The COMMERCIAL and FINANCIAL CHRONICLE

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THE LEADING AND MOST INFORMATIVE PUBLICATION IN THE FINANCIAL FIELD . . . ESTABLISHED 1839

Volume 198 Number 6310 | New York 7, N. Y., Thursday, October 24, 1963 | Price 50 Cents a Copy | In 2 Sections — Section 1

EDITORIAL

As We See It

It is becoming increasingly evident that the voters will have to go to the polls next year with little or no opportunity to register any clear preference on the major issues that they ought to face and decide. Of course, a good deal could happen between now and election day next year but, if the past provides any clue to the future, the trend which has become so distressingly clear toward obfuscation and wordy exchanges of heated criticisms without assurances of anything in particular in the way of improvement will continue and even grow more oppressive as time passes. The Administration is pressing hard for certain things that it has wanted although often toned down as it has become clear that all that was asked for was unlikely to be granted. It has again and again forecast trouble if it did not get at least a minimum of its program, and is apparently preparing to place responsibility for anything unpleasant upon those who obstruct its efforts.

The truth is, though, that what it is demanding now is much less than it had promised and demanded. Adoption of all of it as it now stands would hardly be anything like a full program of accomplishment with which to go to the people next year. And, of course, a continuation of the present rate of business activity could hardly be attributed to what Congress has done or is likely to do, and it is doubtful if the rank and file could be convinced that any trouble that develops is a direct result of the failure of the President's party or of the opposition to go the whole way with the Chief Executive. The opposition has, moreover, been rather too reluctant to take a very outspoken attitude toward much of what is going on or being planned to give the intelligent voter much ground for turning to it. *(Continued on page 21)*

Managing Commercial Bank Assets For Greatly Improved Earnings

By Fred DeLong,* *Vice-President and Comptroller, Mellon National Bank and Trust Company, Pittsburgh, Pa.*

Commercial banks are urged to reform their liquidity policy concepts which create excess liquidity in relationship to savings deposits and needlessly penalizes earnings. Mr. DeLong explains the superiority of "real asset allocation" over traditional "pooled funds" approach to portfolio management which would make commercial banks fully competitive with thrift institutions; looks forward to substantial revision of outmoded definition of liquid assets; and notes that this new development came just in time to save demand deposits from being priced out of business.

Asset allocation is now at the stage where bank cost accounting was a decade ago—there is a lot of talk about it, but few banks are actually practicing it. Emphasis on the changing deposit mix in commercial banks is now forcing management to reconsider it. Within the past year we have had requests from about a hundred banks to explain our theory and procedure. These banks have ranged in total deposits from less than $5 million to more than $5 billion. In more than 80% of the cases the analysis disclosed opportunities to improve earnings, from a nominal amount up to 50% in one case.


Fred G. DeLong

Does this mean that a formula can run a bank better than people can? By no means. But a formula can help people to make a bank more profitable. Neither a formula nor a computer has as yet replaced the judgment of management—and we have a stake in seeing that this does not happen. It conceivably could, though, if we fail to grasp every opportunity to improve our results.

The changing deposit mix in commercial banks was most ably discussed recently by Mr. E. Sherman Adams, Vice-President of First National City Bank of New York—if you have not yet read the article, I urge you to do so—copies are available from the Bank. [*Editor's Note:* the full text of Dr. Sherman's remarks may be found in the July 4, 1963, issue of the *Chronicle*, p. 1 ff.] I would like, however, to quote a few lines at this time: "This brings us inevitably to the controversial subject of asset allocation, a subject which the Big Trend is making more timely every day. . . . Intelligently applied, asset allocation techniques can be a useful tool of bank management. Unintelligently applied, they can do more harm than good."

Commercial banks are now financial department stores, and as such they must be able to determine how each department is contributing to the total profit. I don't know of a single successful department store which looks only at the total profit and loss statement. The important thing is the statement for each department. Since each department has its own merchandise, the stores have in effect what we term asset allocation.

Banks using the pooled funds approach can and do determine earnings by types of deposits, and they assume that this gives them the equivalent of departmental earnings statements. It does, but the figures do not mean much. The pool of loans and investments produces a certain yield—but the yield is the same for all types of deposits. Net earnings by type are determined by subtracting from this yield the cost of the type of deposit. Thus what results here is simply *(Continued on page 28)*

NSTA Convention Supplement: Section Two

The Security I Like Best . . .

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

This Week's Forum Participants and Their Selections

J. S. Dillon & Sons Stores Co., Inc.—Charles L. Betzelberger, Assistant Vice-President, Stern Brothers & Co., Kansas City, Mo. (Page 2)

Continental Insurance Co.—Herbert L. Seeger, Analyst, Bacon, Stevenson & Co., New York City. (Page 2)

CHARLES L. BETZELBERGER
Assistant Vice-President, Stern Brothers & Co., Kansas City, Misssouri

The J. S. Dillon & Sons Stores Co., Inc.

Dillon is an efficient and aggressively expanding supermarket chain which is constantly adding new outlets and upgrading its existing stores. It presently operates 58 stores, 42 in Kansas under the name Dillon Food Markets and 16 in Colorado under the name King Soopers. The company also operates a shopping center, four small drive-in food stores and six junior department stores.

Dillon sells a broad line of nationally advertised food products, including grocery, bakery, dairy, frozen foods, produce and meat products, as well as certain non-food items. Aproximately one-half of the stores have general merchandise departments, and eight of the King Soopers have pharmacy departments operated by the company.

Warehouse facilities are located in Hutchinson, Kansas, and Denver, Colorado. To serve the stores the company also has bakeries located in Hutchinson, Wichita, Salina, Pratt, Dodge City and Lawrence, Kansas, and Denver, Colorado.

The company has an excellent growth record, as evidenced by the following table of sales and earnings:

Year Ended June 30:	Sales (Millions)	Net Income Per Share
1963	$101.8	$2.12
1962	97.7	1.71
1961	89.6	1.79
1960	81.1	1.11
1959	75.0	1.40
1958	63.6	1.01

In addition to recording new highs in sales and earnings in fiscal 1963, the company made considerable progress in expanding its operation. Two new stores were opened, two obsolete units were replaced and three stores were completely remodeled. A new 60,000 square foot produce and frozen food warehouse in Denver was put into operation on July 1, 1963, which is equipped with the latest innovations in food handling and storage equipment. In addition, The Dillon Investment Company was purchased by an exchange of stock. The investment company's total assets consist primarily of land and buildings located in Kansas and Colorado, most of which are leased to the parent company. The company also purchased for stock D. G. Calhoun, Inc., which operates six self-service department stores in Kansas.

Further expansion is planned during the current year. Presently four new stores are under construction and five more are expected to be started later in the year. On Oct. 1, 1963, the company purchased for stock the Jackson Ice Cream Company of Hutchinson, Kansas. Plans for the ice cream company include the building of a new modern plant large enough to supply the needs of both the Kansas and Colorado stores.

The company has a financial position with net working capital of $5,557,174 and a current ratio of 1.94 to 1 on June 29, 1963. The company's capitalization consists of $3 million in long-term debt and stockholders' equity in excess of $10 million. There are 2,675 shares of $100 par value preferred stock and 648,601 shares of common stock outstanding.

With good prospects for continued gains in sales and earnings this year and over the longer term, I believe the common stock is attractive at the current price of around $28 per share for long-term capital appreciation and reasonable current income based on the present $1 annual cash dividend. The Over-the-Counter Market for this stock is relatively thin and care should be exercised in placing orders.

HERBERT L. SEEGER
Analyst, Bacon, Stevenson & Co., New York City
Members: New York Stock Exchange, American Stock Exchange

Continental Insurance Company

Much has been said and printed about the glamorous growth history and continued growth prospects of life insurance equities. This article is not intended to minimize these facts nor to question their future. However, in contrast, life insurance's less glamorous cousins, the Casualty Insurance companies have been all but neglected in these highly selective security markets.

Life insurance stocks are generally bought as a growth vehicle—not as income producers and rightfully so—since every jump in wages permits a new category of wage earners to add to the security of their families either by an original purchase of life insurance or by adding to the total previously carried. In addition, the normal growth of our population and its desire to own life insurance tends to push insurance "in force" steadily higher. The cost of selling life insurance, in addition, has not experienced the cost increases we have witnessed in our manufacturing or basic extractive industries. Last, but not least, the span of life—thanks to prograss in medicine — has increased steadily over the years. In the absence of catastrophies, such as earthquakes or epidemics, little seems to stand in the way of continued prosperity for our life insurance companies.

For obvious reasons, the casualty companies have not operated in such a favorable climate. In the first place, nothing has occurred or has been invented (in spite of all efforts of Government and business) to lessen the frequency of fires, damage to property by the elements, and particularly lessen the cases of collision by automobiles. To make things worse, the cost of rebuilding a damaged house or repairing a damaged car has risen year after year. Premiums, on the other hand, often fixed by contract for three to five years have not kept pace with these increased costs.

There is one angle, however, where the writer feels that casualty companies have an edge over life insurance companies and that is assetwise—the type of assets behind each share of stock.

Life insurance companies invest most of their assets in fixed income bearing securities — only a relatively small percentage in common stocks.

Casualty companies, on the other hand, keep the largest percentage of their investments in common stocks.

If—and the author hopes it never comes to pass—our dollar is devalued sometime in the future, the assets of casualty companies should automatically increase whereby the life insurance companies assets would gain only to the percent degree of their common stock investments. The offsetting factor is that life companies liabilities are **dollar** liabilities and do not necessarily increase in inflationary times, whereas casualty companies liabilities **do** increase for reasons pointed out before. Casualty companies dividend income from their investments continues to grow as the companies in which they invested grow. When the underwriting business is profitable and the results are added to investment income, an impressive earning picture can be made. Unfortunately, during the last few years underwriting results have been poor. Rate changes have been slow in coming but could gradually bring about an improvement in overall results.

Continental Insurance Company is one of the largest casualty writers in the country and the only one listed on the New York Stock Exchange. At the end of 1962, 31.2% of its $1,450,000,000 security portfolio was invested in U. S. and Canadian Government Bonds and other Municipal and Corporate Bonds, 2.1% in preferred stocks and 66.7% in common stocks. Some of its largest holdings follow:

No. Shs.	
311,800	General Motors
129,952	Chase Manhattan
178,744	First National City Bank
366,334	Manufact'rs Hanover Bank
82,700	Morgan Guaranty Tr. Co.
124,000	E. I. du Pont de Nemours
140,280	Eastman Kodak
172,500	Union Carbide
276,100	General Electric
223,400	Corn Products
76,850	Corning Glass
181,226	I.B.M.
158,300	Amerada
536,430	Gulf Oil
304,340	Shell Oil Co.
332,957	Standard Oil Co. of Calif.
779,923	Standard Oil of N. J.
576,670	Texaco
472,236	American Tel. & Tel.
145,300	Public Service Elec. & Gas
295,000	National Steel

Continental showed a statutory

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

Life Company Investing And the Investment Banker

By Erwin A. Stuebner*, *Resident Partner, Kidder, Peabody & Co., Chicago, Ill.*

Experienced investment banker offers a "down to earth" insight on the services his industry can provide insurance company investment departments; suggests what investment bankers and insurance buyers should do for better portfolio results; and calls attention to increased competition for private placements offered by uninsured pension funds, by state-municipal pension funds, and by commercial banks. Mr. Stuebner's frank discussion of how the two industries can better improve their business relationship contains some pointed advice on how the life insurance companies can retain their share of private placements. He suggests that they become somewhat more flexible, liberal and imaginative in the terms and provisions they are willing to approve.

I have been invited to offer constructive criticism of present procedures followed by both investment bankers and life insurance investment managers. I really appreciate the opportunity of meeting with those who represent some of my industry's most valuable institutional accounts. I shall be pleased if my comments may add to our understanding of each other's problems and may point the way to a stronger and more efficient working relationship between our respective industries.


Erwin A. Stuebner

General-Investment Policy

Before commenting on particular types of securities, I would like to emphasize one basic requirement for the intelligent servicing of life insurance accounts, namely, the investment banker and his representatives should have a detailed knowledge of their investment policies. Moreover, he should keep in such close contact that he is aware of changes in their basic investment policies as soon as they become effective. The investment banker's intimate knowledge of changing requirements as to types of securities, yields, maturities, etc., should enable him to confine his offerings to issues in which the life company portfolio managers are likely to have at least an academic interest.

Tax-Exempt Obligations

In view of the fact that purchases of tax-exempt obligations represented only about 4% of new investments acquired by life insurance companies in 1962, my comments on this segment of the market will be very brief.

(A) Negotiated Issues (such as large Revenue Issues of Public Power Districts, School Authorities, etc.).

(1) The managing underwriter should furnish prospective buyers with comprehensive data as far in advance of the sale as possible.

(2) Our experience has indicated that it is desirable for presale coverage of important institutional accounts for indications of group interest to be made by only one member of the underwriting group.

(3) Underwriters should feel responsible for following up on revenue issues after they are marketed, and advising holders periodically of the project's operating results, and compliance with various indenture covenants.

(B) Competitive Issues

(1) Here again bidders should get comprehensive data relating to new issues in prospective buyers hands well in advance of sale.

(2) We believe indications of price ideas should be limited to managers of competing groups, or a single designated member of each account. In the case of competitive issues, it may be necessary for both the investment banker and insurance company buyer to be somewhat guarded in exchanging their price ideas.

Registered Public Offerings of Corporate Securities

While life insurance companies have had only a limited interest in publicly offered corporate securities during recent years, the occasional issues which meet your requirements probably justify some comment.

(A) Negotiated Issues

(1) We believe the manager of the underwriting group can be very helpful by advising potential insurance company buyers of his price thinking, as well as other important terms, particularly as the effective date draws near. Most of your companies operate through investment committees and, in order to have an authorization in time, it should be helpful to have price guidance from the managing underwriter, or at least a range of his price thinking before the actual offering date. A frank exchange of price ideas

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Thursday, October 24, 1963

Articles and News

More Articles in Section Two

SECTION TWO of today's issue is devoted to the proceedings, editorial and pictorial, of the recently-concluded Annual Convention of the National Security Traders Association and includes the following articles on the pages indicated.

COMMITTEE REPORTS: The NSTA Convention Issue also includes Reports by the following Committee Chairmen: "Study Group on SEC's OTC Proposals"—**Charles A. Bodie;** "Traders Bulletin" — **James B. McFarland;** "Industry Liaison"—**John W. Bunn;** "Municipal"—**Parks B. Pedrick, Jr.;** "Education"—**Morton A. Cayne.**

Regular Features

*Mr. May's column was not available this week.

The COMMERCIAL and FINANCIAL CHRONICLE

Published Twice Weekly — Reg. U. S. Patent Office

WILLIAM B. DANA COMPANY, PUBLISHER

25 Park Place, New York 7, N. Y. — REctor 2-9570 to 9576

CLAUDE D. SEIBERT, President

WILLIAM DANA SEIBERT, Treasurer

GEORGE J. MORRISSEY, Editor

Thursday, October 24, 1963

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.). Other Office: 135 South La Salle St., Chicago 3, Ill. (Phone STate 2-0613).

Second class postage paid at New York, N. Y.

SUBSCRIPTION RATES

MONDAY AND THURSDAY EDITIONS (104 issues per year)

In United States, U. S. Possessions and members of Pan American Union $80.00 per year; in Dominion of Canada $83.00 per year; other countries $87.00 per year.

THURSDAY EDITION ONLY (52 issues per year)

In United States, U. S. Possessions and members of Pan American Union $20.00 per year; in Dominion of Canada $21.50 per year; other countries $23.50 per year.

OTHER PUBLICATIONS

Bank and Quotation Record — Monthly, $45.00 per year (Foreign Postage extra).

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

The Upjohn Company

By Dr. Ira U. Cobleigh, *Economist*

A fine pharmaceutical company emerges from a four-year plateau with interesting new products, and new outlook for expanding earning power.

The Upjohn Company has a name easy to remember but some of its products are real tongue twisters—antidiabetics, tetracycline, novobiocin, progesterone, not to mention dihydronaphthalene. Whether the words are big or little, however, the products of Upjohn are significant, of the highest quality, and the company now seems, in the action of its stock, and in the trend of its earnings, to be placing the accent on its first syllable, UP.

Past Plateau

This uptrend is quite recent. Upjohn went public in 1958 in which year it earned $1.43 on its common stock. For the next four years earnings were almost static, with per share figures only pennies apart: $1.65 in 1959, $1.62 in 1960, $1.63 in 1961 and $1.64 in 1962—a real plateau. Market action in Upjohn common was equally undramatic. The issue ranged in price between a high of 63 in 1960 and a low, in the May-June unpleasantness of 1962, of 29. The 1963 range has been between 33 and 49 and, for most of this year, the shares have traded at below the original public subscription price (1958) of 45.

The Upturn

On the basis of the foregoing there is little apparent reason for any great market enthusiasm for Upjohn. A review of present developments in the company, however, indicates a significant improvement in a number of areas, and suggests that while Upjohn common may not be expected to leap about on the ticker like a Syntex or G. D. Searle, it may now be generating a more buoyant and animated market action.

Stature

Upjohn now produces an extensive line of some 535 ethical drugs, has long enjoyed a top rating for product quality, possesses both plant and laboratory facilities as completely modern as those of any company in the industry; and is dedicated to research, spending 11% of sales for this purpose in 1962. It has a field sales force of about 1,200 men, and a record for excellent employee relations and genuine consideration for the welfare of its personnel.

