line of popular priced sports wear. **Proceeds**—For machinery and equipment, leasehold improvements, to finance additional accounts receivable and inventories, and for working capital. **Office**—1372 Broadway, New York City. **Underwriter**—Shearson, Hammill & Co., New York City (managing). **Offering**—Expected in late December.

● **Sampson-Miller Associated Companies, Inc. (11/14-18)**
Sept. 28, 1960 filed 150,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To retire indebtedness, develop acreage, and to finance the increased use of instalment sales contracts, with the balance to finance the purchase of additional property. **Office**—Pitcairn, Pa. **Underwriter** — Moore, Leonard & Lynch, Pittsburgh, Pa. (managing).

● **Save-Co Veterans & Services & Department Stores, Inc.**
Sept. 26, 1960 filed 163,636 shares of common stock, of which 127,273 shares are to be offered for the account of the issuing company and 36,363 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Business** — The company operates a department store and gasoline service station the use of which is restricted primarily to veterans, military personnel, employees of non-profit organizations, and employees of firms doing government contract work. **Proceeds**—For general corporate purposes, including debt reduction and working capital. **Office**—3176 Frontier St., San Diego, Calif. **Underwriter** — Dempsey-Tegeler & Co., St. Louis, Mo. (managing). **Offering**—Expected in November.

● **School Pictures, Inc. (11/28-12/2)**
Sept. 28, 1960 filed 100,000 outstanding shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — 1610 North Mill St., Jackson, Miss. **Underwriters**—Equitable Securities Corp. of New York City, and Kroeze, McLarty & Co., of Jackson, Miss.

● **Seaboard & Western Airlines, Inc.**
Sept. 28, 1960 filed 704,160 shares of common stock being offered for subscription by holders of its common stock of record Oct. 31 on theb asis of two new shares for each share held with rights to expire on Nov. 21. **Price**—$3 per share. **Proceeds**—Payments to creditors, purchase of new aircraft and engines, payment of notes, and the balance for working capital. **Office**—New York International Airport, Jamaica, L. I., N. Y. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York City.

**Security Annuity Life Insurance Co.**
Sept. 8, 1960, filed 300,000 shares of common stock. **Price**—$7 per share. (The issuer's subsidiary, Annuity Life Insurance Co., which will register with the SEC as an open end diversified management investment company, was a partner in the registration.) **Business**—The sale of various forms of life insurance, annuities, and health and accident insurance. **Proceeds**—For general corporate purposes. **Office**—713 Marion E. Taylor Building, Louisville, Ky. **Underwriter**—None.

● **Self Service Drug Corp.**
Sept. 26, 1960 (letter of notification) $150,000 of 10-year 6% convertible debentures and 75,000 shares of common stock (no par) to be offered in units of $100 of debentures and 50 shares of common stock. **Price** — $200 per unit. **Proceeds** — To move and equip a new warehouse; pay off certain bank indebtedness and for new lines. **Office**—2826 Mt. Carmel Ave., N. Hills, Glenside, Pa. **Underwriter**—Woodcock, Moyer, Fricke & French, Inc., Philadelphia, Pa. **Offering**—Expected in early December.

**Seven Mountain Corp.**
Aug. 12, 1960 filed 3,500,000 shares of common stock. **Price**—$1 per share. **Business**—To construct an all-year resort area and a gondola-type aerial cableway, southeast of Provo, Utah, in the Wasatch Mountains. **Proceeds**—For the purchase of property, construction and equipment, retirement of notes, and the balance for working capital. **Office**—240 East Center St., Provo, Utah. **Underwriter**—Whitney & Co., Salt Lake City, Utah.

**Sexton (John) & Co. (11/14-18)**
Sept. 26, 1960 filed 200,000 shares of common stock (no par), of which 33,000 shares are to be offered for the account of the issuing company and 167,000 shares, representing outstanding stock, are to be sold for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—Food distribution, chiefly to institutions. **Proceeds**—For general corporate purposes. **Office**—Chicago, Ill. **Underwriter**—Hornblower & Weeks, New York City (managing).

● **Shatterproof Glass Corp. (11/28)**
Oct. 12, 1960 filed 100,000 shares of common stock (par $1), of which 50,000 shares are to be offered for the account of the issuing company and 50,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business**—The company makes and sells laminated safety plate and sheet glass, primarily to the automotive replacement market, and sells its products for use as original equipment to bus, truck, television, and farm and road equipment manufacturers. **Proceeds**—To repay current short-term bank loans incurred to supplement working capital. **Office** — 4815 Cabot St., Detroit, Mich. **Underwriters**—Dempsey-Tegeler & Co., St. Louis, Mo., and Straus, Blosser & McDowell, Chicago, Ill. (managing).

**Simplex Wire & Cable Co. (11/14-18)**
Sept. 28, 1960 filed 118,000 shares of outstanding capital stock. **Price**—To be supplied by amendment. **Office**—Cambridge, Mass. **Underwriter**—Paine, Webber, Jackson & Curtis, New York City (managing).

★ **Slick Airways, Inc.**
Oct. 27, 1960 filed 600,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Business**—The company was engaged exclusively as a contract and charter carrier until July 1, 1960 when it diversified by acquiring Illinois Shade Cloth Corp. **Proceeds**—For general corporate purposes. **Office**—3000 No. Clybourn Ave., Burbank, Calif. **Underwriters** — Auchincloss, Parker & Redpath and Allen & Co., both of New York City (managing).

● **Solitron Devices, Inc.**
Sept. 9, 1960 filed $400,000 of 6% subordinated convertible debentures, due 1967. **Price**—At par. **Business**—The company makes and sells solid state devices. **Proceeds**—For general corporate purposes. **Office**—67 South Lexington Ave., White Plains, N. Y. **Underwriter**—Casper Rogers & Co., New York City. **Offering**—Expected sometime in December.

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**South Central Natural Gas Corp.**
Oct. 13, 1960 filed 250,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—The company, which was organized in June 1960, is in the business of producing natural gas and oil. **Proceeds** — For working capital, with the balance for rental payments, loan repayments, drilling, and related expenditures. **Office**—1300 Oil & Gas Bldg., New Orleans, La. **Underwriter**—Willis E. Burnside & Co., Inc., New York City. **Offering**—Expected in late November.

**Southwestern Capital Corp.**
Sept. 30, 1960 filed 1,000,000 shares of common stock. **Price**—$3 per share. **Business**—A closed-end investment company. **Proceeds**—For investment purposes. **Office**—1326 Garnet Ave., San Diego, Calif. **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. **Underwriter** — Elmer K. Aagaard, 6 Salt Lake Stock Exchange Bldg., Salt Lake City, Utah.

**Speedry Chemical Products Inc. (12/1)**
Sept. 28, 1960 filed $2,000,000 of convertible subordinated debentures, due Nov. 30, 1975, and 60,000 shares of class A common stock (50c par). **Prices**—To be supplied by amendment. **Business**—The company makes special purpose inks and devices used in their application. **Proceeds**—For expansion, acquisitions, and the retirement of bank loans. **Office** — 91-31 121st St., Richmond Hill, Queens, L. I., N. Y. **Underwriter** — S. D. Fuller & Co., New York City (managing).

**Spier Electronics, Inc.**
Aug. 24, 1960 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business** — Manufacturers of electronic products. **Price** — $5 per share. **Proceeds** — For general corporate purposes. **Office**—1949-51 McDonald Ave., Brooklyn, N. Y. **Underwriter**—D'Amico & Co., Inc., 15 William St., New York, N. Y. **Offering**—Imminent.

**Stancil-Hoffman Corp. (12/15)**
Sept. 30, 1960 filed 150,000 shares of capital stock. **Price**—$2 per share. **Business** — The research, development, manufacture, and sale of magnetic recording equipment. **Office** — 921 North Highland Ave., Hollywood, Calif. **Underwriter**—Pacific Coast Securities Co., San Francisco, Calif.

**Standard Instrument Corp. (11/10)**
Aug. 26, 1960 (letter of notification) 50,000 shares of common stock (par 20 cents). **Price**—To be supplied by amendment. **Business**—Manufacturers of electrical devices. **Proceeds**—For general corporate purposes. **Office**—657 Broadway, New York 21, N. Y. **Underwriter** — Havener Securities Corp., New York, N. Y.

**Standard Pressed Steel Co. (11/14-18)**
Sept. 27, 1960 filed 112,760 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Jenkintown, Pa. **Underwriter**—Kidder, Peabody & Co., New York City (managing).

**★ Standard & Shell Homes Corp.**
Nov. 1, 1960 filed 210,000 shares of common stock and $350,000 of 9% subordinated sinking fund debentures, due Nov. 1, 1985, with warrants, to be offered in units consisting of six common shares, a $10 debenture, and two warrants. **Price**—To be supplied by amendment. **Proceeds**—For construction, mortgage funds, and working capital. **Office**—Miami Beach, Fla. **Underwriters**—Aetna Securities Corp. and D. Gleich Co., both of New York City, and Roman & Johnson, of Ft. Lauderdale, Fla.