Product Spectrum

While Upjohn has been a household name for drug products for decades, the strongest corporate accent is on ethical drugs, developed and perfected by research. Upjohn has majored in antibiotics, hormones, anti-diabetics, antivirals, drugs for cardiovascular conditions, and to reduce or control obesity. A staff of 750 people in research, under the direction of Dr. Richard Schreiber is constantly at work originating perfecting and testing drugs, relating its efforts to those with wide practical applications and broad potential markets. Some 50 active projects are now in various stages of laboratory progress, with considerable emphasis being placed on cost and budget controls in product development.

Upjohn has had an excellent record for innovation and intraduction of important new drugs. Among these are: Orinase, a leading antidiabetic drug introduced six years ago, and now accounting for around 20% of Upjohn's total sales; Panalba (annual sales of around $22 million) a combination of tetracycline and novobiocin, valuable in cases where infection has resisted other antibiotics, and Medrol an anti-inflammatory steroid, accounting for more than $13 million in annual business. New products in the offing include Provest, an oral contraceptive, Lincomycin an antibiotic; a series of drugs for the treatment of tumors, Trobicin for certain urinary infections, and a drug designed to lower blood pressure. Bringing interesting new products such as these to market takes time and testing, and must await the official approval of Federal Drug Administration. These impressive innovations do open up, however, new horizons of Upjohn earning power, as and when they may be publicly available.

Operating Efficiency

One of the factors important in a consideration of Upjohn shares is the strong management emphasis on cost controls. Manufacturing costs, which were 27.1% of sales in 1961 were reduced to 26.2% in 1962. In research, while 11% of sales were expended in 1962 the percentage should not exceed 10½%, this year. The number of individual research efforts has been reduced and projects are being more intensely screened on the basis of their potential impact on future earning power.

Investors these days are accustomed to consider not only after-tax net but, a more comprehensive statistic, the cash flow. At Upjohn, cash flow is increasing from $30.7 million in 1962 to an estimated $33 million this year. Since dividends and capital additions in 1963 are projected at $23 million, a net cash flow of $10 million is indicated. This cash generation provides ample funds not only for expansion and possible mergers, but for increased cash dividends and company purchases of Upjohn stock in the market.

Upjohn is definitely merger-minded; it has acquired plastic companies, an Argentine drug concern, and its distributor in Greece, G. K. Softas & Co.

Stock Values

There are 14,141,593 shares of Upjohn listed NYSE. The issue is quite active, but only in the past few weeks has it responded to the general market interest in sophisticated drug shares. Investors and analysts, who are evaluating Upjohn currently, should give consideration to the following: (1) Upjohn has increased its dividends in every year in the past decade (present rate 88 cents—indicated for 1964, perhaps, $1.00). (2) Net earnings are definitely on the rise—1.85 indicated for 1963, and at least $2.05 for 1964. (3) Cash position is excellent. (4) Research, especially in microbiological oxidation, holds great future promise. (5) The stock has done little or nothing market-wise to reflect solid corporate improvement. (6) Price/earnings ratio of around 26 is not excessive.

With the Dow-Jones Industrial Average at new altitudes, care should certainly be taken in screening new commitments. Upjohn seems to screen fairly well among pestle packing equities.

Observations

By A. Wilfred May

Not Available This Week

THE SECURITY I LIKE BEST...

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underwriting profit in seven out of the ten years 1948-1957 but since then incurred underwriting losses in each year to date, except 1962. In the data below, underwriting losses conform with Standard & Poor's reports. The following table will give some of the operational highlights:

	Premiums Written (000)	% Loss Ratio	% Exp. Ratio	Under-writing Deficit*	Invest-ment Income†	Net After Tax†
1960	$550,957	66.31%	38.67%	$2.27	$3.66	$1.37
1961	440,938	66.23	42.71	3.37	3.79	0.31
1962	461,875	62.11	40.98	1.04	3.72	2.35
1963, 6 Mos.	254,806	67.2	40.3	1.52	1.87	0.64

*Before taxes. †Excludes capital gains.

Despite these discouraging underwriting results, stockholders' equity (Capital and Surplus, Market basis), according to company's report, stood at $78.35 per share June 30, 1963, as against $72.01 Dec. 31, 1962, and $59.42 June 30, 1962.

Dividends, since a 2 for 1 split in 1956, have been increased from $2 per share to the current $2.20 annual rate. A 5% stock dividend was disbursed in 1962.

With the current rate amply covered by investment income, a further small increase in the dividend cannot be ruled out.

Continental has an impressive investment record and could be evaluated as an Investment Trust selling at a considerable discount. Stockholders' equity per share (using Standard & Poor's calculations) increased from $29.20 at the end of 1948 to $83.23 as of Dec. 31, 1962. In the same interval, pretax investment income per share rose from $1.75 to $3.75.

With the help of electronic data processing and its resultant cost reductions in bookkeeping, coupled with the recognition that "good risks" should be compensated by reduced premiums and "bad risks" penalized by increased premiums, the future of casualty companies, perhaps, has been painted too gloomy.

Currently selling around 58 (25% under its equity value) and yielding 3.8%, this relatively depressed security merits careful consideration.

Walters, Peck to Admit McCooey

Herbert J. McCooey, member of the New York Stock Exchange, on November 1st will become a partner in Walters, Peck & Co., 50 Broadway, New York City, members of the New York Stock Exchange.

Continental Estate Planning

Continental Estate Planning Associates Inc. is conducting a securities business from offices at 211 East 43rd Street, New York City. Officers are Alvin Vogel, President; Bernard Barnett, Vice-President, and Anita Vogel, Secretary. Mr. Vogel was formerly Vice-President of Planned Estates Inc., with which Mr. Barnett was also associated.

Japan & Latin America Forming Active Economic Partnership

Japanese trade and investment will play an increasingly important role in the long-term economic future of Latin America, according to the Chase Manhattan Bank.

"Japan has expanded its trade and investment relations with Latin America at a more hurried pace than with any other area," the bank pointed out in its quarterly publication Latin American Business Highlights.

"And though this development is not generally recognized," the report continues, "the new partnership has emerged as an important factor in the economic future of the hemisphere."

Among the significant developments of the new partnership is a continuing increase of Japanese sales to Latin America. "Since 1957," the report states, "sales have increased at an annual rate of 18%, reaching a record $354 million in 1962."

Even more important for Latin America is the increasing amount of Japanese purchases. The report notes that "purchases, while growing at only half the pace of sales totaled $477 million, leaving a trade balance of $123 million in favor of Latin America."

"Although Latin America," the report says, "is an important market for Japanese goods — which are entering in growing volume— the area is even more important as a source of needed raw and semi-finished materials."

"Japan will continue to depend on imports for basic raw materials," the report points out, "and since Latin America will continue to be a major supplier, trade with Japan is almost bound to continue upward at a good pace."

In the area of investments, the report states that "nearly $430 million of Japanese loans and investments—including $132 million of private direct investment—have gone into Latin America over the past six years. This represents better than one-fourth of Japan's overseas loans and investments during the period."

"Although a slowing of investments in Latin America seems indicated in the near term future, over a longer period," the report concludes, "they could become even more important than in recent years."

Jas. Talcott Names Kelsey

Harvey M. Kelsey, Jr., senior vice president and treasurer of James Talcott, Inc., will assume the additional duties of financial officer on Nov. 1.

Harvey M. Kelsey, Jr.

In making the announcement, Herbert R. Silverman, president of the industrial finance company, said Mr. Kelsey will succeed Frederick G. Reiter, financial vice president since June, 1962, who is leaving for the presidency of a finance company not active in commercial financing and factoring.

Talcott, founded in 1854, provides commercial financing, factoring, rediscounting, equipment financing and leasing. Its 1962 volume of receivables was more than $1.6 billion.

Mr. Kelsey, who joined Talcott in 1949, was elected a vice president and executive committee member in 1956, a director in 1957, treasurer in 1958, and a senior vice president in 1962.

Progress Report on the OTC Clearing House

By Carl Stolle, Chairman, National O.T.C. Clearing Corp., and President of G. A. Saxton & Co., Inc., New York City

The newly-born Over-the-Counter Clearing Corporation, operating since August on a trial basis for a limited number of issues, already services 66 exchanges and 8 O.T.C.'s — a total of 74 and two bank members. The first head of this venture to centralize the clearance, delivery and settlement of O.T.C. issues explains unique, mechanically compared clearance provided in addition to other services offered by listed exchanges. Spurred into existence by the number of "fails" during the 1960-early 1961 hectic period and SEC recommendations, the new clearing facility is expected to be a boon to the industry as more clearing members from the Street participate to take advantage of backroom savings on time, check-waiting and deliveries, and of increasing number of cleared securities. The New York model is seen being emulated by other cities as feasibility and practicality prove themselves.

Plans for an Over-The-Counter Clearing House were studied almost two decades ago when "when-issued" contracts in certain utilities issues were the subject of "Street" discussions.

Carl Stolle

While facilities for clearing stocks have been in existence for over 40 years and have proven to be of great benefit to the financial community, clearances have been restricted to securities listed on regulated stock exchanges where trading was conducted on a formalized basis. Over the years, suggestions have often been forthcoming from the financial fraternity that something be done to at least centralize the clearance, delivery and settlement of Over-The-Counter issues.

The conception of an Over-The-Counter Clearing House was the result of the chaotic markets of late 1960 and early 1961 when a dangerous "fail" situation in excess of $1.5 billion existed. The National Association of Securities Dealers, Inc., established a committee to investigate the alarming "fails" situation. However, by the time the mechanics had been established for an intermediate fail clearance, the trading volume had dropped and time ultimately proved to be the healer. Those efforts were not in vain.

The venture brought about the appointment by the NASD of the Committee on Clearing House. In its early stages the committee was ably assisted by George E. Rieber, who was then Secretary of the NASD District No. 12 but who has since retired. As Chairman of that committee I can testify that all of its members were, without exception, devoted to the idea that here was a job that could and should be done. This was not a perfunctory operation but rather a long series of intensive sessions with each of my fellow committeemen making his own definite contribution.

Following a study of the feasibility of establishing over-the-counter clearing facilities, the National OTC Clearing Corporation (NAT OTC), was incorporated in Delaware on Dec. 4, 1961. The members of the Committee became the Directors of the Corporation. The Officers and Directors are as follows:

Chairman: Carl Stolle, G. A. Saxton & Co., Inc.

President: John H. Kirvin, Glore, Forgan & Co., Inc.

Executive Vice-President: Charles A. Gilroy, formerly Division Manager of Stock Clearing Corporation of the New York Stock Exchange, responsible for the operations of the Direct Clearing Central Delivery and Settlement Departments.

Secretary-Terasurer: Howard Emen, former NASD Secretary National Uniform Practice Committee and Secretary to both above mentioned Committees.

Directors: Alfred B. Averell, Bache & Co.; Albert J. Eisenberg, Sutro Bros. & Co.; Thomas B. MacDonald, Blyth & Co., Inc.; Kenneth W. Martin, Merrill Lynch, Pierce, Fenner & Smith Inc.; William R. Muller, New York Hanseatic Corp.; John D. Weeden, Weeden & Co., and Irvin J. Whitehill, Dean Witter & Co.

Early in June, 1962, an NASD press release announced the initial stock offering to be made to all District No. 12 members. The offering was well received and raised over $600,000 in capital which enabled the Corporation to proceed with all phases of its planning.

On Nov. 15, 1962, the Corporation retained Messrs. Gilroy and Emen at office space leased from the American Stock Exchange Clearing Corporation at 12 Albany Street, New York City.

On April 4, 1963, press notices advised that the clearance operations would be performed on a service basis by the American Stock Exchange Clearing Corporation (ASEC), providing space, equipment and personnel.

During the month of June, 1963, the staff of NAT OTC held several Educational Seminars and briefed over 450 back office personnel of Clearing Members. These briefings covered both cashiering and purchase and sales functions as they would relate to the new operation. As a result of this fine cooperation of our Clearing Member firms and the excellent preparatory work of the staff of the American Stock Exchange Clearing Corporation, initial NAT OTC operations went quite smoothly.

On August 2, 1963, the Corporation commenced its clearance operations on a limited basis with trades of August 1 in stocks listed on the Cleared Securities List—corporate names commencing with the letters A and B. While delivery traffic between Members and Bank Members was unrestricted in the settlement, Member-to-Member deliveries were restricted to the balance orders, letters A and B. As of Sept. 30, 1963, the Corporation was clearing almost 50% of its list of approximately 1,300 Cleared Securities. Full clearance and settlement is tentatively planned for some time in November, 1963.

What of Its Services?

The National OTC Clearing Corporation, while offering its Members services similar to those provided to Exchange Members, is unique in that it provides, for the first time, a mechanically compared clearance. In a compared clearance both the buyer and the seller submit details of the transaction. Some of the services provided are:

(a) There is a mechanical comparison of buy and sell data in cleared securities with the input information submitted by both parties to the contract. Compared contract listings are supplied to members.

(b) Balance orders, a result of net balancing compared buy and sell shares (round and odd lots, each separately) are prepared as a result of summarizing the purchases and sales in a given security for each Clearing Member. These balance orders minimize the deliveries by matching total shares without regard to original contracts. Clearing Members, as a result, may deliver or receive (but never both) the net buy or sell shares in the specific security on a given day.

(c) It furnishes a central point for its members to deliver to and receive securities from other Clearing Members and Bank Members.

(d) The debit money and credit money pertaining to the delivery and receipt of securities are posted on the individual member's settlement sheet daily, resulting in net money settlements; that is, a daily net dollar balance either being paid to or received from NAT OTC.

(e) It acts for its members in the payment of New York State transfer tax. Members include their tax liability in their daily settlement.

The following statistics on pilot operations, for the month of September, conducted with the facilities provided by ASEC, are quite interesting.

Total Compared (Both Buy and Sell)

Items	Shares	Value
33,652	2,302,364	$53,081,361

Balance Orders Issued (Both Deliver and Receive)

Items	Shares	Value
26,054	1,932,399	$44,139,285

Settlement (One Side)

Items	Value
10,497	$55,886,144

Percentage of Elimination

Items	Shares
22.6%	16.0%

Total checks deposited	$26,673,446
Total money obviated	29,212,697
Pctg. money obviated	52.2%

While it is not easy to project without the data from a long term, full scale operation, we feel that great things are in store for NAT OTC. There are many broker-dealers, of a stature that should warrant their becoming members in the near future, but it appears that they prefer to be sideliners until the clearance and settlement is at least on a full scale operations schedule. The statistics set forth above are those based upon the activities of 74 Members (66 Exchange Members, 8 OTC Members) and 2 Banks.

We feel NAT OTC may be one of the answers to the S.E.C. special study report of April, 1963. The S.E.C. report in referring to the problem of "fails" to deliver, recommended that certain more basic changes in securities clearing, handling and delivering methods be considered. Among those considerations, the report suggested the expansion of over-the-counter clearance facilities and various means for reducing the volume of physical transfer and delivery of securities by the establishment of centralized securities handling systems and depositories.

The "Street" has reacted most favorably to the clearance even though it has not as yet gone to full scale operations. Many firms, including my own firm, feel that this operation is the answer to many of the problems besetting broker-dealers. The system is working well, saving back offices much time; it has eliminated writing many checks on both sides of the contract; balance orders have reduced the number of deliveries to be made. As the public becomes aware of the existence of the Clearing House it will have the result of raising the status of the Over-the-Counter market one more degree and all of the present members of the Clearing House are confident that additional firms will want to become a part of this operation.

As the number of Clearing Members increases and the List of Cleared Securities expands, then not only will this venture prove to be an exceptional success, but the idea of several such clearing houses all over the country will not only be feasible—it will be practical. What a boon to the industry!

We at NAT OTC realize we have no formula for instant success. We know we have a long hard road ahead of us. Due to problems inherent to the OTC industry, procedures will have to be changed as time and experience indicates. With the fine spirit of cooperation which prevails in the financial community, NAT OTC will eventually provide as efficient services as provided by both New York Stock Clearing Houses under all volume conditions.

Tax-Exempt Bond Market

BY DONALD D. MACKEY

The state and municipal bond market was easier during the past week continuing a tendency with beginnings evidenced three weeks ago. Part of the ease may be attributed to technical market factors, but in a broader sense the motivation would seem to lie within an economic situation that periodically persists in expressing a demand for a higher interest rate structure.

Market's Technical Condition Not Satisfactory

There have been several attractive new issues ($250,000,000 in the last week) brought to market recently with but few issues meeting with broad investor reception. This condition has generated another unhealthy inventory situation and the Street float has begun to look quite heavy again. The *Blue List* tally of offerings showed $557,222,000 in sheets on Oct. 23.

The new issue calendar of scheduled and unscheduled offerings continues to total $500,000,000 or more (the average has been close to $600,000,000 over the past month). Although this volume would not be construed as especially heavy normally, the recent build-up in inventories and the easiness apparent in the Treasury and corporate sectors of the bond market causes it now to loom as a formidable volume of underwriting which must be seriously approached as a matter largely for distribution and not inventory accrual.

Pending Larger Offerings

With today's king-size sales off the calendar, although remaining to be paid for, there are no volume loans scheduled ahead. The larger items listed line up as follows: $39,600,000 State of Hawaii and $25,000,000 Port of New York Authority on Oct. 30; $38,270,000 State of Maryland on Nov. 12; $31,800,000 Philadelphia, Pennsylvania on Nov. 13; $33,000,000 Pennsylvania State School Building Authority on Nov. 19 and $30,000,000 East Bay Municipal Utility District, California on Nov. 20.

In view of the fact that no large negotiated revenue bond packages, excepting the Oklahoma Turnpike issue referred to further below, appear even close to marketing, underwriting problems would appear to be minimal were it not for the fact that dealers continue to price bonds above and beyond investor interest even for this volume of trade.