**Starfire Boat Corp.**
Sept. 1, 1960 (letter of notification) 70,000 shares of common stock (par 10 cents). **Price**—$4.25 per share. **Proceeds**—For working capital. **Office**—809 Kennedy Bldg., Tulsa, Okla. **Underwriters**—Batten & Co., Washington, D. C. and F. R. Burns & Co., Oklahoma City, Okla.

**Still-man Manufacturing Corp. (11/7-14)**
Aug. 22, 1960 filed 150,000 outstanding shares of class A stock (par 75 cents). **Price**—To be supplied by amendment. **Business** — The company makes heating elements for small appliances and components for major appliances, and related items. **Proceeds**—To selling stockholders. **Office**—429-33 East 164 St., New York City. **Underwriter**—Francis I. duPont & Co., New York City.

**Stop & Shop, Inc. (11/15)**
Sept. 23, 1960 filed 625,000 shares of outstanding $1 par common stock. **Price** — To be supplied by amendment. **Business** — The firm operates 118 self-service supermarkets in New England. **Proceeds**—To selling stockholders, the Rabb family. **Office**—393 D St., Boston, Mass. **Underwriters** — Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith Inc., both of New York City (managing).

**Sulray, Inc. (11/14-18)**
Sept. 20, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—Manufacturers of specialized drugs. **Proceeds**—For general corporate purposes. **Office**—273 Columbus Ave., Tuckahoe, N. Y. **Underwriters**—J. A. Winston & Co., Inc. and Netherlands Securities Co., Inc., New York, N. Y.

**● Summers Gyroscope Co. (11/7-10)**
Aug. 29, 1960 filed 6,403,215 shares of common stock, of which 5,702,878 shares are to be offered by Atlas Corp. to the holders of its outstanding common on the basis of one Summers share for each two Atlas shares held, and 700,337 shares to be offered by Mertronics Corp. to its stockholders on a share-for-share basis. **Price**—75 cents per share. **Purpose**—The purpose of the offering is to effect a divestiture by Atlas and Mertronics of their 71.1% interest in Summers in order to dispose of matters pending before the CAB. **Office**—2500 Broadway Ave., Santa Monica, Calif. **Underwriter**—None.

**● Swingline, Inc.**
Oct. 25, 1960 filed 250,000 shares of class A stock (par $1), of which 50,000 shares will be offered for the account of the issuing company and 200,000 shares, representing outstanding stock, to be offered for the account of the company president and his wife, the selling stockholders. **Price**—To be supplied by amendment. **Business**—The company makes and sells stapling machines and various other office supplies, and has a stock interest in Wilson Jones Co., of Massachusetts, which makes and sells record-keeping and other commercial stationery supplies. **Proceeds**—For new plant and general corporate purposes of a subsidiary, Ace Fastener Corp., of Illinois. **Office**—32-00 Skillman Avenue, Long Island City, L. I., N. Y. **Underwriter** — Paine, Webber, Jackson & Curtis, New York City (managing). **Offering**—Expected in early December.

**● Tech Laboratories, Inc. (11/14-18)**
Sept. 28, 1960 (letter of notification) 84,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Business**—Manufacturers of precision instruments. **Proceeds**—For general corporate purposes. **Office**—Bergen & E. Edsall Blvds., Palisades Park, N. J. **Underwriters**—Carroll Co., and Dewey, Johnson & Co., New York, N. Y.

**● Techni Electronics, Inc.**
Aug. 10, 1960 (letter of notification) 112,500 shares of common stock (par 10c). **Price**—$2 per share. **Business**—The firm makes health and massage equipment, electric housewares, and medical electronic equipment. **Proceeds**—For expansion, working capital, and research and development expenditures. **Office**—71 Crawford St., Newark, N. J. **Underwriter** — United Planning Corp., 1180 Raymond Blvd., Newark, N. J. **Offering**—Imminent.

**★ Technology Leasing & Capital Corp.**
Oct. 26, 1960 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—50 cents per share. **Business**—Leasing of machinery. **Proceeds**—For general corporate purposes. **Office**—30 Broad Street, Room 1611, New York, N. Y. **Underwriter**—None.

**Tech-Ohm Electronics, Inc.**
June 29, 1960, (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—36-11 33rd Street, Long Island City, N. Y. **Underwriter** — Edward Lewis Co., Inc., New York, N. Y. **Note**—This issue was refiled on Sept. 6.

**Telecolor**
July 25, 1960 (letter of notification) 150,000 shares of common capital stock (par 25 cents) of which 100,000 shares are to be offered by officers. **Price**—$2 per share. **Proceeds**—To lease equipment and for working capital. **Office** — 7922 Melrose Ave., Hollywood, Calif. **Underwriter**—Raymond Moore & Co.. Los Angeles, Calif.

**● Telephone & Electronics Corp. (11/14-18)**
Aug. 18, 1960 (letter of notification) 52,980 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Business**—Electronic communications equipment and automatic, loud-speaking telephone. **Office**—7 East 42nd St., New York 17, N. Y. **Underwriter**—Equity Securities Co., New York, N. Y.

**Tele-Tronics Co. (11/14-18)**
Aug. 10, 1960 (letter of notification) 100,000 shares of common stock (par 40 cents). **Price**—$3 per share. **Proceeds**—For plant expansion, additional machinery, acquisition of new facilities and working capital. **Office**—180 S. Main St., Ambler, Pa. **Underwriter**—Woodcock, Moyer, Fricke & French, Inc., Philadelphia, Pa.

**Telex, Inc. (11/10-25)**
Sept. 27, 1960 filed 196,000 shares of common stock, of which 125,000 shares are to be offered to holders of the outstanding common on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the retirement of $1,100,000 in outstanding notes. **Office**—Minneapolis, Minn. **Underwriter** — Lee Higginson Corp., New York City (managing).

**● Tenax, Inc. (11/10-15)**
Aug. 16, 1960, filed $1,500,000 of 10-year 6% convertible subordinated debentures, due 1970. **Price** — 100% of principal amount. **Business**—The sale, stocking and financing of freezers. **Proceeds**—Repayment of short-term indebtedness and working capital. **Office**—575 Lexington Avenue, New York City. **Underwriter** — Myron A. Lomasney & Co., New York City.

**● Terry Shops, Inc. (11/7-10)**
Sept. 29, 1960 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Business**—Operators of a chain of retail stores for wearing apparel for women, misses and children. **Proceeds**—For general corporate purposes. **Office**—560 Belmont Ave., Newark, N. J. **Underwriter** — Whitmore, Bruce & Co., New York, N. Y.

**Texas Butadiene & Chemical Corp. (11/14-18)**
Oct. 6, 1960 filed 625,800 shares of common stock, of which 296,000 will be offered publicly, 125,467 shares will be offered for the account of selling stockholders, and the balance will be issued in exchange for the issuer's outstanding preferred stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital and general corporate purposes. **Office**—529 Fifth Avenue, New York City. **Underwriters**—Blyth & Co., Inc. and Lehman Brothers.

**Texas Research & Electronic Corp.**
Oct. 3, 1960 filed 600,000 shares of common stock. **Price**—$1.15 per share. **Business**—Engaged in various phases of electronics. **Proceeds**—For acquisition of small businesses. **Office**—Meadows Bldg., Dallas, Tex. **Underwriter**—Naftalin & Co., Inc., Minneapolis, Minn.

**Therm-Air Mfg. Co., Inc.**
Sept. 13, 1960 filed 125,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—The company makes and sells temperature and humidity control equipment for military and commercial use. **Proceeds**—To pay loans, for research and development, and for working capital. **Office**—1000 North Division St., Peekskill, N. Y. **Underwriter**—G. Everett Parks & Co., Inc., New York City. **Offering**—Expected in late November.

**Tip Top Products Co.**
Oct. 4, 1960 filed 60,000 shares of class A common stock. **Price**—To be supplied by amendment. **Address**—Omaha, Neb. **Underwriters**—J. Cliff Rahel & Co., Omaha, Neb. and First Trust Co. of Lincoln, Lincoln, Neb.

**● Transitron Electronics Corp. (11/17)**
Sept. 9, 1960, filed 1,250,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — 168 Albion St., Wakefield, Mass. **Underwriter** — Merrill Lynch, Pierce, Fenner & Smith Inc., New York City (managing).

**● Ultra-Sonic Precision Co. Inc. (11/7-10)**
Sept. 27, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—Manufacturers of precision carbon jigs for transistors and transistor components. **Proceeds** — For general corporate purposes. **Office**—236 Fourth Ave., Mt. Vernon, N. Y. **Underwriter** — Merritt, Vickers, Inc., New York, N. Y.