Still a Buyers' Market

Institutional buyers have long since learned that a buyers' market obtains for the general run of offerings. As long as the buyer is not forced to compete for his bonds it is but simple common sense that he avoid expressing any interest better than down 10 basis points, less ½ or maybe less ¼ should he feel sorry for the salesman. Dealers have been subsidizing the smart buyers for months and the party doesn't seem to be over quite yet, unfortunately or otherwise.

If the industry's leadership might start thinking and acting in terms of what it takes to distribute bonds rather than in terms of what bonds are thought to be worth, the underwriting industry's reason for being could be better justified.

Prices Lower

The Commercial and Financial Chronicle's yield Index shows the high grade, 20-year general obligation bond market to be off about ⅜ths of a point during the last 7 days. The yield Index moved from 3.064% to 3.08% at the market's offered side. At this stage of the market, the bid side would run at least a point lower and in yield terms about 10 basis points higher.

The long term toll road, toll bridge, public utility and other revenue issues were off slightly in the course of the week, according to the *Chronicle's* revenue bond Index. The averaged yields of 23 of the actively traded issues increased from 3.552% to 3.56%. In terms of dollars, this group was off about ⅛th of a point.

Although many of these issues remained even on the week a few lost ground as follows: Mackinac Bridge 4s — 101½ bid, off 1; Maine Turnpike 4s — 101 bid, off ½; Kentucky Turnpike 4.85s — 110¼ bid, off ½ and Oklahoma Turnpike 4¾s — 108 bid, off ½. A few other issues were off from ⅛ to ¼ of a point. Altogether this category of bonds gave a good account of itself during a particularly nervous market period.

New Jersey's Bond Issue Proposal

We pointed out a few weeks back that the voters of the State of Oregon rejected an increase in the state income tax necessary to balance the state's proposed $404,000,000 biennial budget. The budget is now $64,000,000 out of whack and the Legislature must reconvene in order to set the budget in balance again. This dilemma is not much different from that facing New Jersey voters, excepting that the Jersey presentation is more devious.

A $750,000,000 State bond issue is on the ballot and voters are being told by the Governor that if this huge bond issue is not voted a sales or income tax will be necessary. It is proposed that the bonds be paid off by diverting the revenues from the New Jersey Turnpike. It is planned to call the Turnpike bonds by 1972-1973 thus freeing revenues for payment of the state bonds maturing from approximately 1975-2004.

This grandoise plan for spending $750,000,000 for highways, new college buildings, local school buildings and other purposes might be construed as the largest money grab thus far perpetrated by a state government. The plan's opponents contend that this spending will engender costs requiring a state income and/or sales tax within a few years. With the Governor on television every day plugging the bond issue with an income or sales tax his alternative to the bond issue, it would seem that the result of the election is very much in doubt. Were it possible to delineate the entire plan to individual voters there is but little question that it would be defeated.

Recent Awards

This past week has seen a total of $250,000,000 of various tax exempt bonds sold at public sale, which is up almost $100,000,000 over the previous week. Initial investor and bank demand has been only fair for most of the issues involved as broad demand has not been in evidence.

Last Thursday two issues of a general market nature were awarded which seem worthy of brief comment. Austin, Texas awarded $14,000,000 Electric Light and Power and Waterworks and Sewer System revenue (1964-1988) bonds to the syndicate jointly managed by *Halsey, Stuart & Co., Inc.* and *Smith, Barney & Co.* at a 3.209% net interest cost. The runner-up bid, a 3.2381% net interest cost bid, came from the group jointly led by Phelps, Fenn & Co., Glore, Forgan & Co., C. J. Devine & Co., and Equitable Securities Corp.

Other major members of the winning syndicate include Blyth & Co., Goldman, Sachs & Co., John Nuveen & Co., First of Michigan Corp., Roosevelt & Cross, Austin Tobin & Co., Burns, Corbett and Pickard and James C. Tucker & Co.

The bonds were scaled to yield from 2.00% to 3.25% for various coupon. Demand to date has been mediocre, with the present balance in syndicate totaling $6,600,000. However, $3,100,000 of bonds were sold on Tuesday at prices down 10 basis points from list.

The group headed jointly by *Halsey, Stuart & Co., Inc.* and *Harriman Ripley & Co.* was the successful bidder for $4,372,000 Topeka, Kansas various purpose (1964-1983) bonds at a net interest cost of 2.8257%. The second bid, a 2.853% net interest cost, was made by the Harris Trust and Savings Bank and associates. There were ten additional bids made for this popular issue.

Other members of the successful group include B. J. Van Ingen & Co., First National Bank, St. Louis, Denver United States National Bank, Davidson-Vink-Sadler, Inc. and Small-Larmer Co.

Reoffered to yield from 1.95% to 3.05% for 2¾s and 3s, the present balance in group is $2,831,000.

On Friday Greene County, Ohio, Little Miami Sewer District, (Morrow) sold, through negotiation, $4,000,000 Sewer revenue (1966-2003) bonds to *Phelps, Fenn & Co.* and associates at a 3.92% net interest cost.

Other members of this account include R. W. Pressprich & Co., Shearson, Hammill & Co., Ira Haupt & Co., Charles A. Hinsch & Co., Magnus & Co., Walter, Woody & Heimerdinger, Merrill, Turben & Co., Hayden, Miller & Co., Prescott & Co., Fahey, Clark & Co., Kenower, MacArthur & Co., Ginther & Co. and Robert L. Conners & Co.

Scaled to yield from 2.50% to 3.875% for various coupons, yesterday's balance in account was $340,000.

Nevada Issue Unique

As for the current week, on Monday there were no sales of note and on Tuesday there was only one sale of mention. The State of Nevada awarded $2,-

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California, State	3½%	1982	3.30%	3.15%
*Connecticut, State	3¾%	1981–1982	3.20%	3.10%
New Jersey Hwy. Auth., Gtd.	3%	1981–1982	3.10%	3.00%
New York, State	3¼%	1981–1982	3.00%	2.90%
Pennsylvania, State	3⅜%	1974–1975	2.85%	2.75%
Delaware, State	2.90%	1981–1982	3.20%	3.05%
New Housing Auth. (N. Y., N. Y.)	3½%	1981–1982	3.15%	3.05%
Los Angeles, California	3¾%	1981–1982	3.30%	3.20%
*Baltimore, Maryland	3¼%	1981	3.25%	3.10%
*Cincinnati, Ohio	3½%	1981	3.20%	3.10%
Philadelphia, Pennsylvania	3½%	1981	3.40%	3.25%
*Chicago, Ilinois	3¼%	1981	3.35%	3.25%
New York City	3%	1980	3.19%	3.12%

October 23, 1963 Index=3.08%

* No apparent availability.

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.

October 24 (Thursday)			
Alameda Co. Water Dist., Calif.	1,020,000	1971-1984	7:45 p.m.
Babylon U. F. S. D. No. 5, N. Y.	1,475,000	1965-1993	2:00 p.m.
Brunswick Co. School, Va.	1,084,000	1965-1984	Noon
Chattanooga, Tenn.	2,200,000	1965-1984	11:00 a.m.
Cleveland City Sch. Dist., Ohio	10,000,000	1965-1984	1:00 p.m.
Lubbock, Texas	1,666,000	1964-1968	2:00 p.m.
Port of Seattle, Wash.	6,000,000	1964-1983	11:00 a.m.
October 28 (Monday)			
Atlanta Water Rev. Certs., Ga.	1,750,000	1964-1983	Noon
Dearborn Tp. S. D. No. 4, Mich.	3,200,000	1965-1989	7:30 p.m.
Garland Co., Ark.	1,500,000	1966-1993	11:00 a.m.
Jeffersonville, Ind.	2,035,000	1964-1988	7:30 p.m.
Lane County S. D. No. 19, Ore.	3,450,000	1965-1984	8:15 p.m.
Maple Heights City S. D., Ohio	1,121,000	1965-1984	1:00 p.m.
Salinas, Calif.	5,174,000	1964-1988	7:30 p.m.
Texas Technological College	10,666,000	1966-2012	10:00 a.m.
October 29 (Tuesday)			
Lane Co., Ore.	3,450,000	1966-1988	-------
Los Angeles County Flood Control District, Calif.	15,000,000	1965-1989	9:00 a.m.
Ramsey County Hosp. Bldg., Minn.	7,150,000	1964-1993	10:00 a.m.
Santa Barbara Parking Dist. No. 1 California	1,000,000	1966-1989	-------
Sarasota Co. County Hospital, Fla.	1,350,000	1964-1993	11:00 a.m.
Washington Union H. S. D., Calif.	1,531,000	1964-1988	10:00 a.m.
West Ottawa S. D., Mich.	1,200,000	1964-1989	8:00 p.m.
October 30 (Wednesday)			
Austin Ind. Sch. Dist., Texas	4,725,000	1964-1988	10:00 a.m.
Baltimore Co., Md.	15,000,000	1965-2003	11:00 a.m.
Colonie, New York	1,257,000	1964-1991	11:00 a.m.
Hawaii (State of)	39,600,000	1966-1988	2:00 p.m.
Lenape Regional High S. D., N. J.	1,575,000	1965-1993	8:00 p.m.
New York State Dorm. Authority (Columbia Univ. Issue), N. Y.	8,150,000	1965-1993	11:30 a.m.
Port of N. Y. Authority, N. Y.	25,000,000	1994	11:00 a.m.
Worthington, Minn.	1,900,000	1966-1985	1:00 p.m.
October 31 (Thursday)			
Attleboro, Mass.	1,120,000	1964-1983	11:00 a.m.
Bethlehem, Pa.	8,000,000	1965-1985	-------
Canonsburg-Houston Jt. Auth., Pa.	1,750,000	1965-2001	1:00 p.m.
East Carolina College, Greenville, North Carolina	1,100,000	1965-2002	11:00 a.m.
Nankin Mills S. D., Mich.	1,025,000	1965-1989	8:00 p.m.
Owensboro Sch. Bldg. Rev., Ky.	2,016,000	1964-1980	3:00 p.m.
November 1 (Friday)			
Univ. of Alabama Bd. of Trustees	4,805,000	1965-2003	11:00 a.m.
November 2 (Saturday)			
Arkansas Southern State College Var. Bldg. Rev., Va.	1,897,000	1965-2002	3:00 p.m.
November 4 (Monday)			
Bangor Tp. Sch. Dist., Mich.	2,500,000	1964-1979	-------
Corpus Christi Ind. S. D., Texas	3,000,000	1965-1984	4:00 p.m.
Edina, Mass.	2,625,000	1965-1987	7:00 p.m.
Farmington Tp., Mich.	2,625,000	1964-1993	8:00 p.m.
Harrison, N. J.	2,890,000	1964-2003	8:30 p.m.
Springdale Sch. Dist., No. 50, Ark.	1,779,200	-------	2:00 p.m.
November 5 (Tuesday)			
Beverly Hills Library Const., Cal.	1,560,000	1965-1984	7:30 p.m.
New Haven Sch. Bldg. Corp., Ind.	1,720,000	1966-1980	1:30 p.m.
Van Dyke S. D., Mich.	1,750,000	1964-1988	8:00 p.m.
Wake Co. Sch. Bldg., N. C.	4,000,000	1965-1984	11:00 a.m.
November 6 (Wednesday)			
Wyoming, Mich.	1,475,000	1967-2001	8:00 p.m.
November 7 (Thursday)			
Albany Port District Municipal Building Construction, N. Y.	1,500,000	-------	-------
Bloomfield S. & Town Imps., N. J.	1,177,000	1964-1983	8:30 p.m.
Boissier Par. Sch. Dist. No. 13, La.	1,500,000	1964-1983	2:00 p.m.
Boston, Mass.	8,650,000	1964-1983	Noon
Cook Co., Ill.	20,000,000	1964-1973	10:00 a.m.
Waterford Tp. Sch. Dist., Mich.	4,250,000	1964-1989	8:00 p.m.
November 12 (Tuesday)			
Hampton Tp., Mich.	4,000,000	1964-1992	8:00 p.m.
Maryland (State of)	38,270,000	1966-1978	11:00 a.m.
St. Peter Sch. Dist. No. 508, Minn.	1,405,000	1965-1991	4:00 p.m.
November 13 (Wednesday)			
Lake Orion Comm. S. D., Mich.	2,000,000	1964-1989	8:00 p.m.
Philadelphia, Pa.	31,800,000	1965-1994	Noon

150,000 State Building (Limited Tax) 1964 to 1973 bonds to *Banco Credito*, bidding alone, at a net interest cost of 2.5918%. The runner-up bid, a 2.63% net interest cost, came from Bank of America N. T. & S. A. There were 19 additional bids made for this unique offering. This is the first publicly offered issue bearing the State name as previously the Nevada State Funds have taken all outstanding bonded debt. Scaled to yield from 1.90% to 2.70%, yesterday's unsold balance was $1,500,000.

Our congratulations on this fine fiscal record go to Governor Grant Sawyer. May the State enjoy a prosperous Centennial year (1864-1964) and may another hundred years be forthcoming with a minimum of bonded debt.

$4,000 for a Three Minute Delay

An interesting situation came up in connection with the $1,960,000 Oyster Bay, New York Central School District No. 2 (1965-1993) issue which was offered for public bidding on Tuesday. The *Franklin National Bank*, bidding alone, was the successful bidder for the bonds at 100.001 for a 3¼% coupon. The bonds were taken by the Bank for portfolio account and there was no public reoffering.

The unusual aspect was that the Meadow Brook National Bank, West Hempstead, New York, also bidding alone, submitted a bid of 100.202 as 3¼s but this high bid was rejected because the bid was three minutes late in arriving. This three minute delay cost Oyster Bay approximately $4,000.

The group led jointly by *Crocker Anglo National Bank, First Western Bank* and *Phelps, Fenn & Co.* was the high bidder for $2,000,000 Antioch, California Unified School District (1965-1984) bonds with a net interest cost bid of 3.091%. The runner-up bid, a 3.115% net interest cost, was made by the United California Bank, Los Angeles and associates.

Other members of the successful group include Francis I. duPont & Co., Walston & Co., Shelby Cullom Davis & Co. and National Bank of Commerce, Seattle.

Scaled to yield from 2.10% to 3.20%, the present balance is about $500,000.

New York City's Off to Good Start

Wednesday was the single most active underwriting day of the past week. The group led by the *Chase Manhattan Bank* submitted the best bid, a 3.19782% net interest cost, for the $118,700,000 New York, New York various purpose (1964-1993) bonds. The second and only other bid, a 3.198% net interest cost, came from the account managed by the First National City Bank. A difference of 2.1 cents per $1,000

Continued on page 39

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

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

Aluminum Industry — Review — David L. Babson and Company Incorporated, 89 Broad Street, Boston, Mass. 02110.

Cincinnati Bank Stocks — Comparative figures—Pohl & Co., Inc., Dixie Terminal Bldg., Cincinnati, Ohio 45202.

Consumer Credit — Analysis — Freehling & Co., 120 South La Salle Street, Chicago, Ill. 60603.

Dow Jones Industrial Average—Projections—tabulation—Bregman, Cummings & Co., 4 Albany Street, New York, N. Y. 10006.

Funk & Scott Index of Corporations & Industries — Index of articles on corporations, industries, and general business subjects taken from over 200 financial publications, 350 broker's reports, and speeches before analysts societies — 1962 Annual Cumulative Volume $30. Further information on the weekly or monthly issues available on request—Investment Index Co., 206 F Colonnade Building, Cleveland 6, Ohio.

Japan's Trade and Investment in Latin America—Study in current issue of "Latin American Business Highlights" — Chase Manhattan Bank, 1 Chase Manhattan Plaza, New York, N. Y. 10015.

Japanese Economy — Review — Sumitono Bank, New York Agency, 60 Broad Street, New York, N. Y. 10004.

Japanese Market — Review— Daiwa Securities Co., Ltd., 149 Broadway, New York, N. Y. 10006. Also available are analyses of **Nippon Suisan, Toyo Seikan, Fuji Bank, Sumitomo Marine & Fire Insurance, Chubu Electric Power** and comments on **Bridgestone Tire, Toyota Motor, Riccar Sewing Machine,** and **Komatsu Manufacturing.**

Life Insurance Stocks—Bulletin—Ralph B. Leonard & Sons, Inc., 50 Broadway, New York, N. Y. 10004. Also available is a bulletin on **Eastern Life Insurance Company.**

Life Insurance Stocks for Lifetime Gains—Ira U. Cobleigh—Basic information, highlighted for investors, about the attractiveness of life stocks, the historic growth of representative life insurance companies, and criteria for prudent current selection of seasoned life stocks with a view to long term capital gains—Cobleigh & Gordon, 220 East 42nd St., New York, N. Y. 10017—$2 per copy (quantity prices on request).

"New Issues" of 1961-2-3—Study of market performance, earnings, and other data—Troster, Singer & Co., 74 Trinity Place, New York, N. Y. 10006.

New York City Bank Stocks—Comparison and analysis of 10 leading banks—Laird, Bissell & Meeds, 120 Broadway, New York, N. Y. 10005.

Oils—Comments—Filor, Bullard & Smyth, 26 Broadway, New York, N. Y. 10004.

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 25-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Selected Stocks — List of issues which appear interesting — Watling, Lerchen & Co., Ford Bldg., Detroit, Mich. 48226.

Steel Industry — Review — Rittmaster Voisin and Co., 40 Exchange Place, New York, N. Y. 10005.

Tax Switching—List of suggested issues for switching—Orvis Bros. & Co., 30 Broad Street, New York, N. Y. 10004.