**★ Unifloat Marine Structures Corp.**
Oct. 17, 1960 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—To purchase raw materials, maintenance of inventory, machinery and equipment, and for working capital. **Office**—204 E. Washington St., Petaluma, Calif. **Underwriter**—To be supplied by amendment.

**United Bowling Centers, Inc. (11/15)**
Sept. 28, 1960 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For construction, equipment and acquisition of bowling centers. **Office** — 1055 W. Genesee St., Syracuse, N. Y. **Underwriters**—Emanuel, Deetjen & Co., and Hill, Darlington & Co., both of New York City (managing).

**United Industries Co., Inc.**
Sept. 27, 1960 filed $500,000 of 6% convertible serial subordinated debentures. **Price**—At par. **Business**—The issuer's major activity is the warehousing of grain under contract to the U. S. Commodity Credit Corp. **Proceeds**—For expansion, working capital, and loans to subsidiaries. **Office**—1235 Shadowdale, Houston, Texas. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

**● United International Fund Ltd.**
Oct. 20, 1960 filed 1,000,000 shares of common stock (par one Bermuda pound). **Price**—$12.50 per share. **Business**—This is a new open-end mutual fund. **Proceeds**—For investment. **Office**—Bank of Bermuda Bldg., Hamilton, Bermuda. **Underwriters**—Kidder, Peabody & Co., Bache & Co., and Francis I. du Pont & Co., all of New York City (managing). **Offering**—Expected in December.

**United Pacific Aluminum Corp.**
Aug. 24, 1960 filed $7,750,000 of convertible subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, the proceeds will be used to pay for the erection of a primary aluminum reduction facility. **Office** — Los Angeles, Calif. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill. (managing).

**★ United States Shell Homes, Inc.**
Oct. 28, 1960 filed $2,500,000 of 8% capital debentures, due Dec. 15, 1975, with warrants attached for the purchase of 50,000 shares of common stock, and 100,000 shares of such stock. These securities are to be offered in units consisting of $100 of debentures with attached warrants for the purchase of two common shares, and four such shares. **Price**—To be supplied by amendment. **Business**—The sale, construction, and financing of "shell" homes. **Proceeds**—For use by Dixie Acceptance Corp., a wholly-owned subsidiary of the issuer, who proposes to retire outstanding indebtedness, purchase secured instalment obligations, purchase 20,000 outstanding shares of its stock, and add to working capital. **Office** — 4415 Beach Boulevard, Jacksonville, Fla. **Underwriter**—Hayden, Stone & Co., New York City (managing). **Offering**—Expected in early December.

**★ Universal Electronics Laboratories Corp.**
Oct. 28, 1960 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Business**—Manufacturers of electronic equipment used in the teaching of foreign languages. **Proceeds**—For general corporate purposes. **Address**—City of Dover, County of Kent, Del. **Underwriter**—Underhill Securities Corp., 19 Rector Street, New York, N. Y.

**Urban Development Corp.**
Aug. 30, 1960 filed 300,000 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—For general corporate purposes, including debt reduction. **Office**—Memphis, Tenn. **Underwriter** — Union Securities Investment Co., Memphis, Tenn.

**Vacudyne Associates, Inc. (11/14-18)**
Sept. 30, 1960 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Business**—Distributors of radio and TV receiving tubes and owner of Transletesonic Inc. which manufactures electronic tubes. **Proceeds**—For general corporate purposes. **Office**—397 Seventh Ave., Brooklyn, N. Y. **Underwriters**—Kenneth Kass; H. S. Simmons & Co., Inc. and B. N. Rubin & Co., Inc., New York, N. Y.

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**● Valdale Co., Inc.**
July 27, 1960 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds** — To pay accounts payable, reduce a bank loan, advertising and for working capital. **Office**—Red Lion, Pa. **Underwriters**—B. N. Rubin & Co. and H. S. Simmons & Co. both of New York City. **Offering**—Expected in late November.

**● Vector Industries, Inc.**
Aug. 29, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To pay in full the remainder of such subscription to capital stock of International Data Systems, Inc. and to retire outstanding notes. **Office**—2321 Forest Lane, Garland, Tex. **Underwriter**—Hauser, Murdoch, Rippey & Co., Dallas, Tex., is no longer underwriting this issue. New underwriter is Plymouth Securities Corp., New York City.

**● Vibration Mountings & Controls, Inc. (11/28-12/2)**
Sept. 29, 1960 filed 150,000 shares of common stock (par 10 cents). **Price**—$3.50 per share. **Proceeds**—For research and development; expansion; purchase of inventory; working capital and general corporate purposes. **Office**—98-25 50th Ave., Corona, L. I., N. Y. **Underwriter**—Michael G. Kletz & Co., Inc., New York, N. Y.

**Victor Paint Co.**
Oct. 18, 1960 filed 130,000 shares of common stock of which 95,000 shares are to be offered for the account of the issuing company and 35,000 shares, representing outstanding stock, for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including the opening of additional stores in the metropolitan Detroit area **Office** — Detroit, Mich. **Underwriter** — Charles Plohn & Co., New York City (managing).

**Webb (Del E.) Corp.**
Sept. 21, 1960 filed $8,000,000 of convertible subordinated debentures, due October 1975, 640,000 shares of common stock, and warrants for the purchase of 320,000 shares of such stock. These securities will be offered in units, each unit to consist of $50 principal amount of debentures, four common shares, and warrants for the purchase of two common shares. **Price**—To be supplied by amendment. **Business** — Real estate, construction, property and community development, and manufacturing. **Proceeds**—For property improvements. **Office**—302 South 23rd Ave., Phoenix, Ariz. **Underwriter**—Lehman Brothers, New York City (managing). **Offering**—Expected in late November.

**★ Western Utilities Corp.**
Oct. 27, 1960 filed $2,750,000 of 5¼% convertible debentures, due Oct. 1, 1975. **Price**—To be supplied by amendment. **Business**—The company owns substantial amounts of common stock in three operating public utilities. **Proceeds**—To reduce indebtedness, for working capital, and for the purchase of additional securities in operating utilities. **Office** — 300 Montgomery St., San Francisco, Calif. **Underwriter**—Dean Witter & Co., San Francisco, Calif. (managing). **Offering**—Expected in late November.

**Westminster Fund, Inc.**
Oct. 14, 1960 filed 4,000,000 shares of capital stock. **Business**—This is a new mutual fund, and its intention is to offer holders of at least $25,000 worth of acceptable securities the opportunity of exchanging each $12.50 worth of such securities for one share in the Fund, which will receive a maximum commission of 4%. **Office**—Westminster at Parker, Elizabeth, N. J. **Investment Advisor**—Investors Management Co. **Dealer - Manager**—Kidder, Peabody & Co., New York City. **Offering**—Expected in early December.

**● White Avionics Corp. (11/7-10)**
Sept. 6, 1960 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Business**—Manufacturers of missiles and aircraft instrumentation. **Proceeds**—For general corporate purposes. **Office**—Terminal Dr., Plainview, L. I., N. Y. **Underwriter**—Planned Investing Corp., New York, N. Y. and Fidelity Investors Service, East Meadow, L. I. **Note** — This is a refiling of an issue originally filed last June 6 and subsequently withdrawn.

**● Willer Color Television System, Inc. (11/14-18)**
Jan. 29 (letter of notification) 80,890 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., 39 Broadway, New York City.

**● Williamsburg Greetings Corp. (11/21-25)**
Aug. 26, 1960 filed 180,000 shares of common stock (par 25 cents). **Price** — $6 per share. **Business**—The company and its subsidiaries are engaged chiefly in the design, production, and sale of greeting cards. **Proceeds**—About $400,000 will be applied to the reduction of factoring advances, with the balance to be added to working capital. **Office**—3280 Broadway, New York City. **Underwriters** — Standard Securities Corp., New York City, and Bruno-Lenchner, Inc., Pittsburgh, Pa., and Amos Treat & Co., Inc., New York City.

**★ Wilson (H. & H.), Inc.**
Oct. 18, 1960 (letter of notification) 100,000 shares of class A common stock (no par). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—8420 S. Atlantic Ave., Bell, Calif. **Underwriter** — Fairman & Co., Los Angeles 14, Calif.

**Wisconsin Electric Power Co. (11/16)**
Sept. 23, 1960 filed $30,000,000 of first mortgage bonds, series due 1990. **Proceeds**—For debt reduction and capital expenditures. **Office**—Milwaukee, Wis. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., and Equitable Securities Corp. (jointly); Glore, Forgan & Co., Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co., Inc. (jointly); The First Boston Corp., Lehman Brothers and Salomon Brothers & Hutzler (jointly); Blyth & Co. **Bids**—Expected to be received on Nov. 16 at 11:00 a.m.

**Wisconsin Southern Gas Co., Inc.**
Oct. 26, 1960 filed 27,996 shares of common stock, to be offered to the holders of the outstanding common on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds** — To reduce bank indebtedness. **Office**—Lake Geneva, Wis. **Underwriters**—The Milwaukee Co., Milwaukee, Wis., and Harley Haydon & Co., Inc., and Bell & Farrell, Inc., both of Madison, Wis.

**● Wood-Mosaic Corp. (11/28-12/2)**
Sept. 27, 1960 filed 80,000 shares of class A common stock. **Price**—To be supplied by amendment. **Proceeds**—For working capital of the issuer and its subsidiary, Wood-Mosaic Industries, with the balance for debt reduction. **Office**—Louisville, Ky. **Underwriters**—Crutenden, Podesta & Co., Chicago, Ill., and Berwyn T. Moore & Co., Inc., Louisville, Ky.

**Zurn Industries, Inc. (11/14-18)**
Sept. 26, 1960 filed 200,000 shares of common stock ($1 par), of which 100,000 shares are to be offered for the account of the issuing company and 100,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Business** — The manufacture of mechanical power transmission equipment, fluid control devices, building plumbing drainage products and research and development of a synchro-gear assembly for atomic submarines. **Proceeds**—For new equipment, the repayment of loans, and working capital. **Office**—Erie, Pa. **Underwriter**—Lee Higginson Corp., New York City (managing).

**ATTENTION UNDERWRITERS!**
**Do you have an issue you're planning to register? Our Corporation News Department would like to know about it so that we can prepare an item similar to those you'll find hereunder.**
**Would you telephone us at REctor 2-9570 or write us at 25 Park Place, New York 7, N. Y.**

# Prospective Offerings

**Acme Steel Co.**
Oct. 3, 1960 it was reported that the sale of $10,000,000 of preferred stock is planned by the company for sometime later in the year. **Proceeds**—For expansion and modernization. **Office**—135th St. & Perry Ave., Chicago, Ill.

**Arkansas Power & Light Co.**
Sept. 20, 1960 it was announced that this subsidiary of Middle South Utilities, Inc. might issue $15,000,000 of first mortgage bonds sometime in the first quarter of 1961. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. and Equitable Securities Corp. (jointly); Blyth & Co. and Dean Witter & Co. (jointly); Lehman Brothers, Stone & Webster Securities Corp. and White, Weld & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.

**Atlantic Transistor Corp.**
Sept. 12, 1960 the company reported that it is contemplating filing its first public offering, consisting of a letter of notification covering an undetermined number of shares of its $1 par common stock. **Business** — The company makes and sells a "water - tight, unbreakable" marine radio known as the "Marlin 200." **Proceeds**—For the development of the "Marlin 300," which is to be a similarly constructed radio with a ship-to-shore band. **Office**—63-65 Mt. Pleasant Ave., Newark, N. J. **Underwriter**—Mr. Roth, Comptroller, states that he is actively seeking an underwriter to handle the offering. **Note**—The issuing company is a wholly-owned subsidiary of Auto-Temp Inc.

**Automation Development, Inc.**
Sept. 20, 1960 it was reported that a "Reg. A" filing, comprising this firm's first public offering is expected. **Note** — This firm was formerly carried in this column under the heading "Automation for Industry, Inc." **Proceeds**—For further development of the "Skyjector." **Office**—342 Madison Ave., New York City. **Underwriter**—Ross, Riemer, Collins & Co., Inc., 44 Beaver St., New York City.

**● Automation Labs Inc.**
Sept. 14, 1960 it was reported that a "Reg A" filing is expected. **Business** — Electronics. **Office** — Westbury, L. I., N. Y. **Underwriter** — Sandkuhl and Company, Newark, N. J., and New York City.

**Brooklyn Eagle Inc.**
Oct. 5, 1960 it was reported that 70,000 shares of common stock will be filed. **Underwriter**—R. F. Dowd & Co., Inc., New York, N. Y.

**Brooklyn Union Gas Co.**
Sept. 21, 1960 G. C. Griswold, Vice-President and Treasurer, announced that there will be no further financing in 1960 but that $25,000,000 to $30,000,000 of mortgage bonds or preferred stock are expected in late 1961 or early 1962. **Office**—176 Remsen St., Brooklyn 1, N. Y.

**California Oregon Power Co.**
Oct. 18, 1960 it was reported that the company expects to come to market in late 1961 to raise about $12,000,000 in the form of bonds and common stock. **Proceeds**—For the repayment of bank loans. **Office**—216 W. Main St., Medford, Oregon.

**Carbonic Equipment Corp.**
Oct. 5, 1960 it was reported that a full filing of about $300,000 of units, consisting of common stock, bonds and warrants will be made sometime in November. **Proceeds**—For expansion of the business. **Office**—97-02 Jamaica Ave., Woodhaven, N. Y. **Underwriter**—R. F. Dowd & Co. Inc.

**Casavan Industries**
Sept. 21, 1960 it was reported by Mr. Casavena, President, that registration is expected of approximately $20,000,000 of common stock. **Business** — The company makes polystyrene and polyurethane for insulation and processes marble for construction. **Proceeds**—For expansion to meet $10,000,000 backlog. **Office**—250 Vreeland Ave., Paterson, N. J. **Underwriter**—To be named.

**★ Chicago, Rock Island & Pacific RR. (12/7)**
Nov. 1, 1960 it was reported that bids will be accepted in New York City on Dec. 7 up to 1:00 p.m. (EST) for $3,450,000 of equipment trust certificates. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., and Salomon Bros. & Hutzler.

**Citizens & Southern Small Business Investment Co.**
Oct. 24, 1960 it was reported that the company expects to file $3,000,000 of its common stock. **Office**—c/o Citizens & Southern National Bank, Marietta at Broad, Atlanta, Ga. **Registration**—Expected in November.

**Coca-Cola Co.**
Sept. 22, 1960 it was announced that under the terms of the proposed acquisition of Minute Maid Corp. this company would issue about 906,400 shares of its common stock, each share of which will be exchanged for 2.2 Minute Maid shares. **Office**—Atlanta, Ga.

**Columbus & Southern Ohio Electric Co.**
Sept. 22, 1960 it was reported the company will sell about $10,000,000 additional common stock sometime in 1961. **Proceeds**—For expansion purposes. **Office**—215 N. Front St., Columbus 15, Ohio. **Underwriter**—Dillon, Read & Co.

**Dallas Power & Light Co.**
Sept. 14, 1960 it was stated by the company's president that there may possibly be some new financing during 1961, with no indication as to type and amount. **Office**—1506 Commerce Street, Dallas, Texas. **Underwriter**—To be determined by competitive bidding. Probable bidders: To be named.

**Dodge Wire Manufacturing Corp.**
Sept. 12, 1960 it was reported that registration is expected of $600,000 of common stock. **Proceeds** — For general corporate purposes. **Office** — Covington, Ga. **Underwriter**—Plymouth Securities Corp., 92 Liberty St., New York 6, N. Y.

**Dynacolor Corp.**
Aug. 22, 1960 it was reported that new financing will take place in November or December. **Office**—1999 Mt. Read Blvd., Rochester, N. Y. **Underwriter**—The company's initial financing was handled by Lee Higginson Corp., New York City.

**Dynamic Center Engineering Co., Inc.**
Oct. 3, 1960 it was reported that the company plans a full filing of its $1 par common stock for sometime in November. **Proceeds**—To promote the sale of new products, purchase new equipment, and for working capital. **Office**—Norcross, Ga. **Underwriter**—To be named.

**Dynamic Instrument Corp.**
Oct. 5, 1960 it was reported that a full filing of approximately $300,000 of bonds, common stock and warrants is expected. **Proceeds**—For expansion and the manufacture of a new product. **Office**—Westbury, L. I. **Underwriter**—R. F. Dowd & Co. Inc.

**★ Exploit Films Inc.**
Oct. 28, 1960 it was reported that the company will file a letter of notification consisting of 150,000 shares of common stock at $2 per share. **Proceeds**—For the production of TV and motion picture films, the reduction of indebtedness, and for working capital. **Office**—619 W. 54th St., New York City. **Underwriter**—McClane & Co., Inc., 26 Broadway, New York City. **Registration**—Expected in December.

**Florida Power & Light Co.**
Oct. 24, 1960 it was reported that an undetermined amount of bonds may be offered in the Spring of 1961. **Office**—25 S. E. 2nd Ave., Miami, Fla. **Underwriter**—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co. (jointly); Halsey, Stuart & Co. Inc.; White, Weld & Co.; First Boston Corp.; Blyth & Co., Inc.

**Ford Motor Credit Co.**
Oct. 17, 1960 it was reported that this company is developing plans for borrowing operations, which may include the issuance of debt securities, and possibly occur in the first quarter of 1961. **Office**—Detroit, Mich.

**Georgia Bonded Fibers, Inc.**
Sept. 14, 1960 it was reported that November registration of 150,000 shares of common stock is expected. **Offices**—Newark, N. J., and Buena, Vista, Va. **Underwriter**—Sandkuhl and Company, Newark, N. J., and N. Y. City.