Textile Industry — Report — Richard S. Graham, Dept. CFC, Reynolds & Co., 120 Broadway, New York, N. Y. 10005. Also available is a report on **Oil Stocks** and an analysis of **St. Regis Paper Co.**

The Total Corporate Impact—A booklet outlining five key corporate objectives and suggestions for meeting them—Albert Frank-Guenther Law, Inc., Quentin Smith, 131 Cedar St., New York, N. Y. 10006.

Transfer Taxes — Booklet on the current Federal and state stock original issue and transfer tax rates—Registrar and Transfer Co., 50 Church Street, New York, N. Y. 10007.

U. S. Trade With Japan, 1962—A commodity analysis — United States-Japan Trade Council, 1000 Connecticut Avenue, Washington, D. C. 20006.

* * *

Addressograph Multigraph Corp.—Analysis—Glore, Forgan & Co., 135 South La Salle Street, Chicago, Ill. 60603.

Allegheny Ludlum—Chart analysis—Auchincloss, Parker & Redpath, 2 Broadway, New York, N. Y. 10004.

American Fidelity Life Insurance Company — Analysis — Sterling, Grace & Co., 50 Broad Street, New York, N. Y. 10004.

Atchison, Topeka & Santa Fe Railway Co.—Analysis—Walston & Co., Inc., 74 Wall Street, New York, N. Y. 10005. Also available are analyses of **Great Western Sugar Co.** and a bulletin on **Papers.**

Avco Corp.—Analysis—Hirsch & Co., 25 Broad Street, New York, N. Y. 10004. Also available are comments on **Borden Co., Merck & Co., Union Oil of California, Fischer & Porter, Harris Intertype** and **Divco Wayne Corp.**

Bankers Security Life Insurance Society of New York—Analysis—Arthur Milton & Company, Inc., 500 Fifth Avenue, New York, N. Y. 10036. Also available is an analysis of **Coastal States Life Insurance Company.**

Bristol Myers Company—Analysis—Edwards & Hanly, 100 North Franklin Street, Hempstead, N. Y.

Bulova Watch Co.—Analysis—Colby & Company, Inc., 85 State Street, Boston, Mass. 02109 (firm requests stamped return envelope when writing for copies). Also available is an analysis of **Schick, Inc.**

Caterpillar Tractor Co.—Analysis—Harris, Upham & Co., 120 Broadway, New York, N. Y. 10005.

Cerro Corp.—Report—Scheinman, Hochstin & Trotta, Inc., 111 Broadway, New York, N. Y. 10006.

Consolidated Leasing Corp.—Analysis—Powell, Kistler & Co., 110 Old Street, Fayetteville, N. C. (In the Chronicle of Oct. 10, through a typographical error it was indicated that Powell, Kistler & Co. had prepared a report on Continental Insurance Co., whereas that report was issued by Abraham & Co. of New York City.)

Data Products Inc.—Report—Piper, Jaffray & Hopwood, 115 South Seventh Street, Minneapolis, Minn. 55402. Also available are reports on **Daffin Corp.** and **Marquette Manufacturing.**

Diamond Crystal Salt Company—Analysis—Dempsey-Tegeler and Company Incorporated, 1000 Locust Street, St. Louis, Mo. 63101.

Far West Financial Corp.—Comments—Hannaford & Talbot, 111 Sutter Street, San Francisco, Calif. 94104. Also available are comments on **Systron Donner Corp., Vacu-Dry Co., Educational Development Corp.** and **Brush Beryllium Corp.**

First Mortgage Investors—Review—L. F. Rothschild & Co., 120 Broadway, New York, N. Y. 10005. Also available is a review of **Continental Mortgage Investors.**

Florida Gas Company—Analysis—Hornblower & Weeks, 1 Chase Manhattan Plaza, New York, N. Y. 10005.

General Public Utilities Corp.—Analysis — Butcher & Sherrerd, 1500 Walnut Street, Philadelphia, Pa. 19102. Also available is an analysis of **Howard W. Sams & Co.**

General Tire & Rubber Co.—Analysis—Stanley Heller & Co., 44 Wall Street, New York, N. Y. 10005.

Georgia Pacific Corp.—Analysis—H. Hentz & Co., 72 Wall Steet, New York, N. Y. 10005. Also available is an analysis of **Pennsylvania Railroad.**

Giannini Controls Corp.—Report—C. E. Unterberg, Towbin Co., 61 Broadway, New York, N. Y. 10006.

International Telephone & Telegraph Corp.—Fact Book—Public Relations Department, International Telephone Corporation, 320 Park Avenue, New York, N. Y. 10022.

Iowa Electric Light and Power Company—Annual Report—Iowa Electric Light & Power Company, Cedar Rapids, Iowa.

Jefferson Lake Petrochemicals of Canada—Review—Gairdner & Company Limited, 320 Bay Street, Toronto 1, Ont., Canada.

Kent Moore Organization, Inc.—Annual Report—Kent-Moore Organization, Inc., 28635 Mound Road, Warren, Mich.

Kimberly Clark—Bulletin—Henry Gellermann, Dept. CFC, Bache & Co., 36 Wall Street, New York, N. Y. 10005. Also available is a bulletin on **Allied Chemical** and comments on **Falstaff Brewing** and **Coleman Co.**

E. J. Korvette—Comments—Coggeshall & Hicks, 50 Broadway, New York, N. Y. 10004.

Langendorff United Bakeries, Inc.—Analysis—Birr, Wilson & Co., Inc., 155 Sansome Street, San Francisco, Calif. 94104. Also available is an analysis of **American Sterilizer Co.**

Livingston Oil—Analysis—Courts & Co., 11 Marietta Street, N. W., Atlanta, Ga. 30301.

Major Pool Equipment Corp. — Report — Hill, Thompson & Co., Inc., 70 Wall Street, New York, N. Y. 10005.

Minerals & Chemicals Philipp—Bulletin—Purcell, Graham & Co., 50 Broadway, New York, N. Y. 10004.

Nova Scotia Light and Power Company Ltd.—Analysis—Royal Securities Corporation Limited, 244 St. James Street, West, Montreal, Que., Canada.

Peerless Tube—Report—Morris Cohon & Co., 19 Rector Street, New York, N. Y. 10006.

Peterson, Howell & Heather, Inc.—Analysis—Goodbody & Co., 2 Broadway, New York, N. Y. 1004. Also available are comments on **First Charter Financial** and **Great Western Sugar** and an analysis of the **Bond Market.**

Puget Sound Power & Light Co.—Analysis—Hemphill, Noyes & Co., 8 Hanover Street, New York, N. Y. 10004. Also available are an analysis of **Medco Inc.** and comments on **Chrysler, Inland Steel, Colgate Palmolive, Textron** and **Polaroid.**

R. C. Can Company—Analysis—Reinholdt & Gardner, 400 Locust Street, St. Louis, Mo. 63102.

Smyth Worldwide Movers, Inc.—Analysis—Hinton Jones Granat Inc., 1411 Fourth Avenue Building, Seattle, Wash. 98101.

Standard Fruit & Steamship Company—Analysis—Securities Corporation of Iowa, Merchants National Bank Building, Cedar Rapids, Iowa.

J. P. Stevens & Co. Inc.—Analysis—J. C. Wheat & Company, 1001 East Main Street, Richmond, Va. 23219.

Sunshine Biscuits Inc.—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York, N. Y. 10005. Also available are lists of suggested tax switches in New York City bank and Property-Casualty Insurance Stocks.

Susan Crane Packaging Inc.—Analysis — Schneider, Bernet & Hickman, Inc., 1505 Elm Street, Dallas, Texas 75201.

Teck Corp. — Analysis — Wills, Bickle & Company Limited, 44 King Street, West, Toronto 1, Ont., Canada.

United Research Incorporated — Analysis—Dayton Haigney & Co. Inc., 75 Federal Street, Boston, Mass. 02110.

United Shoe Machinery Corp.—Analysis—Moore & Schley, 120 Broadway, New York, N. Y. 10005.

Wheeling Steel—Chart Analysis—Reuben Rose & Co., Inc., 115 Broadway, New York, N. Y. 10006.

Worthington Corp. — Bulletin — Thomson & McKinnon, 2 Broadway, New York, N. Y. 10004.

Xtra Inc.—Analysis—Putnam & Co., 6 Central Row, Hartford, Conn. 06103.

McCulloch Incorporates

FT. WORTH, Texas—Barron McCulloch & Company, Incorporated, has been formed to continue the investment business of Barron McCulloch & Company, 100 West Seventh Street.

Now W. E. Rippee

HONOLULU, Hawaii—The firm name of Rippee-Bolman, Inc., 1451 South King Street, has been changed to W. E. Rippee Associates, Inc.

British Economic Outlook Improves

By Paul Einzig

Prosperity for Great Britain, fed by inflationary measures, is seen likely for the next 12 months by Dr. Einzig. He observes that not enough have come around to criticizing the adoption of the Plowden Report's recommendation of a few years ago which made sacrosanct unvarying governmental stimulus to the economy regardless of the business cycle stage. Dr. Einzig concludes that his country will cover any resultant international payments deficit by drawing on international facilities to support sterling rather than on its gold and/or on disinflationary steps.

LONDON, *England*—At long last, the various reflationary measures adopted by Mr. Maudling are beginning to produce their effects. The output is increasing and the balance of payments is basically improving even though the increase in raw material imports caused a temporary relapse. There are signs of an increase in investment expenditure by British industries. Until recently such expenditure was held back for fear of an early General Election, on the assumption that it would bring a Socialist Government to power. Now that it has become practically certain that there will be no General Election until the autumn of 1964, some of the leading industrial firms have mustered up courage to proceed with their investment plans. Their change of attitude may have been due to the display of moderation by the Socialist leader, Mr. Harold Wilson, at the annual Party conference. Assuming that his bite will be no worse than his bark, it might be possible to visualize tolerable relationship between business and a Socialist Government.

Boom's Prospects in Next Twelve Months

At the present rate there appears to be a fair chance that Britain might experience an appreciable business boom during the next 12 months. The Conservative Government, in the hope of recovering its popularity, will undoubtedly do its utmost to stimulate such a boom. Building activity will be stepped up, and the Budgetary deficit is expected to be increased in order to stimulate consumer demand. The Conservative program of expenditure has a distinctly inflationary flavor, especially as it is inconceivable that any attempt would be made in election year to cover the additional expenditure by means of additional taxation. With its promises of increased spending on education, national health, roads, housing, etc., the Government has definitely committed itself to inflation. During the next 12 months the inflationary trend is likely to proceed fairly far and will be accompanied by that feeling of prosperity that it usually generates. Industrial firms will step up their investment plans in order to convert their liquid reserves into new equipment before the inevitable rise in the cost of such equipment.

The question is, how will the balance of payments stand the pressure. In the course of his speech at the annual Lord Mayor's Banquet, the Governor of the Bank of England, Lord Cromer, voiced his fears that the superimposition of increased private investment over the high level of public investment at the present rate would overload the economy. He suggested therefore, that an increase in capital expenditure by the private sector should be accompanied by some restraint on capital expenditure by the public sector. He laid stress on the fact which, obvious as it is is apt to be overlooked, that, after all, it is the private sector that provides the exports needed for balancing the balance of payments.

First Criticism to Be Heard

Lord Cromer's remarks may be regarded as the first shot in a long overdue counter attack against the popular conception that public investment must proceed according to plan, regardless of the ups and downs of the economy. This principle was laid down a few years ago in the Plowden Report which sharply criticized the policy of "stop and go" by which all British Governments endeavored during the postwar world to regulate the business cycles by means of increasing and reducing public investment. I pointed it out at the time that the adoption of that principle necessarily means that the private sector of the economy would have to bear the entire burden of any disinflationary action. It is always difficult to go against the fashionable trend in economic thinking, and for a long time mine was a lone voice crying in the wilderness. It is gratifying to see that my disapproval of the sacrosanct character of public investment programs is now shared in high quarters.

The difficulty is that the Government, having already committed itself to further substantial increases of capital expenditure by the public sector, may find it politically difficult to follow Lord Cromer's advice in election year. Yet if public investment is increased further, or even if it is continued at its present rate, the increase of private investment is liable to result in shortages of labor, leading to exaggerated wage increases.

Fortunately for Britain, during the last 12 months wages have been increasing quite considerably in France and Germany, and inflation is putting up production costs in Italy, so that Britain's international competitive position has improved. Whether this state of affairs will continue for the next 12 months is anybody's guess. The stern measures adopted by General de Gaulle in France are already beginning to produce their effect, and the advent of Dr. Erhard as the head of the West German Government will also be followed by similar measures there. It remains to be seen whether the resulting improvement of French and German competitive positions will occur early enough to affect the British balance of payments next year.

Deficit Will Leave Economy Undisciplined

Even if the balance of payments should deteriorate, it is the Government's declared policy to cover the deficit by allowing the gold reserve to decline and by making use of various international facilities to support sterling. It is, therefore, reasonably safe to assume that there will be no disinflationary measures of the kind that would check the economic recovery. Indeed, the Bank of England's decision to authorize the commercial banks to lower their liquidity ratio from 30% to 28% seems to indicate that monetary policy still aims at stimulating the boom. In the circumstances it seems safe to assume that the boom will proceed unhindered.

Irving Weis to Admit to Firm

CHICAGO, Ill. — Irving Weis & Co., on October 31st will admit Leo Meiselman to partnership in the firm. He will make his headquarters at the firm's Chicago office, 141 West Jackson Boulevard.

Catalano Joins Doremus & Co.

James A. Catalano has joined Doremus & Company, 120 Broadway, New York City, as an account executive in the public relations department it was announced.

James A. Catalano

Mr. Catalano, a founding partner of Jay DeBow & Partners, Inc. was formerly vice president and treasurer of that firm. Prior to 1960, he served as manager of public relations for The Merrill Anderson Company, Inc. From 1952 through 1958, he was an associate editor of the American Banker.

A graduate of Duquesne University with a BA in Journalism, he is a member of the New York Financial Writers Association and the New York Financial Advertisers.

Form Fed. Brokerage

SALT LAKE CITY, Utah—Federated Brokerage Company has been formed with offices at 1879 South Main Street to engage in a securities business. Officers are Harry R. Stout, President; Frank J. Earl, Vice-President, and Frank E. Williams, Secretary and Treasurer.

Thomson, McKinnon Adds

SHELBY, N. C.—Joseph B. Freeman, Jr. has been added to the staff of Thomson & McKinnon, Masonic Building.

Joins Goodbody Staff

CLEVELAND, Ohio—John C. Lickorish has joined the staff of Goodbody & Co., National City East Sixth Building.

Why Banks Should Not Underwrite Revenue Bonds

By C. Cheever Hardwick, Chairman, Committee for Study of Revenue Bond Financing and General Partner, Smith, Barney & Co., New York City*

Strong opposition to commercial bank revenue bond underwriting is expressed by head of study committtee representing 500 investment banking firms. Mr. Hardwick has had 10 years banking and 30 years non-banking securities-experience. He denies goal sought by banks will broaden the market or reduce financing costs, and predicts long run detrimental effects to municipalities. Moreover, Mr. Hardwick argues that an inescapable conflict of interest situation will exist, notwithstanding Glass-Steagall Act's passage, as long as human nature does not change.

The Committee for Study of Revenue Bond Financing is an association formed in 1954 consisting of approximately 500 investment banking firms situated throughout the United States. Since formation 9 years ago, this Committee has been studying the financial structure and history of state and municipal financing in general and revenue bond financing in particular. I appreciate this opportunity to present the views of this Committee in opposition to HR 5845 which would amend the present banking laws to permit commercial banks of deposit to underwrite and deal as principals in so-called revenue bonds—that is, bonds issued by political bodies which are secured solely by specified and restricted revenues rather than the full faith and credit and the general taxing power of the issuer.

C. Cheever Hardwick

The Study Committee that I represent has submitted to each of you a copy of a detailed statement which I request be included in the official record of these hearings. In addition, I ask your permission, Mr. Chairman, to make a few further comments on this subject.

In representing this Committee, I am accompanied by Dr. Bertrand Fox. Dr. Fox is Professor of Business Administration and Director of Research at the Harvard University Graduate School of Business Administration. Since the inception of this Committee, Dr. Fox has served as its Research Consultant and has directed its statistical analyses. With your permission, he will discuss some of the statistical studies which have been conducted by the Committee and will consider particularly the claim that has been advanced in support of the proposed revenue bond legislation that permitting commercial banks to underwrite revenue bonds will lower the interest rates that must be paid by States and municipalities.

Inescapable Interest-Conflict

In the judgment of the Study Committee which I represent, the question for Congress to determine is not simply whether commercial banks of deposit, and particularly those which exercise fiduciary functions, should be allowed to resume self-dealing in revenue bonds, industrial bonds, public utility bonds, foreign bonds or corporate common stocks. The question, basically, is whether it is desirable, or defensible, to amend our present banking laws in a manner which would condone the inescapable conflict of interest factors that are inherent in the depositor, correspondent and fiduciary relationships of commercial banks as dealers in securities. It is the firm conviction of this Committee that any such action would be highly detrimental to our national system of banking and therefore contrary to the public interest. I am happy to see that both the Federal Reserve Board and Mr. Jesse P. Wolcott, director of the Federal Deposit Insurance Corporation, oppose this legislation upon substantially the same grounds.