**● Geotechnics & Resources, Inc.**
Nov. 2, 1960 it was reported that a letter of notification covering 149,800 shares of 25¢ par common stock was imminent. **Price** — $2 per share. **Business** — The interpretation of photo-aerial maps. **Proceeds** — For equipment, research and development, and other general corporate purposes. **Office**—White Plains, N. Y. **Underwriter**—S. D. Fuller & Co., New York City.

**Goshen Farms Inc.**
Oct. 5, 1960 it was reported that 100,000 shares of the company's common stock will be filed. **Proceeds**—For

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breeding trotting horses. **Office**—Goshen, N. Y. **Underwriter**—R. F. Dowd & Co. Inc.

**★ Gulf States Utilities Co. (1/17)**
Nov. 1, 1960 it was reported that $11,500,000 of common stock will be offered. **Information Meeting**—Jan. 12, 1961 at 11:00 a.m. at the Hanover Bank, New York City. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers; Glore, Forgan & Co.; Lee Higginson Corp. **Bids**—Expected Jan. 17, 1961.

**Houston Lighting & Power Co.**
Oct. 17, 1960 Mr. T. H. Wharton, President, stated that between $25-$35 million dollars is expected to be raised publicly sometime in 1961, probably in the form of preferred and debt securities, with the precise timing depending on market conditions. **Proceeds**—For construction and repayment of bank loans. **Office** — Electric Building, Houston, Texas. **Underwriter** — Previous financing was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler.

**★ Illinois Central RR. (11/10)**
Nov. 1, 1960 it was reported that bids will be accepted in Chicago up to 1 p.m. (New York Time) on Nov. 10 for $2,625,000 of equipment trust certificates. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., and Salomon Bros. & Hutzler.

**Indianapolis Power & Light Co.**
According to a prospectus filed with the SEC on Aug. 25, the company plans the sale of about $14,000,000 of additional securities in 1963. **Office** — 25 Monument Circle, Indianapolis, Ind.

**Industrial Gauge & Instrument Co.**
Oct. 5, 1960 it was reported that 100,000 shares of common stock will be filed. **Proceeds** — Expansion of the business, and for the manufacture of a new product by a subsidiary. **Office**—1947 Broadway, Bronx, N. Y. **Underwriter**—R. F. Dowd & Co. Inc.

**★ International Safflower Corp.**
Oct. 28, 1960 it was reported that the company plans to file a letter of notification consisting of 60,000 shares of class A common stock (par $2). **Price** — $5 per share. **Proceeds**—To retire outstanding loans, purchase of planting seed, lease or purchase land, building and machinery and for working capital. **Office** — 350 Equitable Bldg., Denver, Colo. **Underwriter** — Copley & Co., Colorado Springs Colo.

**Iowa-Illinois Gas & Electric Co.**
Oct. 24, 1960 it was reported by the company treasurer, Mr. Donald Shaw that the utility expects to come to market, perhaps in mid-1961, to sell permanent securities in the form of bonds and possibly preferred stock, with the amount and timing to depend on market conditions. The 1961 construction program is estimated at $17 million of which $10-$11 million will have to be raised externally. **Office**—206 E. 2nd St., Davenport, Iowa.

**Iowa Power & Light Co.**
Oct. 5, 1960 it was reported that the board of directors had approved a $15,000,000 financing plan, to consist of $10,000,000 of first mortgage bonds and additional common stock. **Proceeds** — For the acquisition of property and the retirement of short-term loans. **Office** — Des Moines, Iowa.

**★ Japan Telephone & Telegraph Corp.**
Oct. 27, 1960 it was announced that this government-owned business plans a $20,000,000 bond issue in the United States. **Proceeds**—For expansion. **Underwriters**—Dillon, Read & Co., First Boston Corp., and Kidder, Peabody & Co. **Offering**—Expected in the Spring of 1961.

**Kawasaki Steel Co., Ltd.**
Oct. 17, 1960 it was reported that the Japanese company is considering a $4,000,000 bond issue for U. S. offering. **Underwriter**—First Boston Corp., New York City.

**Laclede Gas Co.**
May 10 it was announced that in addition to the $15,000,000 of new capital provided by the July bond-equity financing, $33,000,000 will come from later sale of securities other than common stock and from retained earnings.

**Lone Star Gas Co.**
Aug. 3, 1960, it was reported that about $37,000,000 will be raised to cover capital requirements over the next year. **Office**—301 So. Harwood Street, Dallas 1, Texas.

**Martin Paints & Wallpapers**
Aug. 29, 1960 it was announced that registration is expected of the company's first public offering, which is expected to consist of about $650,000 of convertible debentures and about $100,000 of common stock. **Proceeds**—For expansion, including a new warehouse and additional stores. **Office**—153-22 Jamaica Ave., Jamaica, L. I., N. Y. **Underwriter** — Hill, Thompson & Co., Inc., New York Citv N. Y.

**National Aeronautical Corp.**
Oct. 11, 1960 it was reported that a full filing of 70,000 shares of common stock is in preparation, part of which will be for the account of the issuer and part for selling stockholders. **Office**—Ft. Washington, Pa. **Underwriters**—White, Weld & Co., of New York City; Yarnall, Biddle & Co. and Stroud & Co., Inc., both of Philadelphia, Pa. (all jointly).

**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.

**Northern Fibre Glass Co.**
Sept. 28, 1960 it was reported that this company is planning to issue 100,000 shares of $1 par common stock under a letter of notification. **Office**—St. Paul, Minn. **Underwriter**—Irving J. Rice & Co., St. Paul, Minn.

**One Maiden Lane Fund, Inc.**
Aug. 29, 1960 it was reported that registration is expected sometime in November of 300,000 shares of com. stock. **Business**—This is a new mutual fund. **Proceeds**—For investment, mainly in listed convertible debentures and U. S. Treasury Bonds. **Office**—1 Maiden Lane, New York 38, N. Y. **Underwriter**—G. F. Nicholls Inc., 1 Maiden Lane, New York 38, N. Y.

**● Orange & Rockland Utilities, Inc.**
Oct. 18, 1960 it was reported that the sale of the $10 million bonds is tentatively expected in April, 1961. **Office**—10 North Broadway, Nyack, N. Y.

**● Otter Tail Power Co. (1/24)**
Oct. 21, 1960, Albert V. Hartl, executive Vice-President of this utility told this newspaper that an issue of between $6,000,000 to $8,000,000 of 30-year first mortgage bonds is expected. **Office**—Fergus Falls, Minn. **Underwriter**—To be determined by competitive bidding. Probable bidders to be named.

**● Pacific Gas Transmission Co.**
Nov. 2, 1960 it was reported by Mr. K. C. Cristensen, company Vice-President and Treasurer, that this subsidiary of Pacific Gas & Electric Co. plans a rights offering to stockholders later this year of $13,300,000 of convertible debentures and also plans the sale of $90,000,000 of first mortgage bonds, the timing of which is as yet undecided. **Office**—245 Market Street, San Francisco, Calif. **Underwriter**—Blyth & Co., Inc., New York City (managing).

**Panhandle Eastern Pipe Line Co.**
Sept. 28, 1960 it was reported that $65,000,000 of debentures are expected to be offered in the second quarter of 1961. **Office**—120 Broadway, New York City. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co., both of New York City (managing.)

**Peerless Mortgage Co.**
Sept. 21, 1960 it was reported that this company is preparing a "Reg. A" filing. **Proceeds**—To increase buying power for purchase of first and second mortgages. **Office**—Denver, Colo. **Underwriter** — Copley & Co., Colorado Springs, Colo.

**Pocket Books, Inc.**
Oct. 24, 1960 it was reported that the company expects to file outstanding common stock in the amount of approximately $15,000,000. **Proceeds**—To selling stockholders. **Office**—630 5th Ave., New York City. **Underwriters**—White, Weld & Co. and Goldman, Sachs & Co. (jointly). **Registration**—Expected in November.

**● Potomac Electric Power Co. (12/7)**
Oct. 31, 1960 it was reported that the company expects to sell $40,000,000 of bonds. **Office**—929 "E" St., N. W., Washington, D. C. **Bids**—Tentatively expected on Dec. 7.

**Power Chem Industries**
Oct. 18, 1960 it was reported that the company plans a "Reg. A" filing of 75,000 shares of common stock, constituting its first public offering. **Business**—The manufacture of additives for fuel oils. **Proceeds**—For expansion and general corporate purposes. **Office**—645 Forrest Ave., Staten Island, N. Y. **Underwriter**—Ronwin Securities Inc., 645 Forrest Ave., Staten Island, N. Y.

**● Prospectors Airways Co., Ltd.**
Oct. 17, 1960 it was announced that the directors have authorized the issuance of an additional 1,140,000 shares of unissued capital stock being offered to stockholders of record Oct. 28 on the basis of one new share for each two shares then held. Rights expire Nov. 18. **Price**—$1 per share. **Business**—Prospecting and exploring for metals. **Proceeds**—For general corporate purposes. **Office**—Suite 1616, 44 King St. West, Toronto 1, Ontario, Can. **Underwriter**—None.

**Public Service Electric & Gas Co. (12/13)**
Oct. 24, 1960 filed 250,000 shares of cumulative preferred stock with the New Jersey Public Utility Commission. SEC filing is expected shortly. **Price**—To be supplied by amendment. **Proceeds**—For construction. **Office**—Newark, N. J. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York City (managing). **Information Meeting**—Scheduled for Dec. 8 at 11:00 a.m.

**Richards Aircraft Supply Co., Inc.**
Oct. 10, 1960 it was reported that a "Reg. A" filing of the company's common stock is expected. **Proceeds**—For expansion and working capital. **Office**—Ft. Lauderdale, Fla. **Underwriter**—Blaha & Co., Inc., Long Island City, N. Y.

**Ritter Co., Inc.**
July 6 it was reported that this company plans to consolidate some $2,500,000 of funded debt, possibly through a private placement, pursuant to which a bond issue may be expected. **Underwriter**—Lehman Brothers, New York City.

**Rochester Gas & Electric Corp.**
Aug. 1, 1960 it was reported that $15,000,000 of debt financing is expected in the spring of 1961, perhaps in March. **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.

**Rudd-Melikian, Inc.**
Sept. 28, 1960 it was reported by J. C. Barr, a corporate officer, to this paper that new financing is being discussed. No details are available. **Office**—Hatboro, Pa.

**(Jos.) Schlitz & Co.**
March 11 it was reported that a secondary offering might be made. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Harriman Ripley & Co. Inc., both of New York City.

**Southern Bell Telephone & Telegraph Co. (12/5)**
Sept. 26, 1960 the company authorized the issuance of $75,000,000 of debentures to be dated Dec. 1, 1960. **Proceeds** — For construction. **Office** — Atlanta, Ga. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co., both of New York City. **Registration**—SEC registration is expected in November. **Bids**—Expected on or about Dec. 5.

**● Southern Natural Gas Co.**
Oct. 28, 1960 it was reported by Mr. Loren Fitch, company comptroller, that the utility is contemplating the sale of $35,000,000 of bonds sometime in 1961, with the precise timing depending on market conditions. **Proceeds**—To retire bank loans. **Office**—Watts Building, Birmingham, Ala.

**Southern Railway Co.**
Sept. 21, 1960 it was announced that a Halsey, Stuart & Co. Inc., group expects to bid on $25,000,000 of the road's bonds. No other details are available.

**Southwestern Public Service Co.**
Aug. 9, 1960, it was reported that in February, 1961, the company expects to offer about $15,000,000 in bonds and about $3,000,000 in preferred stock, and that about one year thereafter a one-for-twenty common stock rights offering is planned, with the new shares priced about 6½% below the then existing market price of the common. **Office**—720 Mercantile Dallas Building, Dallas 1, Texas. **Underwriter**—Dillon, Read & Co., Inc.

**Storer Broadcasting Co.**
Sept. 28, 1960 it was reported that a secondary offering is being planned. **Office**—Miami Beach, Fla. **Underwriter**—Reynolds & Co., New York City.

**★ TelAutograph Corp.**
Nov. 1, 1960 it was reported by R. E. Lee, President, that a rights offering is scheduled for January, 1961, subject to FCC and SEC approval. **Proceeds**—The issuer hopes to raise over $1,000,000, which will be used to start early 1961 production of a remote handwriting device. **Office**—Los Angeles, Calif.

**Trans World Airlines, Inc.**
Oct. 10, 1960 it was announced that financing needs have been scaled down to $318,000,000 from the original figures of $340,000,000 with $168,000,000 to be loaned to TWA by banks, insurance companies and other lenders, $50,000,000 to be drawn from internal sources, and $100,000,000 from the proposed sale of subordinated income debentures with stock purchase warrants to TWA stockholders. **Proceeds**—To give TWA direct ownership of a jet transport fleet. **Office**—10 Richards Road, Kansas City 5, Mo. **Underwriters** — Lazard Freres & Co., Lehman Brothers and Dillon, Read & Co., Inc. (managing). **Note**—Oct. 25 it was reported that this financing is not expected to occur and a statement will be issued soon on future plans.

**Trunkline Gas Co.**
Sept. 28, 1960 it was reported that approximately $15,000,000 of bonds and $5,000,000 of preferred stock are expected to be offered in the second quarter of 1961. **Office**—120 Broadway, New York City. **Underwriters**—Merrill Lynch, Pierce, Fenner & Smith Inc., and Kidder, Peabody & Co., both of New York City (managing).

**United Air Lines, Inc.**
Sept. 23, 1960 it was reported that an issue of convertible debentures is being considered. **Office**—5959 South Cicero, Avenue, Chicago, Ill. **Underwriter**—Harriman Ripley & Co., New York City.

**★ Van Dusen Aircraft Supplies, Inc.**
Nov. 1, 1960 it was reported that registration is expected during November of a letter of notification covering 100,000 shares of this firm's $1 par common stock. **Proceeds** — For expansion. **Office** — Minneapolis, Minn. **Underwriter**—Stroud & Co., Philadelphia, Pa.

**★ Varifab, Inc.**
Nov. 2, 1960 it was reported that a letter of notification, comprising the company's first public offering, is due later this month. **Office**—High Falls, N. Y. **Underwriter**—Droulia & Co., 25 Broad Street, New York City.

**● Virginia Electric & Power Co. (6/13)**
Sept. 8, 1960 it was reported that the company will need $30,000,000 to $35,000,000 from outside sources in 1961. The precise form of financing will depend upon market conditions. **Office**—Richmond 9, Va. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Eastman Dillon, Union Securities & Co.; Salomon Bros. & Hutzler; Goldman, Sachs & Co. **Bids**—Expected on or about June 13.

**Waldorf Auto Leasing Inc.**
Sept. 14, 1960 it was reported that a "Reg A" filing is expected. **Office**—2015 Coney Island Avenue, Brooklyn, N. Y. **Underwriters**—J. I. Magaril & Co., New York City and Sandkuhl and Company, Newark, N. J., and New York City.

**● Whippany Paper Board Co.**
July 19, 1960, it was reported that this New Jersey company plans to register an issue of common stock. **Underwriter**—Van Alstyne, Noel & Co., New York City. **Registration**—Expected in November.

**Winona Wood Products Co.**
Aug. 24, 1960, it was reported that a full filing of class A common stock is contemplated. **Business**—The company makes wood cabinets for household and industrial use. **Office**—Winona, N. J. **Underwriter**—Metropolitan Securities Inc., Philadelphia, Pa.

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# G. M. Plans $1¼ Billion Investment

**Prospect of continued economic progress here and in the free world and the expectation of seven million new car sales in 1961 are singled out by Chairman Donner as the basis for planned $1¼ billion investment next year. This year General Motors is said to have spent $1.2 billion here and abroad. Mr. Donner foresees increases in population, in productivity and in personal income assuring a favorable long-term automobile growth amounting to about 40% in passenger cars in the next 10 years.**

General Motors will make a $1¼ billion investment next year on the basis of its faith in continued free world prosperity, Chairman Frederic G. Donner disclosed last Monday, October 31.


Frederic G. Donner

This amount will represent General Motors' world-wide expenditures for plant, machinery, equipment and tooling in 1961, Mr. Donner said at GM's luncheon for business leaders, where he and President John F. Gordon outlined their reasons for confidence in expanding opportunities for the automobile industry.

"The $1¼ billion investment that we will be making in 1961 testifies to our faith in the continued economic progress of this country and of the free world as a whole and in the continued demand for the products we manufacture," the GM chairman told approximately 600 top business, financial and industrial leaders gathered in the Waldorf-Astoria Hotel. The luncheon is a traditional event preceding the General Motors Motorama, opening in the Waldorf ballroom Thursday for a one-week showing.

"This, we submit, demonstrates our confidence in our economy and in this great industry of ours," Mr. Donner said of GM's 1961 expenditure program. "It is the best kind of evidence of our belief in our ability to meet the challenge of the marketplace."

Mr. Donner also disclosed that General Motors has spent approximately $1.2 billion in the United States and abroad this year to introduce its new models and for such purposes as plant, machinery, equipment and tooling.

### Approaching Seven Million Car Sales Level

Mr. Donner said that GM's forward planning is "based on the expectation" that new-car demand may reach a level of seven million units in the United States in 1961. Sales of domestic and foreign-built passenger cars "should reach" this level "if consumer incomes continue to rise and consumer confidence is sustained," he said.

He said he was "convinced that we are now approaching a new sales level of seven million cars annually" from new-car demand levels in the United States of around six million a year since World War II and well under four million before the war.