H. R. 5845 is but the latest of a series of attempts on the part of a few big metropolitan banks to regain their former position of dominance in the securities markets of the United States. The Glass-Steagall Act was enacted in 1933 and became effective on June 16, 1934. As early as 1935 an attempt was made to amend that law to permit banks of deposit to again enter the field of underwriting corporate bonds. In 1938 an attempt was made to permit commercial banks to underwrite any securities that they may purchase for their own investment. In 1955 it was apparently decided that an easier route to expanded commercial bank underwriting was offered through the extension of underwriting privileges first to so-called revenue bonds, and legislation similar to H. R. 5845 was introduced at that time. Legislation of this same tenor was subsequently introduced in 1957 and 1962 and we now have it before us once again in 1963.

The sponsors of this legislation have attempted to justify it by making the flat claim that:

"If commercial banks were permitted to participate in revenue bond financing, the interest rate that the municipalities and States must pay would be lower."

It is a well-established fact that interest rates are determined not by the underwriters who merely perform the service of distributing bonds to the ultimate investors, but by the credit rating of the borrower together with the terms of the loan instrument such as maturity, redemption privileges, etc., in the light of the general money market conditions that prevail at the time. I shall leave further elaboration of this fundamental premise to Dr. Fox, but I do wish to emphasize that this bill which would authorize commercial banks of deposit to underwrite and deal in revenue bonds would result in no change whatsoever in the supply of funds available for investment in such securities. Commercial banks maintain no extensive national retail sales organizations as do private investment bankers, and since those banks are now permitted to invest in revenue bonds under applicable Federal and state law, the only conceivable manner in which they could broaden the market for such securities as underwriters would be through the resale of such securities to their depositors, correspondent banks and other related sources of investment funds which might be expected to rely heavily upon them for sound and impartial advice and counsel in such matters.

Additional Sources of Income Sought

Of course, in attempting to obtain authorization to underwrite and deal in revenue bonds, the big underwriting banks are seeking goals other than merely the earning of underwriting profits. Aside from the obvious advantages that have been pointed out in previous testimony of their being in a position to make investment purchases at wholesale prices and to take for bank investment those bonds which are most desirable for their purposes, there are other factors of consequence to the big metropolitan banks that provide them with further strong incentives to underwrite revenue bonds and which give them further competitive advantages over non-underwriting banks. In more instances than not, revenue bond issues bear a much closer resemblance to corporate instruments than they do to general obligation municipal bonds. Substantial trusteeships of construction funds, debt service reserves, sinking funds, etc., are involved as well as paying agencies. It is common practice today for such banks to "bid" for such emoluments — and I am not referring to the fees that are charged for those banking and fiduciary services, but to very substantial purchases of those revenue bonds, presumably for their own investment, as payment for such fiduciary and commercial banking appointments. It is obvious that even today the various divisions of those banks collaborate very closely in such matters, and you may be sure that the greatly enhanced opportunities to direct or divert to themselves such business, if the large commercial banks are permitted to underwrite revenue bonds, has not escaped their notice.

To turn to my own position and experience for a moment, I am a general partner in the investment banking firm of Smith, Barney & Co. My firm is an underwriter and a dealer in municipal general obligation and revenue bonds as well as corporate securities. It has served either in the capacity of principal underwriter or financial advisor in respect to many of the leading revenue bond projects that have been developed thus far throughout the nation. As a primary dealer in such securities, it is my own capital and that of my partners which is at stake, and I can testify from personal experience that the risk in this area is very real indeed and substantially greater than in the instance of general obligation tax-supported municipal securities.

Attests to Incompatibility

It so happens that the first 10 years of my business career—1923 through 1933—were spent in the employ of the securities affiliate of one of the large New York City commercial banks—one of those same few big banks, incidentally, that are presently trying so hard to expand their scope of direct dealings with the public in securities. I have, therefore, had an opportunity to observe and participate in the bank underwriting business, and thus have some small personal konwledge of the abuses and conflicts of interest which can and did take place prior to the enactment of our present banking laws. I have had, in addition, the benefit of some 30 years of experience as a securities dealer without any commercial banking affiliation. The combination of these experiences has convinced me beyond any possibility of doubt that the reasons for the determination by Congress at the time of the enactment of the Glass-Steagall Act that the functions and responsibilities of commercial banking and investment banking are basically incompatible and should not be allowed to be intermingled by any one organization or institution are as sound and compelling today as they were 30 years ago—and that they will be just as valid 30 years hence.

The proponents of this legislation are variously quoted as having said, in effect, that the conditions which prevailed in securities markets at the time of the passage of the Glass-Steagall Banking Act of 1933 do not exist today. For this I think we can all be grateful. I am certainly cognizant of the fact that many changes have taken place in our economy and our complex banking mechanism since that time, I have failed to observe any material change in human nature. I am convinced that in times of stress, those responsible for the future profitable operation of the securities and other interrelated departments of the big metropolitan banks will be subject to the same pressures that misled their predecessors in the 1920s and early 1930s and that they will probably react in much the same ways to the extent that Congress will make it possible for them to do so. This is in no sense an indictment of any of the individuals who are presently responsible for those functions in the leading banks. Many of them I consider to be among my good friends and I would no more question their integrity than I would expect them to question mine. However, we must think in terms of laws and regulations which presumably will survive them and I do not think we can safely assume that their successors inevitably will be endowed with the same strengths of character upon which it would be necessary for us to rely for protection against a repetition of the past abuses that occurred in that area.

Takes Exception to Saxon's Statements

In the interests of completing—and in some instances correcting—the record, I would like to comment on one or two of the statements that were made by the Comptroller of the Currency in his testimony before this Committee, Sept. 23, last.

First, the Comptroller's prepared statement states in part:

"The proposed legislation would broaden and strengthen the market for revenue bonds. . . . [T]he ability of banks to trade in and make markets in these securities would improve their marketability. Revenue bonds would become more liquid investments than they now are. Commercial banks have the facilities and capabilities needed to make markets in many of the smaller revenue bond issues."

To the best of my knowledge there are not more than 10 or a dozen commercial banks — and they are the same big metropolitan banks that are spearheading the campaign for the enactment of this proposed legislation — that maintain anything that remotely resembles a trading department in municipal general obligations in the generally accepted sense of that term.

I ask your permission, Mr. Chairman, to have included in the record as an exhibit a copy of a letter from Geo. F. Hamilton & Co., New York City, a nationally known firm of independent municipal bond brokers, to which is attached a record of the actual trading market quotations for the bonds of a representative list of revenue bond projects in the United States as of the close of business on Sept. 30, 1963. This schedule shows that of the 43 issues listed, the spread between the bid and asked quotations varies between one-eighth of 1% and 1%. The average spread is probably somewhere between three-eighths and ½%, and when you consider that these are all long-term bonds of varied security status and that the New York Stock Exchange Commission on bonds is one-quarter of 1%, it would appear obvious that there is no lack of marketability for revenue bonds at this time. I can see no possible reason to believe

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Why the Banks Should Underwrite Revenue Bonds

By Delmont K. Pfeffer,* *Senior Vice-President, First National City Bank of New York, New York City*

Mr. Pfeffer strongly defends state-local revenue bond underwriting by banks. He finds this kind of "self-liquidating or specifically secured borrowing frequently creates practically riskless securities" which are stronger than general obligations. Moreover, the banker points out that self-dealing laws preclude conflict of interest situations, and he makes clear that banks are not going to allow their investment standards to drop, in making a selection between a primary and a secondary issue.

I am Delmont K. Pfeffer, a senior vice-president of First National City Bank, New York City. My duties include supervision of the First National City departments which underwrite and make markets for obligations of the United States Government and its agencies, and general obligations of the States and their political subdivisions.

Delmont K. Pfeffer

Accompanying me are senior officers of two other New York banks, whose duties and experience in those banks parallel my own: namely, Ralph Leach, senior vice-president of Morgan Guaranty Trust Company, and John W. deMilhau, senior vice-president of Chase Manhattan Bank. These gentlemen have read this statement, and they have authorized me to say that they endorse it.

I have requested the privilege of appearing before this Committee in order to urge your approval of HR 5845, which would revise the definition of state and municipal bonds eligible for underwriting by commercial banks.

Today's Revenue Bond Trend

The trend toward dedicated tax and revenue supported borrowing is rising so rapidly that the entire structure of state and local financing is being drastically altered.

According to a Department of Commerce study just released, 44% of outstanding state and local bonded debt is "non-guaranteed," which means other than full faith and credit. For the states alone this proportion is 52%.

This is a fact of fiscal policy for which the sovereign states have their own respective reasons and rationale. Whatever the fiscal merits or demerits, however, this kind of self-liquidating or specifically secured borrowing frequently creates practically riskless securities, actually stronger than obligations payable from general funds, in that the most reliable revenues flow first to the service of the special agency debt, while only the surplus goes to the general fund.

As a result, the term "general obligation" no longer has a precisely defined or established meaning. The fiscal facts are quite different from those prevailing in 1933: At that time state and local governments combined derived 57% of their aggregate revenues from property taxes; today the proportion has dropped to 27%. The states themselves never relied importantly on ad valorem property taxes, and today this item seldom appears in state budgets.

As an extreme example of the result of strictly interpreting the term "general obligation," commercial banks were barred from underwriting Federal Public Housing Bonds, until Section 5136 was amended in 1949 to add Housing Bonds to the specific exemptions. If the Public Housing Act had not been amended to this purpose as urged by the commercial banks, borrowing costs for the great national program of slum clearance and low - rent housing construction, under which nearly $4 billion of local Housing Bonds have been sold, would have been substantially higher. Bank participation in underwriting these Housing Bonds was opposed by investment firms just as strenuously as the present proposal for redefining eligible bonds.

Investment Standards Met

From the viewpoint of investment policy, commercial banks have appraised special fund and revenue bonds just as they do any other loan or investment, and always subject to the investment regulations of the Comptroller of the Currency. It is important to appreciate that in essence these regulations have required proof of creditworthiness, with the result that revenue bonds issued for construction of new projects and dependent upon the earnings of such projects were not eligible for commercial bank investment unless future revenues were assured by lease to or other form of guaranty by a superior credit. Also, the law imposes a limit on investment in the non-general fund securities of any one obligor, not more than 10% of capital and surplus of the investing bank.

Too often the term "revenue bonds" evokes the name of a toll road or bridge issue; if there is time I can give you a broad sampling of the securities and purposes comprised in the loosely used term "revenue bonds."

Self-Dealing Laws Preclude "Conflict of Interest"

Finally, I would like to come to grips with the innuendoes which have been circulated, to the effect that commercial banks have inescapable conflicts of interest when they act as both underwriters and fiduciaries. The fact is, that the interests of depositors and trust beneficiaries are put way ahead of any bond underwriting or trading activities. Even if a bank were guided solely by selfish considerations, it could not possibly make enough money in bond underwriting to warrant risking the loss of depositor and trust customer confidence. Every successful banker knows that the flow of deposits into his bank is its lifeblood, and any investment officer who tried to make an unfair profit at the expense of a depositor would soon find himself looking for a job. Regarding the trust relationship, the great body of case law consistently holds that a trustee may not profit by selling his property to trust funds, and this case law is effectively incorporated in Part 9 of the Regulations of the Comptroller of the Currency. The penalties for self-dealing include restitution and surcharge for recovery of any losses imposed upon the trust beneficiaries.

Having accepted this fact, our critics glibly took another tack, professing to fear that since a bank may not sell bonds which it owns to its trust accounts, the beneficiaries of trust accounts would be deprived of opportunities to invest in the bond issues underwritten by the banks administering such accounts. There have been no complaints to this effect in all the years that banks have underwritten billions of general obligation bonds.

Cites Secondary Market

The claim that a bank's participation in underwriting a new issue of municipal bonds works against the interests of its trust accounts for the very reason that self-dealing is prohibited, is completely refuted through an understanding of the breadth and scope of the secondary market for municipal bonds. Trust officers do not gear their investment choices to the schedule of new issue sales of municipals; their requirements originate through regular review of customers' accounts. And in the day-to-day market inventories, there is never any shortage of investment choices. Measured by the Blue List of Current Municipal Offerings, which is the principal compilation of dealer inventories, the total bonds offered in the secondary market at any time runs upward of $500,000,000; during 1962 the number of items making up such a typical total ranged from 7,000 to 11,000. Even the largest and most active bank dealer department would not be likely to own more than 2% of such items, either in amount or in number, leaving its trust department plenty of scope for investment choice of purchases from other underwriters. Municipal bonds of the credit standing desired by trust departments are widely held and frequently traded, assuring a continuing flow through the market. Furthermore, the trend of new issue volume is pretty steadily upward, to more than $9 billion for 1963 and an estimated $12 to $15 billion by 1970; and accordingly, the proportion of offerings controlled by any one underwriter may be expected to dwindle still further.

The commercial banks have always played a major role in the financing of the United States Government and of the states and their political subdivisions. Now we are faced with the fact that unless the definition of state and local securities eligible for commercial bank underwriting is amended to conform to the entirely new financing conditions which have developed during the last 20 years, the banks will soon be excluded from direct assistance on 40% to 50% of the new borrowing for the account of state and local governments and an even higher proportion of the secondary market in these securities. I am very confident that the public interest would be served by enactment of HR 5845.

*Supplemental statement by Mr. Pfeffer before the Banking and Currency Committee of the House of Representatives, U. S. Congress, Oct. 3, 1963.

Coast Exch. Member

Richard D. Olney, Vice-President of First Continental Securities, Inc. has been elected to membership in Pacific Coast Stock Exchange, effective Oct. 21, according to the announcement of Thomas P. Phelan, Exchange President.

Mr. Olney has been active in the bay area securities business since 1955 and joined First Continental Securities, Inc. in 1961. The firm, headed by Robert M. Matz, President, conducts a general securities business with the main office located at 1330 Broadway, Oakland. Branch offices are maintained in Walnut Creek and Fresno, Calif.

First Continental Securities, Inc. has been a member of the Midwest Stock Exchange, Chicago, since Sept. 7, 1962.

Now Benner, Smith

PHOENIX, Ariz.—The firm name of Robert C. Smith, Inc., 221 East Camelback Road, has been changed to Benner, Smith & Dick, Inc.

A Nursery of Tyranny, Corruption, and Delusion

By Walter E. Spahr, *Executive Vice-President Economists' National Committee on Monetary Policy and Professor Emeritus, New York University*

Extent to which irredeemable currency diabolically serves to incubate governmental tyranny, debase public and private morality, and encourage delusions regarding beneficence of huge public spending, is probed by well known monetary economist. Cited are black marks which have occurred since we left a redeemable domestic gold standard in favor of non-gold circulating media and chose to forget the fundamentals concerning currency manipulation. Dr. Spahr warns that a high level of statesmanship is required to replace our irredeemable currency with money possessing the quality of integrity if we are to avoid providing the world with another illustration of what happens to a country that does not read, understand and respect the lessons of history on the evils of irredeemable currency.

Mirabeau Stated a Fundamental Truth

In his classic *Fiat Money Inflation in France*, the distinguished Dr. Andrew D. White, joint founder and first president of Cornell University, quoted Mirabeau of France as saying in 1789 that irredeemable currency is "A nursery of tyranny, corruption and delusion; a veritable debauch of authority in delirium."

Walter E. Spahr

The history of the uses of irredeemable currency attests the accuracy of the Mirabeau statement.

Tendency to Ignore That Fundamental Truth

That history also reveals a common tendency of nations to ignore the fundamental truth stated so well by Mirabeau. It is, in general, ignored in this country today.

Much of our literature and many speech makers attack the pronounced development since early 1933 of tendencies toward tyranny and irresponsibility in our central government; of the corruption which exists in both public and private affairs; of the prevailing delusions such as those in the alleged virtues of huge public spending, huge national debt, deficit financing, cheap currency, and a governmentally-managed economy. But the question of whether these unfortunate developments did not emerge in this country with the introduction of irredeemable currency in 1933 is in general passed over as though it does not exist.

The Government Started the Spread of Corruption

The manner in which the corruption involved in the use of irredeemable currency has spread throughout our political economic, and social system receives little analysis and apparently is poorly understood.

The act of inflicting an irredeemable currency on a people is an act of corruption by the government involved; and the influence of that corruption spreads through an endless number of channels and in an endless number of forms to the mass of people who are corrupted in countless ways. To use White's words: such corruption grows "as naturally as a fungus on a muck heap. It was first felt (in France during the last decade of the 18th Century) in business operations, but soon began to be seen in the legislative body and in journalism."

As to the corruption among legislators, he states that "there was enough to cause wide-spread distrust, cynicism and want of faith in any patriotism or any virtue."

He continues: "Even worse than this was the breaking down of the morals of the country at large, resulting from the sudden building up of ostentatious wealth in a few large cities, and from the gambling, speculative spirit spreading from these to the small towns and rural districts. From this was developed an even more disgraceful result—the decay of a true sense of national good faith." Patriotism, he points out, "was gradually disintegrated."

The efforts in this country to denigrate and degrade patriotism are widespread.

The rush of people supposed to be scientists—for example, in economics, government, sociology—into political activity in behalf of a governmentally-managed economy, while pretending to be, and in general being accepted as, scientists, should be obvious.

The efforts of Congressional, U. S. Treasury, and Federal Reserve and many other bank officials to keep themselves free from the objective restraints to which a redeemable currency would properly subject them are persistent and continue to be successful.

Cynicism in resptct to the importance of honesty, morality, and integrity, as developed and approved by a cultured people, is pronounced and should be readily apparent.

Apropos White's generalization on "the breaking down of the morals of the country at large," when an irredeemable currency is employed, and recognizing the difficulties in comparing the moral and ethical qualities of a people at different periods of time and under different types of currency, there appear to be ample grounds for questioning whether that state of affairs does not exist in this nation.

The Impetus Provided by Our Central Government

When our national government suspended redemption of our nongold money in March, 1933, it was announcing that the sound currency commitment in the Democratic Party Platform of 1932 was to be violated.

When that government, in March, 1933, required the people to deliver their gold to the U. S. Treasury, it was revealing its lack of respect for the rights of private property in gold.

When, by the so-called Thomas Inflation Act of May 12, 1933, provision was made for the issuance of fiat money, for devaluation of the dollar, and for a variety of other forms of currency depreciation, the national government was making it clear that it was embracing the principles of currency manipulation, and departing from a money with the quality of integrity.

When the Administration instituted the Warren program for depreciating our nongold currency in terms of gold, Oct. 25, 1933—Jan. 16, 1934, it was illustrating, for the world to see, its lack of respect for fixity in a standard unit of measurement and for the judgment of scientists in the field of money.

When the dollar was devalued, Jan. 31, 1934, the central government was demonstrating that it was willing to employ the monetary tactics of irresponsible and disreputable coin clipping monarchs of many centuries ago.

And Such Dishonesty and Irresponsibility Continue

Having departed from standards of honesty and responsibility characteristic of a highly cultured people, our government and closely related institutions have continued on a course involving dishonesty and irresponsibility. The instances constitute a long list.

For example, beginning Dec. 12, 1942, the U. S. Treasury and Federal Reserve banks, acting in collusion and in violation law, began the issuance of $660,000,000 of Federal Reserve banks notes, called "National Currency Notes," and treated them as Treasury currency. By this illegal manipulation the Reserve banks received $660,000,000 of reserves to which they were not legally entitled, and the Treasury obtained the same amount, to which it was not entitled, in deposits in the Reserve banks. At the reserve ratios then prevailing, that $660,000,000 of fiat money reserves could support $9,900,000,000 of additional deposits in our banking system.

Beginning in 1947 and continuing to this day, the Board of Governors of the Federal Reserve System has been taking, in a Robin Hood manner and in violation of law, approximately 90% of the net earnings of the Reserve banks and turning them over to the U. S. Treasury. For the years 1947-1962, the earnings so diverted have amounted to $6,811,678,987.

Despite the widespread tendency these days to take for granted that manipulation and dishonesty are to be expected in government and quasi-government agencies, does not this manipulation raise sobering questions as to what would happen if people in private enterprise engaged in such a colossal transaction in dishonesty, and as to why Congress has not lifted a finger to stop this violation of law and to take the proper corrective action? How large do manipulations have to be before the proper authorities will take appropriate action?

Is it not important to ask ourselves why such a state of affairs exists in this country—why the senses of government officials are so deadened in respect to standards of honesty, morality, and responsibility?

The History of This Variety of Social Decay

Even though the use of irredeemable currency is not the sole cause of a decay in a social system, just as a devastating war may not be a sole cause, the history of the social alterations, which have accompanies the employment of such a currency, shows that there are degenerative tendencies common to all such experiments. The variations in the forms of such social decay — variations arising from the nature of the country involved, the period of history, the characteristics of the government, and other factors—are not proof of the nonexistence of that common tendency.

After reviewing the social upheaval in France during the last decade of the 18th Century, arising from the use of irredeemable currency, White concluded, in his *Fiat Money Inflation in France*, that "Every other attempt of the same kind in human history, under whatever circumstances, has reached similar results in kind if not in degree."

As one of the common results, White stated that "there came cheatery in the nation at large and corruption among officials and persons holding trusts. . . . Faith in moral considerations, or even in good impulses, yielded to general distrust. National honor was thought a fiction cherished by hypocrites. Patriotism was eaten out by cynicism."

Among his other conclusions regarding this experience he pointed out that "It ended in the complete financial, moral and political prostration of France—a prostration from which only a Napoleon could raise it."

For further illustrations of the demoralization arising from the use of irredeemable currency, one may turn to Charles Mackay's *Extraordinary Popular Delusions and the Madness of Crowds* (original edition, 1841, now available in paper back, The Noonday Press, Farrar, Straus and Cudahy, Inc., New York) and read of the social turbulence in France, 1716-1721, as a consequence of John Law's program involving the use of irredeemable currency at that time, the lessons which the French government would not heed at the end of that century when it again inflicted irredeemable currency on the people.

In respect to John Lawism in modern times, Ferdinand Zweig stated, in his *Economic Ideas: A Study of Historical Perspectives* (Prentice-Hall, Inc., New York, 1950), that John Maynard Keynes, whose doctrines have been both popular and harmful in this country, might be considered a reincarnation of John Law. Said Zweig, p. 87: "The parallel between John Law . . . (1671-1729), controller general of French finance . . . and John Maynard Keynes (1883-1946) goes so deep and covers so wide a ground . . . that a spiritualist might say that Keynes was a reincarnation of Law after two centuries."

For an account of more modern experiences of France with irredeemable currency and repeated devaluations—from World War I to the collapse of the Fourth Republic and the coming of General De Gaulle—, Dr. Melchior Palyi's *A Lesson in French — Inflation* (Economists' National Committee on Monetary Policy, New York, Aug., 1959), 64 pp., should prove helpful.

From literature on the use of irredeemable currency by France, one can go to similar accounts of the consequences in any country that has employed such a money—for example, the studies by Wesley Mitchell, Don Barrett, John Sherman, and others on our Greenback period, 1861-1878—and find illustrated the lessons which should be widely understood but which are in general ignored in this country. Major libraries have overwhelming supplies of material on the evils of irredeemable currency; but relatively few of our people understand or respect those lessons.

When irredeemable currency was inflicted on our people in 1933, they were deprived of effective control of the public purse, and, consequently, of their central government. Thus was opened "a nursery of tyranny" as pointed out by Mirabeau.

Unless there is prompt emergence of some statesman, who can and will persuade Congress to abolish irredeemable currency and replace it with a money having the quality of integrity, the U. S. A. apparently is going to supply the world with another illustration of a common and sad consequence of not reading, understanding, and respecting the lessons of history on the evils of irredeemable currency.

Texas Eastern Transmission Corp. Debentures Sold

Public offering of $40,000,000 Texas Eastern Transmission Corp. 5% debentures due Oct. 1, 1983, is being made by an underwriting group headed by Dillon, Read & Co., Inc., New York. The debentures are priced at par and accrued interest.

Of the net proceeds to the company, approximately $16,000,000 will be used to retire currently outstanding revolving credit notes and approximately $9,000,000 will be advanced to its wholly owned subsidiary, La Gloria Oil & Gas Co., for redemption of certain of its outstanding indebtedness. The balance will be used in connection with the company's construction programs.

A semi-annual sinking fund beginning April 1, 1966 will retire approximately 95% of the debentures prior to maturity. For a period of five years, the debentures are not refundable at an interest cost to the company of less than 5% but are otherwise redeemable at the option of the company on 30 days published notice at prices scaling from 105% during the 12 months period ending Sept. 30, 1964 downward to 100% in 1983.

The company's principal business is the transmission of natural gas. It is also engaged in the transportation of petroleum products and in the production of oil and gas. The company owns and operates a pipeline system for the transportation and sale at wholesale of natural gas, extending from the Mexican border in southern Texas to New York. The system has an authorized delivery capacity in its principal sales area of approximately 2.6 billion cubic feet per day, including deliveries from its gas storage facilities. The petroleum products transportation business is conducted by its Little Big Inch Division and at June 30, 1965 the petroleum products system included over 2,800 miles of pipelines. The company is also engaged in the exploration for and production of oil and gas in 16 states. Its head office is in Houston, Texas.

Lenz Conover Adds

DAYTON, Ohio—Evelyn M. Whisler has been added to the staff of Lenz Conover Inc., Gas & Electric Building.

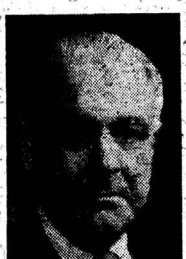
Factors Assuring Growth Of Mutual Fund Industry

By Arthur Wiesenberger, Senior Partner, Arthur Wiesenberger & Company, New York City, Members New York Stock Exchange*

Dean of the mutual fund industry cites investment trust salesmen as real philanthropists — public benefactors — for helping many to create capital reserves, who otherwise would not have done so, and to stay away from "hot issues." After documenting reasons why he is bullish about the economy, the stock market and mutual funds, Mr. Wiesenberger charges salesmen with having a "golden opportunity" to sell a product "needed desperately by the great masses of people." He cautions them to undersell so that the accumulation plan buyers will be certain to stick through thick and thin with his capital building plan without cutting back. Further, he reminds salesmen to tell the truth about stock-price fluctuations and to explain carefully dollar averaging and why, therefore, price fluctuations are to the buyer's advantage. The author refers to a case where a large pension fund took advantage of a characteristic nine-year stock market cycle to shift advantageously out of bonds into several selected mutual funds.

Despite the misgivings with which many view the future, despite the ever-present problems that can give cause for worry, I am optimistic.

I am a bull on the world, I am bullish on the U. S. economy, I am a bull on the stock market, I am certainly a bull on the mutual fund industry.



Arthur Wiesenberger

Nineteen hundred sixty-three will, I think, go down as one of the major turning points in world history. It was the year that the cold war began to subside. "Peace Is Bullish," we've said over and over again in our Investment Reports, and I have said it over and over again in my speeches. One of the important reasons the markets greeted so enthusiastically our successful confrontation of Russia over Cuba last October was the possibility of a peaceful world that thereby was revealed. We pointed up our bullish interpretation of this development in a Special Report entitled "Peace Is Bullish" (issued last November). We said then: "Some of the most rapid rises in investor sentiment come after war's end, when investor attention shifts from the risks of war to the blessings of peace." Now, with the signing of the test ban treaty, peace moves a bit nearer.

Even before the Cuban affair, we said: "Armaments are eventually used or scrapped. Thus there will be war or some way will be found to avoid war and to end the increasingly costly arms race."

There seems little doubt we are moving in the latter direction. Not that I think Mr. Khrushchev loves us much more than he has, but he has as much or more to gain in a peaceful world and the armament race must be an even more crushing burden to him than to us.

Peace is Bullish

I regard the outbreak of peace not as bearish but as thoroughly bullish. It may cause some dislocation and hurt some industries and some companies, but the costs thereof will be minute and trivial compared to the big gains that will correspondingly result.

After 17 years of the cold war and nearly a quarter of a century of wars, hot and cold, few can realize what the true outbreak of peace in the world might mean to the world's economies, including our own. After all, at least 60% of our population (all of those under 40 years of age) are unaware of anything but a war-like environment.

I am bullish on our economy because, as I see it, all the ingredients making for prosperity are here, and few, if any, of the imbalances making for a period of recession or depression have yet made their appearance. Industry after industry finds demand catching up with capacity; more and more corporations and industries are finding their efforts to combat the rising cost squeeze successful; and management-labor relations are approaching a degree of tranquillity and equity not seen in many years. Demand-supply is helping solve this problem. With more and more workers available and the processes of automation proceeding relentlessly, competition for jobs rather than for workers increases. With public purchasing power high, with prospects on the horizon of another capital goods boom, and with profit margins rising, the profit curve of American industry that had been relatively static for nearly ten years is already rising and, I think, will continue so over the next several years.

Inevitable Upward Stock Price Trend

I am bullish on the stock market partly because of what I have said about the world and the U. S. economy. A favorable international and domestic environment is bound to be helpful to the stock market. Stocks, too, respond to the law of demand and supply. With the cash flow of corporations so large there is less need to resort to outside financing to effect expansion. Thus no important addition to the supply of equities appears in sight. At the same time the rising standard of living of the nation, the increase of incomes, the increasing population of the middle classes, the increases of savings, the growth of pension plans, mutual funds and other institutional investors — all these promise to add to the demand for stocks, without letup, over the years.

At the same time the great investing public, whose ranks were so enlarged in the late 1950's but thinned by the market decline of 1962, have not yet returned to the marketplace. They will eventually; they always have. When they do the demand for stocks will greatly increase and it could have thoroughly dynamic market effects. How long this may require I do not profess to know. It could occur soon; it may take some time. Much will depend upon the nature of the news and the developing temper of the investing public. People are not frightened; they are simply apathetic. But the funds for investment are there and growing day by day, and eventually will come back to the market. When they do, they cannot help but exert an upward influence upon the price structure.

Similarly Bullish About Mutual Funds

I am bullish on the mutual fund industry for the same reason I have been bullish over the years. I am so convinced that mutual funds provide a necessary service and to a rapidly expanding portion of our population that I can see nothing else but continued growth. True, the critical reports emanating from Washington tend to create some worries and may hold back certain potential buyers and investors, but it is typical of any successful and rapidly growing industry to elicit unfavorable comment and frequently to encounter legislative action.

Way back in the early years of the century the Armstrong Committee (1905) investigated the life insurance companies, and some stiff, restraining and restrictive legislation, largely due to the late Charles Evans Hughes, resulted. Over the intervening years the industry has become one of the giants of American business, outstripping in recent years the growth of many far younger industries.

A generation later the public utility companies were investigated and regulated with restrictive legislation under Franklin D. Roosevelt, and they felt the effects for a time. But it did not take long to recover, and now the public utility industry, a generation later, is among our fastest-growing large industries.

Thus I have not the slightest doubt that the mutual funds, certainly with far less justification for criticism and punitive legislation than had these other two industries, will emerge from the present period of investigation and negative publicity larger and stronger than ever, to rise to new levels and heights in the period ahead.

Momentous Changes

We are living in a time of great change. Few people can adjust themselves to change, and the greater the degree and the greater the rapidity of change, the more difficult the adjustment. Hence current worries, fears and misgivings are quite understandable.

We see a satellite circle the earth in 90 minutes, at a speed of 17,545 miles per hour, and we realize that this represents tremendous progress over the flight of Captain Charles A. Lindbergh on May 21, 1927, when he landed in Paris after flying 3,610 miles from New York in 33½ hours, at a speed of 107¾ miles an hour.

While many of our fantastic technological improvements are now generally recognized, only few seem to comprehend how great have been the economic and financial changes wrought in the last generation. The total value of all stocks listed on the New York Stock Exchange at the end of last month was 382 billion of dollars. In contrast 30 years ago at the bottom of the Great Depression this figure stood at $16 billion—just about 4% what it is today. When it is realized that the stock market dipped by $12 billion just on the announcement of Mr. Profumo's involvement with Christine Keeler recently, the magnitude of change that has taken place over the last generation becomes apparent.

We are sailing new seas and exploring new lands in economics and finance as well as in space and under the microscope. How far we may go, where we may end, no one knows. But that we will continue to progress, we can take for granted, and that the mutual fund industry will continue to play a leading and increasing part in this program, we all can be certain.

While contemplating these optimistic aspects, we cannot overlook two disturbing major problems.

Only Way to Build Up a Capital Reserve Today

It has been many months since a tax reduction was proposed. We may be getting closer to some action on this but even if Federal taxes go a bit lower, local taxes are on the rise, so the tax squeeze continues. This means that all of us are faced with the unhappy prospect of taking home fewer of the dollars we earn and are discovering that the remaining dollars buy less because practically everything is costing more.

Anyone whose adult years span the past two decades will understand the impact of these developments on their financial programming. Those who built their "nest egg" in the form of fixed-dollar investments are finding the reservoir inadequate for the fi-

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Factors Assuring Growth Of Mutual Fund Industry

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nancial goals for which they were originally set aside—due to the steady attrition of the dollar. And equally important, those who were not fortunate or foresighted enough to build a capital reserve now find that as a result of taxes and inflation, it is well nigh impossible to accumulate any large amount of capital—except through the process of making small investments out of current income, and doing so consistently on a scheduled basis over a period of years.

What then is the outlook for our profession at this juncture? What function can the skilled distributor of mutual funds perform during this period of inflation and fiscal confusion? I believe that you are faced with a magnificent opportunity—one that I'm sure is apparent to each one of you.

A Golden Sales Opportunity

Today the combination of 20 years of inflationary experience and a renewal of inflationary fever places you in the catbird seat. Never before have you been so favored by circumstances. With the possible exception of the merchandisers of tranquilizing pills, I can think of no more favorably situated group of salesmen in America than you. Because in a very real sense you also are selling tranquility.

That is the opportunity, the type of opportunity which comes to most salesmen only once in their lifetime. You have a product which is needed desperately by great masses of people. You have an acceleration of demand through circumstances which I believe will continue for years to come.

Would Undersell for Continuous Investing

With this great opportunity—you also have a great responsibility. We all know that the average buyer of an accumulation plan has commenced his first, and more often than not, the **only** capital-building plan in his lifetime. Upon its success may depend the education of his children, funds for his retirement or an estate for his widow. I believe your greatest responsibility is to **undersell**—to assure so far as possible, the ability of your client to make his regular investments through thick and thin. I don't have to stress to you the confidence which you will engender in your clientele by this approach.

It is a cliche of our industry that a well-sold accumulation plan investor is happy when the market goes up—but **happier** when the market goes down, since his regular payments in that event will buy more shares for him. So powerful is dollar-cost-averaging as a sales tool, that the salesman must use it with great care. He must make sure to indicate that the investor will incur a loss if he liquidates his plan when the market value is less than cost; the salesman must be sure his customer is financially able to continue his plan through periods of low price levels; he must indicate that dollar-cost-averaging does not protect against loss in value in declining markets — it simply enables the investor to buy more shares with the same amount of money when the market is low and, of course, fewer when the market is high. Fortunately you can make two guarantees: (1) that the market will cooperate with the investor if he maintains regular payments, because (2) the market will **continue to fluctuate.**

Tell the Truth

There is no better way to insulate your customer from the fear of fluctuations than to instill in him thoroughly the truth that those very fluctuations are to his benefit. We have emphasized this over and over again among our own clients, even corporate clients.