In the free world as a whole, Mr. Donner estimated that by 1970 demand for passenger cars will total in the neighborhood of 16 million units and demand for trucks nearly four million. Of this total of 20 million cars and trucks, about 10½ million will be sold outside the United States, he said.

GM's plans, Mr. Donner said, reflect its recognition of the fact that "for American business, the important challenge of the future is the steadily intensifying competition for the consumer's dollar."

### Need for Bold Investment

"For us in the automobile business the challenge of the marketplace is one that calls for all our skills in design, in production, in marketing," he told the business leaders. "It calls for spending large sums of money and for taking risks without any certainty of earning a profit. It calls for bold planning here at home and on a world-wide basis. It calls, above all, for optimism and for faith in the future growth of this country and the world."

To keep pace with expanding markets overseas, General Motors already has plans requiring expenditures in the next two years of $500 million for plant, equipment and tooling in its manufacturing and assembly facilities in 19 countries overseas, Mr. Donner disclosed. He noted that while following its long-standing policy of serving overseas customers through "operations established as an integral part of the overseas economies in which they are located," General Motors saw the value of its overseas assets increase from about $350 million at the end of 1949 to $1.35 billion at the end of 1959.

Mr. Donner also:

(1) Noted that with the introduction of the new smaller cars such as those being offered by Buick, Oldsmobile and Pontiac, and by Chevrolet with its expanded line of Corvairs, the automobile industry is "giving the American consumer a wide variety to choose from at every price."

"The automobile industry is now passing through another of those dramatic stages that have characterized its evolution and growth over the years," he said. "We have been witnessing a series of changes which may prove little short of revolutionary over the long term. They represent, as often has been the case before, the constructive adaptation of cars to the demonstrated needs and desires of our customers."

Although GM's smaller cars represent an adaptation of "the small-car concept to American needs and standards," Mr. Donner said, General Motors expects that "the majority" of its customers will continue to purchase the larger cars in which it is possible "to offer more in terms of greater comfort, increased space, improved ride stability, better handling and stepped-up engine performance."

(2) Said that the designs for General Motors' smaller cars were initiated even earlier than 1957, when standard-size cars still accounted for 95% of the American market and it was "far from certain that the demand for smaller cars would grow."

To meet the challenge of the marketplace, Mr. Donner said, the automobile industry "must recognize changes in customer needs and desires far enough ahead to have the right products in the right places at the right time and in the right quantity."

(3) Said that long-term growth of the automobile industry is "assured" by the outlook for continuing increases in population, in productivity and in personal incomes and in the number of two-or-more car families.

"In the next 10 years, we look for a growth of about 40% in the number of passenger cars in use, bringing the total to 75 million cars at the end of the decade," Mr. Donner said. "With trucks added, there will be 90 million vehicles on the road. Participation in this growth of the market is our great challenge in the years ahead."


SITUATION WANTED

**COLLEGE GRADUATE**

**Finance major, veteran, business experience, desires position with underwriter. Will aid investigating companies, negotiating, selling new issues. Salary unimportant. Call R. Leff, TR 4-2026 Monday through Friday 10 a.m. to 2.00 p.m.**


## With Marache, Dofflemyre

LOS ANGELES, Calif.—Johnney B. Massey has been added to the staff of Marache, Dofflemyre & Co., 210 West Seventh Street, members of the Pacific Coast Stock Exchange. He was previously with Pacific Coast Securities Company.

## Hubert R. O'Neil Joins Paine, Webber Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Hubert R. O'Neil, Jr., has become associated with Paine, Webber, Jackson & Curtis, 626 South Spring Street. Mr. O'Neil, who has been in the investment business for many years, has recently been with Alkow & Co., Inc.

Sam Kappe, formerly with Marache, Dofflemyre & Co., has also joined the staff of Paine, Webber, Jackson & Curtis.

## Joins C. D. Mahoney

MINNEAPOLIS, Minn. — Donald T. Stewart has joined the staff of C. D. Mahoney & Co., Inc., Banker Building.

## With Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

MINNEAPOLIS, Minn.—James P. Williams is now with Waddell & Reed, Inc., Metropolitan Building. He was formerly with Dean Witter & Co., in Laguna Beach, Calif.


DIVIDEND NOTICES

**EATON MANUFACTURING COMPANY**
CLEVELAND 10, OHIO
*DIVIDEND No. 162*

On Oct. 27, 1960, the Board of Directors declared a dividend of forty-five cents (45¢) per share on the common shares of the Company, payable Nov. 25, 1960, to shareholders of record at the close of business Nov. 10, 1960.

R. G. HENGST, *Secretary*

*Manufacturing plants in 18 cities, located in six states, Canada and Brazil.*

**EQUITABLE Gas COMPANY**
Pittsburgh, Pa.

At a meeting held October 26, 1960, the Board of Directors declared quarterly dividends of $1.09 per share on the 4.36% Convertible Preferred Stock, $1.40 per share on the 5.60% Preferred Stock and ____ cents per share on the Common Stock, payable December 1, 1960 to all holders of record at the close of business November 10, 1960.

H. S. Netting, Jr., *Secretary*

**FLINTKOTE**

*Manufacturer of the Broadest Line of Building Products in America*

**THE FLINTKOTE COMPANY**
New York 20, N. Y.

**quarterly dividends**
have been declared as follows:

**Common Stock***
1½% in its Common Stock

**$4 Cumulative Preferred Stock**
$1 per share

**$4.50 Series A Convertible Second Preferred Stock**
$1.12½ per share

An Initial Prorated Dividend
**$2.25 Series B Convertible Second Preferred Stock**
$.65½ per share

These dividends are payable December 15, 1960 to stockholders of record at the close of business November 18, 1960.

JAMES E. McCAULEY
*Treasurer*
*November 2, 1960.*

*129th consecutive dividend

DIVIDEND NOTICES

**GOODYEAR**

The Board of Directors today declared the following dividends:

**COMMON DIVIDEND No. 110**
22½ cents per share on the Common Stock, payable December 15, 1960 to stockholders of record at the close of business November 15, 1960.

**STOCK DIVIDEND**
a 2 per cent common stock dividend, payable in common stock December 19, 1960 to stockholders of record at the close of business November 15, 1960.

The Goodyear Tire & Rubber Co.
*By* R. L. Miller,
*Secretary*
*November 1, 1960*

**THE GREATEST NAME IN RUBBER**

*Harbison-Walker Refractories Company*

Board of Directors has declared for quarter ending December 31, 1960 DIVIDEND of ONE and ONE-HALF (1½%) PER CENT or $1.50 per share on PREFERRED STOCK, payable January 20, 1961 to shareholders of record January 6, 1961.

Also declared a DIVIDEND of $.45 per share on COMMON STOCK, payable December 1, 1960 to shareholders of record November 10, 1960.

G. F. Cronmiller, Jr.
*Vice President and Secretary*
Pittsburgh, October 27, 1960

**IBM**
183RD CONSECUTIVE QUARTERLY DIVIDEND

The Board of Directors of International Business Machines Corporation has today declared a quarterly cash dividend of $.75 per share, payable December 10, 1960, to stockholders of record at the close of business on November 10, 1960.

C. V. BOULTON,
Treasurer

590 Madison Avenue
New York 22, N. Y.
October 25, 1960

**IBM**
INTERNATIONAL BUSINESS MACHINES CORP.

DIVIDEND NOTICES

**National Distillers and Chemical Corporation**

DIVIDEND NOTICE

The Board of Directors has declared a quarterly dividend of 30¢ per share on the outstanding Common Stock, payable on December 1, 1960, to stockholders of record on November 10, 1960. The transfer books will not close.

PAUL C. JAMESON
October 27, 1960. *Treasurer*

**SOUTHERN NATURAL GAS COMPANY**
Birmingham, Alabama

**Common Stock Dividend No. 87**

A regular quarterly dividend of 50 cents per share has been declared on the Common Stock of Southern Natural Gas Company, payable December 14, 1960 to stockholders of record at the close of business on November 30, 1960.

W. S. TARVER,
Secretary

Dated: October 29, 1960.

**UNION CARBIDE**

**A quarterly dividend of ninety cents (90¢) per share on the outstanding capital stock of this Corporation has been declared, payable December 1, 1960, to stockholders of record at the close of business November 4, 1960. The last quarterly dividend was ninety cents (90¢) per share paid September 1, 1960.**

**Payment of the quarterly dividend on December 1 will make a total of $3.60 per share paid in 1960. In 1959, $3.60 per share was also paid.**

**JOHN F. SHANKLIN**
*Secretary and Treasurer*
**UNION CARBIDE CORPORATION**

**The United Gas Improvement Company**

DIVIDEND NOTICE

A dividend of 60c per share on the Common Stock, par value $13.50 per share, has been declared payable December 16, 1960 to holders of record November 30, 1960.

A dividend of $1.06¼ per share on the 4¼% Preferred Stock has been declared payable January 1, 1961 to holders of record November 30, 1960.