As an interesting example, I might mention the experience of a corporate client who some years ago had an employees retirement fund invested entirely in bonds. Its farsighted president one day arrived at the conclusion that the beneficiaries of the fund faced the prospect of eventually taking out dollars worth considerably less than those that originally went into it due to steady erosion of the purchasing power of the dollar.

His big problem was how to shift a $5 million bond portfolio into common stocks, without taking a big market risk.

While deliberating about his dilemma, our friend read our first article on dollar-cost-averaging in the 1946 edition of INVESTMENT COMPANIES. The idea seemed too good to be true, and he carefully checked and rechecked the figures several times. He was finally convinced that it was no optical illusion and then presented the idea to his trustees who also insisted on rechecking the arithmetic! To one and all, it was a revealing experience. They all concurred with the idea of shifting from bonds to stocks and of using a dollar-cost-averaging program to achieve their objective. But the $64 question was "How long a time should be allowed for the complete shift from bonds to common stocks so as to avoid taking a serious market risk?"

Took Advantage of a 9-Year Characteristic Stock Market Cycle

After some research they found that the stock market had a characteristic 9-year cycle covering the span between market highs and lows. Therefore, they decided to make the shift from the bonds into common stocks over such a period. Actually, they finally settled on a period of 8½ years because that enabled them to complete the shift in 100 monthly transactions equal to 1% of the bond portfolio or about $50,000 each month.

Over the 8½ year period, the total appreciation was 65% of the capital invested. In contrast, the purchasing power of the dollar had declined by 30% during this interval and high-grade bond prices declined 6%.

Over the years these trends have continued. The fund has further increased in value while the purchasing power of the dollar and high-grade bond prices have continued to decline. At a recent date the appreciation of the fund over the capital invested was 229%. The purchasing power of the dollar was 39% lower and high-grade bond prices were 22% lower than when the program was started.

Use of Several Mutual Funds

A most interesting feature of this conversion program was that all the money was shifted from bonds into the shares of a selected group of investment companies. The trustees of the fund made this decision because they wished to avoid the problem of arguing among themselves as to which specific stocks to buy and sell. They found it more practical and prudent to leave this responsibility with the managements of the various investment companies chosen because of their good performance records.

The hope of some day being financially independent looms large in the minds of most thinking people. Toward that end we work hard—and in the process we manage to earn considerable money during our lifetime. But, sad to relate, according to the Federal Reserve Bank, at age 65, one in two of us has **less** than $1,000 in the bank. Why is this so? Because so few people are trained to manage money — know how to put their earnings to work. But making money work is not simple. Certainly it is no part-time job for amateurs. Rather, it is a full-time job for professionals. If there were some easy way, we'd all be millionaires. From time to time people take a fling in the market on the basis of some tip or rumor —and usually lose with sad results. Today you offer your customers and prospects the opportunity to participate on equal footing with the largest owners of wealth—you protect them from their own folly through the able help of your professional investment managers—and thus guide them toward the personal goals they seek.

In a sense, you are real philanthropists—public benefactors—for you have done a favor for every person you have sold. Unlike the purveyors of "hot issues," you have saved many investors from putting their hard-earned cash into so-called "cats and dogs" and instead, have enabled hundreds of thousands of people to build a substantial competence for themselves which the majority otherwise might never have acquired.

*An address by Mr. Wiesenberger at the National Sales Conference of Investors Diversified Services, Kiamesha Lake New York.

Wen Products Stock Offered

Hayden, Stone & Co., Inc., New York, as manager of an underwriting group, has announced a secondary offering of 205,000 common shares of Wen Products, Inc. priced at $9 per share.

The shares are being sold for the account of the President and none of the proceeds will accrue to the company. This sale marks the first public offering of the company's stock.

The company, organized in 1951, manufacturers and sells electrically powered hand tools designed principally for home workshop use. The product line includes low to medium priced models of electric saws, soldering guns, sanders planers, and drills as well as auxiliary equipment.

The company's executive offices and plant facilities are located on the northwest side of Chicago.

The Free Market Alone Allocates Resources Best!

By Richard P. Jennett, Sherborn, Mass.

Government intrusion into the market place disrupts, wastes and, despite massive spending, contributes nothing to progress according to Mr. Jennett. Taking Edison's career as an example, the author points out how free market decision-making and profit-rewarding incentives made possible inventions which otherwise might not have occurred. Reference is made to current problems in the drug, electric power and atomic energy peacetime programs to point up the fact that the government cannot improve on the free market system of allocation.

Just about a century ago, a brash and cocky young telegrapher became bored with his job as (Western Union's fastest) operator. He yearned for greater challenge. His restless mind was filled with visions of inventions that other men did not yet even dream possible. His first invention was an electric signalling device that permitted instantaneous tabulation of votes in state legislatures and the National Congress. Filled with youthful optimism, he rushed with his invention to a well-known politician. Naively, Edison expected instant fame and fortune. His hopes were soon dashed to pieces. Gently but firmly, the kindly, hardbitten politician explained the facts of life to young Edison. With the Civil War just ended, the "Carpetbaggers" era was already in full swing. Money was being used lavishly to buy votes and to corrupt the democratic processes at the national, state and local level. The last thing in the world anyone wanted, young Edison was told, was an electric vote-tabulator. He explained to Edison that politicians liked to stretch votes out as long as possible. That way, if either side saw the trend going against them in the early votes, they had time to bribe or threaten legislators whose names came further down the alphabet.

Thus Edison gave up his invention. He also turned his back on Government, finding it to be shot through with graft and cynicism.

Edison's Free Market Start

He did not, of course, give up his dreams for a career as an inventor. Instead, he turned towards free enterprise for his much-desired opportunity. In fact, he went right to the **heart** of America's free enterprise system—the stock market itself. In 1869 Edison was penniless in New York. All around him, men seemed to be going crazy with the "fever" of speculation. Jay Gould was carrying on one of his stock market wars. Prices fluctuated so widely few telegraph operators could keep up with them. In one office, where Edison had "drifted," the telegraph broke down. Edison was the only one who knew how to fix it. This experience led him first to take a job with the company that ran the ticker-tape service (the Gold Indicator Company) and secondly to invent a much faster and much improved stock market ticker tape of his own. Where politicians had spurned the offer of a device permitting fast tabulation, the guardians of stock market information greeted such an offer with open arms. Edison presented his invention to the Gold Indicator Company, and then debated in his mind whether to reduce his planned offering price from $5,000 to $3,000. Even while he was debating this point in his own mind, the company officials blurted out an offer of $40,000. The shocked Edison ran to the bank and had the check cashed in one dollar bills—so he could revel in his new found wealth. (He couldn't sleep that night, for fear someone would steal his money, and in the morning he hastened to open a bank account.) This experience changed his entire outlook on life. He hung out a shingle announcing that he would deliver "inventions to order." He made it plain he would never again waste his time and his God-given gift on any invention not **needed** by the free enterprise economy. Others might choose to waste their time on foolish day-dreams about impractical devices—such as electric tabulating devices for legislatures. He would himself, he announced, let businessmen come to him with their problems, and he would solve those problems for a fee. This decision proved to be a blessing. He produced hundreds of inventions, made a personal fortune and changed the face of America. He also left us a heritage we are abandoning today—at great loss to ourselves!

Resources Are Limited

That heritage was one of letting the free market allocate our limited resources. For, and make no mistake about this, our resources are limited. No matter how much money is poured into a given field of endeavor, there is still a natural limit on the skilled manpower available. After that natural limit is reached, further infusion of money can only cause inflation and mis-allocation of resources. This is nowhere as true as it is in scientific research. Private firms have long recognized that skilled scientific manpower is a commodity of limited availability. They have permitted the free market to determine the best allocation of this commodity. The result, before and after Edison, has been truly amazing. Not only did legitimate business needs naturally attract desired brains and speculative money, but demonstrated failures were quickly cut short, assuring that resources were never wasted vainly in schemes that amounted to no more than "empire building" efforts for those involved.

Right up to recent years, this heritage has guaranteed us progress unknown in the rest of the world. Take the field of health and medicine, for example. Our competitive drug industry and our non-profit private health institutes have provided America with "wonder drugs" galore—and with the marvelous polio vaccine. Certainly in this one area alone, the ability of the private market to allocate resources has been demonstrated with starting clarity. Yet it is in this particular area that the heaviest guns of the State Collectivists have been bombarding free market allocation of resources.

Drug Industry's Progress

Publicity-seeking Senators have constantly persecuted drug companies with investigations that prove only how efficient our drug industry really is. Yet, undismayed by factual findings, the collectivist statists imperiously offer blueprints for increased Federal control and regulation. This can only diminish, not improve, the effectiveness of America's great drug industry. (Proof of this comes from Communist Russia, where State Planners bemoaned Russia's backwardness in drug research and proposed a series of "reforms" leaning heavily towards American-style competitive industry. Lacking the incentive of private property, the Russians will not succeed in matching our gains in this field, unless we foolishly allow our own Collectivist Statists to chain down our amazingly productive drug industry.)

Of course, this is only part of the story in the health field. The United States Government through the (Federal) Public Health Industry, has been pumping hundreds of millions of dollars down "rat holes" of unnecessary and unwise research projects. The head of the private institute which gave us the polio vaccine has complained that government officials have been practically **forcing** researchers to take unwanted grants, to make sure that all the money voted by a befuddled Congress is spent. (The Empire Builders in Washington are fearful that Congress will reduce their bloated bureaucracy if it is learned that most of these grants are **not** needed.) The grants are producing very little in the way of worthwhile developments. On the other hand, they **are** stealing men and lab resources away from vitally needed research in the private sector. As usual, government intervention is bringing a sickening **waste** of limited resources. No effort is being made (in the tradition of Tom Edison) to find out just what research developments are **needed**, as was done in the private sector by the developers of the polio vaccine. Instead, scarce scientists are being wasted on useless projects dreamed up by nitwits in Washington **interested only in furthering their own careers!**

Wasteful Government Intrusion

One could go on and on describing such wasteful intrusions of government into the private sector—until, if one is not careful, it can bring on a mental attitude approaching despair.

Take the electric power industry, for example. Edison himself gave birth to this industry. As usual, he acted only when he saw a definite need. He never invented a single device—from a powerful dynamo to a tiny light bulb—unless the private market had already clearly demonstrated an immediate need. The electric light and power industry has followed closely the path outlined by Edison. Growth has been steady—keeping just ahead of demand (to provide a cushion for emergencies). Competition has produced miraculous advancement in the art and science of generating and transporting electric power. Every phase of this industry's operations is constantly being re-examined to find better or cheaper ways to bring power to consumers. Thanks to America's investor-owned light and power industry, we have the world's largest and most efficient network of generating plants and connecting lines.

Yet the government seems determined once again to intervene. Plans have been revealed for further government inroads in electric power that seem pointed straight in the direction of eventual socialism. Complaints from private companies about this tax-supported competition, often so unfair as to constitute a clear-cut menace to the tax-paying private electric companies (who are themselves regulated in the prices they charge and so sometimes unable to compete even if they could afford it), brings the bland statement that a "mixed" economy stimulates greater efficiency. This despite the fact that private power is by far the most efficient system in the world!

Blames Government for Atomic Power Dollars Being Wasted

Here again the government is wrapping its tentacles around the private sector from several directions at once. The government claims that private electric power firms are not moving fast enough to develop atomic power. Huge sums of tax money are being wasted on grandiose schemes to develop atomic power. The result is just what one might expect. Much of the money is being wasted on atomic power plants whose designs have already been proven inefficient and obsolete. And who has proven these plants to be useless? Private industry! Operating at a speed determined by free market conditions, the private firms are carefully testing out various designs before wasting huge sums on high-cost atomic power plants, as the government seems bent on doing. Private firms, following in the footsteps of Edison, are investing on research where research is needed. (Today's atomic power plants are not as yet competitive to conventional plants, and are hence not worthy of wide-scale development. Yet the government wants to build more such high-cost-per-kilowatt-hour plants just for the sake of having them.) Political prestige, not economic need is the reason given for such wasteful activities. American citizens, including investors in tax-paying private electric power companies, are being forced to subsidize their socialistic schemes!

The list is almost endless. The lesson to be learned is crystal clear. In the days when the private sector let demand allocate free resources, America stunned the world by producing clipper ships, railroad engines, telegraph and telephone facilities, automobiles, steel mills, copper mines, lumber companies and private homes and apartments in quality, quantity and price that could not be approached anywhere else. Today, with vast and growing government intervention, resources are being blindly wasted even while other crying needs go begging. Clearly, common sense calls for a return to a system of free-market allocation of resources. There is no other way—certainly not government planning and sponsorship — that can even **approach** it in offering benefits!

Lowell Hoit Branch

CAPE GIRARDEAU, Mo.—Lowell Hoit Securities Co. has opened a branch office at 631 Broadway under the management of Harry A. Siemers.

Twohy Joins Wainwright and Ramsey

LOS ANGELES, Calif. — Frank Twohy, formerly Controller of the Los Angeles Department of Water and Power, has joined the municipal financial consulting firm of Wainwright & Ramsey Inc. as a Vice-President, effective Nov. 1, it has been announced by J. Basil Ramsey, President.

Mr. Frank Twohy

Mr. Twohy will manage Wainwright & Ramsey's recently opened Los Angeles office, 614 South Spring Street, and will supervise the firm's larger assignments in Alaska, Hawaii and Pacific Coast areas.

Mr. Twohy is well known in municipal financial circles and has served as consultant to electric commissions in New South Wales and Victoria, Australia, the Puerto Rican Water Resources Authority, and the Philippine Island National Water Authority.

As chief financial officer of the Los Angeles Water and Power Department, which he joined in 1925, Mr. Twohy has programmed and arranged the sale of 22 electric bond issues totaling $362,075,000 principal amount, and 15 water works bond issues with total face value of $130,000,000. His position placed him in charge of all financial, accounting and auditing, transactions for this billion dollar utility with gross annual revenues of $195,000,000 and an annual operating and capital budget of over $300,000,000. He directed a staff of over 1,200 persons.

While with the Los Angeles department Mr. Twohy pioneered in the application of tabulating equipment to public utility billing, budgetary control and other accounting practices.

He is an honorary life member of the Data Processing Management Association, and a member of the Municipal Finance Officers Association, the American Public Power Association, the Los Angeles Athletic Club and the Department of Water and Power Speakers Club.

In addition to its head office in New York and the new branch in Los Angeles, Wainwright & Ramsey Inc. maintains offices in Miami, Florida, and Washington, D. C.

Reynolds Branch Mgr.

CLEARWATER, Fla.—Harold C. Martens has been appointed resident manager of the Clearwater, Fla. office of Reynolds & Co., members of the New York Stock Exchange.

The Clearwater office, located at 300 So. Garden Ave., was acquired by Reynolds & Co. from A. M. Kidder & Co., Inc. in June of this year. Mr. Martens was with the Kidder organization for 12 years, and previously had been an executive of the American Bakeries Corp. in Chicago.

Robt. Hill Opens

AMARILLO, Texas — Robert C. Hill has opened offices in the Barfield Building to engage in a securities business under the firm name of Robert C. Hill & Co. He was formerly with Salomon Brothers & Hutzler.

Shearson, Hammill Appoints Two

Shearson, Hammill & Co., 14 Wall St., New York City, members of the New York Stock Exchange, have announced that Jerome S.

Jerome S. Hollender A. Michael Victory

Hollender has joined the Investment Banking Department in the newly created post of Director of Mergers and Acquisitions and that A. Michael Victory has been appointed Senior Associate in that department.

Mr. Hollender, a member of the American Institute of Certified Public Accountants and the Financial Executives Institute, was formerly vice - president - finance of Hydrometals, Inc.

Mr. Victory has been a member of Shearson's Investment Banking Department since 1960.

Busch Named to Board Of Marketing Group

PHILADELPHIA, Pa. — Benjamin F. Busch, Media Director of Doremus & Company, Inc., Philadelphia, has been elected to the board of directors of the Philadelphia Chapter of the American Marketing Association.

The State of TRADE and INDUSTRY

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

Both domestic and foreign machine tool orders for last month eased a heartening 44% above that for the year-ago period according to the National Machine Tool Builders' Association.

Their findings, released today, show that net new orders for metal cutting types of machine tools in September totalled $56,600,000; an increase of 15% over August and 44% over the total of September, 1962. Domestic orders during September totalled $45,450,000, up 18% from the $38,550,000 total for August; and up 44% from the $31,600,000 total for September, 1962. Foreign orders in September were $11,150,000, about 5% higher than the $10,650,000 total for August and 44% higher than the $7,750,000 total for September, 1962.

Year's Cumulative Orders to Date 31% Larger Than Year-Ago Period

Net new orders for the nine months ended Sept. 30, 1963, totalled $510,600,000. This volume of orders was 31% higher than the $390,400,000 total for the same period of 1962. During this period, domestic orders were $402,850,000, or 28% above the $314,500,000 total for the 1962 period and foreign orders of $107,750,000 were 42% higher than the $75,900,000 booked during the first nine months of 1962.

Metal forming types of machine tools likewise showed an increase in net new orders for September, totalling $21,600,000, or 9% higher than the $19,850,000 total for August and 101% higher than the $10,750,000 total for September, 1962. Domestic orders during the month of September, however, totalled only $16,800,000. This was 7% less than the $18,150,000 total for August, but 71% above the $9,850,000 in net new orders booked in September, 1962. Foreign orders experienced a sharp increase in September, more than offsetting the domestic decline. Foreign orders totalled $4,800,000, an increase of 182% above the $1,700,000 total of August and a 433% increase over the $900,000 total of September, 1962.