J. H. MACKENZIE, Treasurer
Philadelphia, October 25, 1960.


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# WASHINGTON AND YOU

*BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL*

WASHINGTON, D. C. — The profitable though beleaguered natural gas industry isn't expecting much from the Federal Power Commission's latest efforts to solve the riddle of Federal control.

After detailed studies of the FPC's new "area pricing policy," the industry is skeptical of the approach and disillusioned over many details of the program.

**The area pricing approach to easing the burden of utility-type Federal control of gas producers is an attempt to reverse a developing trend toward increased sales of gas in intrastate markets as a method of avoiding regulation. Since efforts in the past to get a bill passed by Congress to either remove Federal controls or at least replace them with commodity value controls have met only frustration and vetoes, the area pricing plan was supposed to be the answer.**

But it appears now that the area prices set by the Commission won't be high enough to reverse the trend nor remove the objections of many producers to Federal controls.

**Problem Created in 1954**

Before 1954, the FPC regulated only gas produced by companies in interstate commerce—mostly pipeline companies which produced some of their own gas as well as buying gas from independent producers. But the U. S. Supreme Court that year required the FPC to also certificate (approve sales contracts) and set the price of gas sold in interstate commerce by independent producers. Courts over the years ruled also that the price for gas by these producers had to be set on a utility cost-of-service and rate-of-return basis.

This naturally caused long, expensive legal battles and a mountainous backlog of cases at the FPC. Earlier legislative efforts to simply reverse the high court's decision were vetoed. So were later efforts to eliminate the utility-type regulation.

**When it finally settled the original case (Phillips Petroleum Co.) in late September, the FPC announced that it would in the future use its new area pricing policy. Prices for gas produced in each major geographic area (23) were set at norms based on average producing costs and supposedly proper profit margins. Exceptions to these prices will be approved by the Commission only when a producer cares to go through the long, involved process of proving that his costs plus profit require a higher rate.**

An entire area rate may be changed if all producers get together and prove to the Commission that the existing price is too low.

The Commission, in announcing this new policy, said:

"Our ultimate objective will be to set prices in all producing areas which will be adequate to maintain the gas supplies needed by the consumers of the nation, but at prices that are no higher than are necessary to accomplish that purpose." The agency's experience over the past few years proves that the "traditional original cost, prudent investment rate base method of regulating utilities is not a sensible or even a workable method of fixing the rate of independent producers of natural gas," it added.

**With the objective and the reasons, the natural gas industry has no quarrel. But it complains that supplemental "policy statements" are creating the same problems that the past utility-type control produced.**

About all they'll say is that the area pricing policy is "a step in the right direction."

**New Problems Created**

Many things have been left unanswered in the FPC's new policy. The utility or rate-of-return method is still being applied to gas produced by pipeline companies. The area independent producer prices are not realistic in many cases, and little has been done to ease the cost to the industry of winning even a nominal rate, the industry contends. Thus, it fears, even if it can win boosts in the area prices sufficient to produce the incentives needed to swing dedication of new reserves to interstate markets, the price to the consumer is likely to rise and not be as strongly competitive with other fuels as it should be to continue the industry's growth rate.

**This outlook affects not only the producer and pipeline companies, but the distributors, holding companies, and investors as well in efforts to attract sufficient capital at good rates to finance an expanding industry.**

The Commission itself recognized many of the shortcomings in its plan. It noted:

"It is clear that the calculation of the unit cost of gas is, and will be, an inexact, complex, unsatisfactory, and time-consuming process, fraught with controversy. The result finally reached may give the illusion of accuracy since mathematical processes are involved, and a definite price per million cubic feet is the final result. But such a result must be tested against the realties of the market place."

**There is also a serious question over the legality of the area pricing system. The courts, particularly in the landmark "City of Detroit" case, have ruled that the FPC must in setting natural gas prices arrive at the cost of the gas before proceeding.**

This has proven to be an accounting nightmare. A huge percentage of natural gas is produced with oil, which is not regulated. A lot is found by producers searching only for oil. Gas varies in its heating values, processing. The intangibles (dry holes, etc.) in a gas producer's search for a payoff well are legion.

**Legality Questioned**

The area pricing system thus attempts to get away from the necessity of having to go through the cost maze in most cases where producers are willing to sell their gas to interstate markets at the maximum fixed by the FPC. But there is virtually no legal justification for ignoring the previous court decisions.

FPC officials expect at least two years of court fighting before the legality of the area pricing system is finally decided by the Supreme Court. They believe that there's a good chance that it may have to be tossed aside, if the Court rules again in the pattern it has followed frequently in the past—full support for detailed utility-type control of the natural gas industry.


**"Yes, Madam, I know he's the custodian—but he's not the one you see about Custodian Funds!"**

Even if it wins the court test, and reasonably uncluttered methods are developed to administer it, the system is subject to the shakes, many producers say. Any change in the makeup of the five-man FPC, or major changes in its technical staff, could at any time result in drastic changes in the system.

**Adoption of the area pricing policy has had another serious effect on the natural gas industry. It has thrown into complete confsuion the industry's perennial drive for corrective legislation, which is a vastly more suitable answer to the problems than administrative tinkering by a government agency, the industry says.**

In the past, with the cost formulas obviously not working, the industry had enough leverage to bring two measures out of Congress, although both were vetoed for political reasons.

**Gas Bill Slowed**

Now, the fear is that opponents of deregulation of the industry can comfortably block any action simply by pointing out that the new approach by the FPC has not yet been tested. While industry officials can modify already-drafted legislative proposals to meet the latest FPC development, they fear that it will be three or four years before a new attempt stands even an outside chance of success.

**Representative Oren Harris, D., Ark., regular sponsor of the gas industry's bills, said recently that there was not much hope for success in 1961 even before the FPC plan, and that it may be inadvisable even to introduce legislation next year.**

**The industry, however, still intends to keep the issue alive, by having a bill introduced, although it has no hope of success.**

For the time being, the area pricing system is not expected to result in any change in consumer gas bills, either residential or industrial. The prices set by the FPC up to now are generally in the range of existing sales contracts. Although the FPC intends to go back and restudy each area price ceiling, giving the producers a chance to make a case of higher maximums, any immediate boosts are expected to be small and will be disolved by the time they are passed along toward the consumer.

Basic fault with the new system, many utility experts say, is that it attempts to replace one system of expensive controls with another. The replacement system fails to strike at the heart of the problem—reducing as much as possible the costs of regulation which finds its way into the price of the gas. (Phillips, for instance, has been engaged in a single case for 12 years.) The new system does not help to promote efficiency —which is the only way increased supplies of gas will result at competitive prices, they contend. It's too early to tell what effect the new system will have on investment prospects in the natural gas industry in the future. Some indications should come next spring when the first tests of the plan, begin to take shape.

*[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.]*

# COMING EVENTS

*IN INVESTMENT FIELD*

**Nov. 3-4, 1960 (Miami, Fla.)**
Florida Security Dealers Association annual convention at the Key Biscayne Hotel.

**Nov. 10, 1960 (Minneapolis, Minn.)**
Minnesota Group of Investment Bankers Association meeting.

**Nov. 12, 1960 (Philadelphia, Pa.)**
Investment Traders Association of Philadelphia Eighth annual dinner dance at the Germantown Cricket Club.

**Nov. 17-18, 1960 (Chicago, Ill.)**
American Bankers Association 29th Mid-Continent Trust Conference at the Drake Hotel.

**Nov. 27-Dec. 2, 1960 (Hollywood Beach, Fla.)**
Investment Bankers Association Annual Convention at Hollywood Beach Hotel.

**Dec. 6, 1960 (New York City)**
Investment Association of New York annual dinner at the Starlight Roof of the Waldorf-Astoria Hotel.

**April 12-13-14, 1961 (Houston, Tex.)** Texas Group Investment Bankers Association annual meeting at the Shamrock Hilton Hotel.

**June 22-25, 1961 (Canada)**
Investment Dealers Association of Canada annual meeting at Jasper Park Lodge.

**Oct. 16-20, 1961 (Palm Springs, Calif.)**
National Security Traders Association Annual Convention at the Palm Springs Riviera Hotel.

## N. Y. Cotton Exchange Names New Officers

The New York Cotton Exchange anounces changes in its Executive Officers. Tinney C. Figgatt, who has been serving as President, and J. Antonio Zalduondo, who has been serving as Vice-President, have been elected as Chairman and Vice-Chairman, respectively, of the Board of Managers.

Mr. Figgatt announced the appointment of F. Marion Rhodes as President of the Exchange. Since Aug. 1 of this year, Mr. Rhodes has been serving as head of the Administrative Staff. For many years prior to his association with the Exchange, Mr. Rhodes was Director, Cotton Division, Commodity Stabilization Service, U. S. Department of Agriculture, in which position he was responsible for the administratin of the cotton programs of the U. S. D. A.


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