For the first nine months of 1963, orders for metal forming types of machine tools totalled $147,250,000; up 14% from the $129,400,000 of the same period of 1962. Domestic orders totalled $124,950,000, as compared to $99,500,000 for the 1962 period — an increase of 26%. Foreign orders of $22,300,000, however, were down 25% from the $29,900,000 total for the first nine months of 1962.

Bank Clearings Dip Slightly Below 1962 Week's Volume

Bank clearings in the latest statement declined fractionally below the year-ago week. They were, however, 12% above last week's total of $31,394,468,123. 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. 19 clearings for all cities of the United States for which it is possible to obtain weekly clearings were down 0.8% from those of the corresponding week last year.

Our preliminary totals were $35,156,392,861 against $35,449,210,121 for the same week in 1962.

Our comparative summary for some of the principal money centers follows:

Week End. Oct. 19—	—(000s Omitted)— 1963	1962	%
New York	$19,806,576	$19,893,769	— 0.4
Chicago	1,568,042	1,641,711	— 4.5
Philadelphia	1,292,000	1,341,000	— 3.7
Boston	986,469	1,012,265	— 2.6
Kansas City	648,162	606,460	+ 6.9

Steel Output Dips Fractionally For First Decline in Eight Week's But Is 9.7% Above Year-Ago Week While the Year's Cumulative Output Is 11.4% Above 1962's Period

According to data compiled by the American Iron and Steel Institute, production for the week ended Oct. 19 was 1,908,000 tons (*102.4%) as against 1,915,000 tons (*102.8%) in the Oct. 12 ending week.

This fractional decline in output followed eight steady non-spectacular weekly advances in a row. This let-up in output is not expected to be repeated in the month ahead even though November marks the usual seasonal decline in the pouring of ingots and steel for castings. The industry is still expected to garner a 100 million ton year — highest since the 112.7 million tons in 1957. The 1963 low of 1,742,000 tons occurred in the week ended Aug. 17 and the high of 2,626,000 tons in the week ended May 25, which was unequalled in the past two years and last equalled in mid-March, 1960. Except for July 13 week's 1.6% gain, there was an uninterrupted decline since May 25 until the week ending Aug. 24. Then followed eight weekly advances in output, marking an 8.7% rise for those weeks, until last week's slip in production. The industry had hoped for a more vigorous upturn in the past several weeks but will not be unhappy if the succeeding weeks make up any disappointment felt so far while living up to last quarter bullish expectations.

Last week's output was 2.4 percentage points above the 1957-59 base period's average weekly output and was approximately 10% larger than that for the year's lowest output week ending Aug. 17. The latest statement week's output was 9.7% above that for the year-ago week.

The cumulative total output of ingots and castings since Jan. 1 topped the year-ago period with a total of 89,143,000 net tons (*113.9%) which is 11.4% above the Jan. 1-Oct. 20, 1962 production of 80,013,000 net tons. In the comparison with last week's cumulative index total of 114.2%, this week's tally faltered at 113.9% (1957-59=100).

September's Net Tons 8.4% Above Year-Ago Month

The steel industry produced 7,858,009 net tons of ingots and steel for castings last month or 8.4% more than the 7,251,023 net tons produced in September, 1962 for an average of more than 1.8 million tons a week. In the past quarter, output totaled 24,295,104 tons compared to 20,523,126 tons in the year-ago period for a gain of 18.4%. For the first nine months of this year, steel operations advanced 11.9% to 83,538,424 tons as against 74,621,305 tons for the 1962 period.

Commencing last April, 1963 (not April, 1962), prices began to rise selectively so that by last week they were up for about 75% of total tonnage sales. A Federal grand jury in New York City issued subpoenas on Monday of this week to major steel producers in seeking information regarding the recent round of price increases.

District—	*Index of Ingot Production for Week Ending Oct. 19	Oct. 12
North East Coast	107	108
Buffalo	92	88
Pittsburgh	93	91
Youngstown	85	87
Cleveland	103	97
Detroit	136	139
Chicago	108	109
Cincinnati	93	106
St. Louis	121	120
Southern	101	103
Western	106	109
Total industry	102.4	102.8

*Index of production based on average weekly production for 1957-59.

November Steel Shipments May Fall Short of October's

Automakers will have to step up orders for steel—and do it quickly—if steel shipments are to continue moving upward in November, *Steel* magazine reported.

Reason: Construction demand, the market's mainstay in recent weeks, is starting to falter seasonally.

Orders in most mills are simply keeping pace with last month's, but many steelmakers are hoping for a last minute surge. Their best customers currently are appliance makers and road building machinery manufacturers.

Since automakers are still liquidating inventories, November shipments may fall 3 to 5% short of October's. But that won't be unusual. November shipments have fallen short of October's in five of the last six years (excluding those affected by strikes).

Some mills think demand will accelerate and offset seasonal setbacks.

Most automotive plants are on six day operation. Purchasing agents indicate they are pushing slightly higher tonnages of sheet steel to meet the pickup in car scheduling. Autodom's steel stocks had been expected to drop back to normal by Jan. 1. Now it looks like excess steel will be eaten up by mid-December or earlier.

Sales in the first 20 days of 1964 models are running almost 4% ahead of those of a year ago. A high percentage of the initial orders is for fleets. Autodom doesn't expect its first real test of customer attitudes until November.

Price Hikes Affect Shipments to Some Extent

Recent steel price hikes probably have affected shipments to some extent. Some mills booked a lot of price hedge business before following industry leaders to higher levels. Result: Some users will take steel in November they wouldn't otherwise have taken until December.

Steel reports its arithmetical price composite on a net ton of finished steel stood at $151.94 on Oct. 16 vs. $151.26 a week ago, $150.80 a month ago, $149.96 a year ago, and $149.28 five years ago.

Whether the price hikes will worsen our world trade position remains to be seen. Steelmakers refrained from raising prices on wire rods, merchant wire, and small diameter pipe — products hardest hit by import competition. Importers say foreign mills aren't raising their prices now because business is slow.

Steel ingot production in the U. S. has reached the highest level since mid-July, with mills operating near 63.5% of unofficial capacity. *Steel* estimates last week's output at 1,950,000 tons and expects the tenth consecutive rise in steel production this week.

Scrap is displaying price stability. *Steel's* price composite on No. 1 heavy melting grade remained at $27 a gross ton for the eighth straight week.

Record Auto Gains Create Strong Non-Seasonal Steel Demand

Order rates continue inching upward for many mills, *Iron Age* magazine reported. But it is still a question as to how crosscurrents will balance out.

The magazine pointed out automakers are now showing a fairly strong order trend. Record and near-record auto production in recent weeks has caused some automakers to place supplemental orders for October and November.

While the ratio of chew-up to orders is not even for all auto companies, it is encouragingly good, *Iron Age* said. The magazine points out that some companies are now ordering for November delivery at the rate of 85% of their needs, and will order nearly 100% for December.

But tempering this new firmness is the prospect of seasonal factors. The national metalworking weekly pointed out that demand for plates and structurals, up this month, is expected to slide in November as construction slows. A similar easing is expected for reinforcing bars for construction, and standard pipe.

Historical patterns support the line of reasoning which expects a downturn in overall production. One mill forecaster indicated production in November and in December has topped October only once in the past 18 years, excepting times of unusual labor problems. A week ago, *Iron Age* said, he was predicting a 15% drop in weekly production, from 1.9 to 1.6 million tons, for the last two months of the year. However, he has since changed his mind. He still expects a tailing-off of production, but not nearly so much.

This must be taken as an optimistic sign, *Iron Age* said—especially in light of preliminary figures indicating steel imports in August fell only slightly to about 550,000 tons from the record 600,000 tons imported in July.

In a special report this week *Iron Age* stated that a major shift in collective bargaining patterns seems to be developing.

Contract talks in recent weeks indicate metalworking companies are no longer holding to traditional roles and rules. This is characterized by several developments:

(1) Smaller companies are resisting blind adoption of agreements patterned after those set by major industry groups.

(2) Companies are making positive demands of their own—and sticking to them.

(3) Management is showing fresh, imaginative thinking in approaching problems and finding solutions.

Iron Age said behind all this is recognition that the cost squeeze is approaching the danger stage for many companies.

Auto Producers Advance 1964 Model Output in Seeking New Record Production for October

Auto output in the U. S. last week, including the 1,000,000th 1964 model passenger car, was at near its highest level for any week in history.

According to *Ward's Automotive Reports*, two of the industry's major producers—General Motors Corp. and Ford Motor Co. — individually slated new peaks in

Continued on page 27

The Market . . . And You

BY WALLACE STREETE

Between profit-taking and new rumblings of trouble between the government and steel companies over price increases, the stock market had some rough going this week after the industrial average had closed above the 750 line for the first time in history.

That particular figure had been seen in some of the interim readings late in September and had given the list some trouble at that time, preventing it, for one thing, from achieving a closing reading at that level.

There probably is never more criticism of the industrial average as one that utterly fails to reflect the true story of the course of stock prices than when it is probing uncharted peaks. Apart from the fact that commission producers decry talk of all-time highs as scaring away would-be customers, the fact is that it is a simple chore to refute the picture of an excessively high market.

What Highs?

Even the components of the industrial average tell varying stories, ranging from Anaconda which has a price tag currently of less than a third of its 1929 peak, to others like Alcoa, American Can, Bethlehem Steel, Goodyear, International Paper and Union Carbide which posted their historic highs between 1956 and 1959. The wonder workers of this average this year have been the three oil company components, the two motors, International Harvester and Sears, Roebuck which is far from being even a majority of the 30 issues involved.

Steel Industry's Woes

The steels' troubles stemmed from disclosure that information about the recent selective price increases in the industry is being presented to a Federal grand jury, an echo from the titanic battle between the Administration and the steel industry more than a year ago that, in part, helped trigger the market break of May, 1962.

As far as the earnings reports emanating from the steel companies are concerned, they have been making cheerful reading after the vigorous cost-cutting and higher efficiency strides that the industry made.

A Split Candidate?

Office equipment items were still in obvious favor and none more so than Xerox which has taken to wild moves either way but, through it all, becoming something of a fixture on the new highs lists. The stock has long since doubled its year's low and, seemingly, indicating it was intent in tripling its price before very long.

The stock was available under 100 when it first came to listed trading in 1961, and retreated under that line again through the break last year. It didn't stay in that price bracket very long either time and this week raced above 350. The last stock split was in 1959, a 4-for-1 division, so the issue obviously is in the forefront of the lineup of current stock split candidates.

With only about 3½ million shares outstanding and something like 15,000 holders, many of whom undoubtedly are content to sit and watch their profits mount, it is easily a case where a small floating supply of the shares, plus any concentrated demand, can lead to wild price action.

Whether the hectic search only for "growth" that was so obvious in the late 50's and at the start of this decade, is going to come back to fever pitch was something not easily answered. As far as Xerox is concerned, the answer would seem to be positive.

Polaroid's Dilemma

But there are still some issues that had worn the "growth" label for a long time that were nowhere near duplicating the performance of Xerox, for instance. Polaroid was one of the premiere growth situations for years. But the peak reached by this stock is still a feat accomplished in 1960, several years after its last stock split. Its high this year was half a score of points below last year's peak and, at recent levels, it was available a full hundred points under the historic peak. At this year's low, it was less than half of the peak price.

There was some clarification of the problems that have dropped Polaroid from the growth circle, via an analysts society talk. A drop in third-quarter earnings was more or less by company design, the market students were told. Polaroid's new automatic film pack camera has been making a hit with consumers but some troubles in producing the film packs pointed to a possible shortage. So the company held back about half of one month's shipments to assure a supply of film packs from the buyers who already had bought the new type cameras. The move inevitably cut into operating results. But by this explanation, the trouble was only a momentary one. The analysts were told hat production of film packs was picking up and, in fact, plans to step up future output were already underway.

The explanation made some of the market students revise their earnings projections for this year but without ending the prospect that the company will report record earnings even if they are somewhat lower than had been anticipated earlier. Meanwhile, the price of the issue is well deflated from the going level of earlier this year as well as far under what was once considered a normal price to pay for shares of an acknowledged growth situation.

Rails were in occasional demand but without much follow-through to it and they did little to confirm the push to new highs by the industrial average. Good dividend news was greeted with mixed reactions, a case in point being the desultory performance of Norfolk & Western.

Pennsylvania Under Scrutiny

There seemed to be little to break the logjam in the rail merger pictures. Some estimates are that it will be at least two more years before the Interstate Commerce Commission hands down a decision on Pennsylvania Railroad and New York Central's plans to merge.

Pennsy, at least in market discussions, was the more obvious candidate of the pair for better earnings showings in the future. This was largely based on a new guiding hand in the top management post of Pennsy, Stuart Saunders. He headed up Norfolk & Western before switching to the Eastern carrier. Pennsy owns nearly a third of N. & W.'s stock and the latter is the nation's most profitable road.

As with any management shift, hopes are high for a new approach to the problems of Pennsylvania and, perhaps, a definite turn in its fortunes for the better. There is also the prospect of a sizable cash bundle being realized to improve the property, retire debt and otherwise benefit its affairs.

The potential source of the funds is the better than a quarter billion in Norfolk & Western securities held by Pennsy. So far in the proposed N. & W.-Nickel Plate-Wabash merger, a preliminary examiner's approval, still to be acted on by the ICC, was conditioned on Pennsy disposing of its N. & W. holdings.

In all, the road has done little more than stand still since 1958. Revenues have been static, earnings poor and operating economies offset by rising costs. There seems to be little for Pennsy's fortune to do but rise in time.

[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.]

Rice to Be V.-P. Of D. B. Marron

Alan H. Rice effective November 1st will become a vice president of D. B. Marron & Co., Incorporated, 63 Wall Street, New York City, members of the New York and American Stock Exchanges. Mr. Rice is president of Irving J. Rice & Co. Incorporated of St. Paul, Minn.

Stein Bros. & Boyce to Be Corp.

BALTIMORE, Md. — Effective November 1st the partnership of Stein Bros. & Boyce, One Charles Street, members of the New York Stock Exchange and other leading Exchanges, will be dissolved and a new corporation, Stein Bros. & Boyce, Inc., will be formed.

Officers will be Henry C. Evans, chairman of the board; W. Wallace Lanahan, Jr., president; Milton S. Trost, executive vice president; LeRoy A. Wilbur, vice president and secretary; Edward J. Armstrong, vice president and treasurer; Norman H. Jacobson, and James S. Levy vice presidents and assistant secretaries; and Morey L. Booth, Joseph L. Abrams, William E. Kidd, Albert J. Warner, Harold L. Sullivan, Richard J. Eskind, David J. Buckner, Arthur G. Jennings and E. Elwood McClure, vice presidents.

IBA Opposes Additional Works Appropriation

The Investment Bankers Association of America in a statement submitted to the House Committee on Public Works strongly opposed a bill authorizing an additional appropriation of $900 million to be allocated under the Public Works Acceleration Act of 1962. The Association's opposition was based on the fact that President Kennedy has put top priority on the tax reduction bill as the best method to stimulate the economy, and that the Chairman of the House Ways and Means Committee, Wilbur D. Mills, emphasized that the country can't adopt both tax reduction and increase federal spending to stimulate the economy, and that if Congress cuts taxes there would be no justification to increase federal spending solely to stimulate the economy. It was also reported that President Kennedy stated he subscribed to that conclusion.

The Association cited as further evidence the sale of new issues of state and municipal bonds to finance construction of local public facilities which set new records in both of the past two years aggregating over $8.2 billion in 1961 and over $8.5 billion in 1962. It was pointed out in the statement that sales of such bonds during the first nine months of 1963 aggregated over $7.6 billion and if sales of new issues continued at this rate for the last quarter of this year, the total for 1963 will set a new record exceeding $9 billion.

The Association also called attention to the fact that existing authorization for federal grants and loans provide adequate funds for the federal government to accelerate capital outlays by states and municipalities and educational institutions at any time that such action is deemed necessary and desirable. Accordingly, it would be highly unnecessary and undesirable to authorize an additional $900 million of federal funds under the Public Works Acceleration Act.

O'Mara Joins Garvin, Bantel

LOS ANGELES, Calif. — Thomas G. O'Mara has joined Garvin, Bantel & Co., and will augment the Federal Funds service of the firm's California office, 550 South Flower Street, it was announced by James V. LaRocca, manager of the Federal Funds Department in the firm's main office in New York.

Mr. O'Mara has been associated since 1956 with Security First National Bank in its investment department. From 1955-56, he was with the corporate trust department of Bankers Trust Company.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

Some Sales Nuggets From an "Old Pro"

Several weeks ago I attended a sales meeting that was conducted by the regional sales manager of a nationally known stock exchange firm. The man who gave the talk has been a producer of over $100,000 a year gross commissions for the past five years. He has been in the business for about 30 years. Here is a digest of some of the ideas he passed on to us. You can always learn from others . . . especially if you have the opportunity to obtain ideas from salesmen who have proven their worth in actual practice.

Exposure

Keep your clients posted with information, even if it is bad, or indifferent. When the market goes against you, or your customers have losses, that is the time to over-service them. When they have profits and feel happy, you don't have to spend so much time on service calls.

It is exposure that brings in the business. Recently this salesman received a prospectus on a new issue. One of his customers owned 700 shares of this same stock. He telephoned and told the client about the coming new issue and asked him if he could give him a few highlights from the prospectus (or condensed preoffering circular he had received). The customer listened intently. When he finished, instead of giving him an order to buy another 300 shares as he anticipated, the customer said, "Sell my 700." He would have never had the sell order, the customer would have been without this valuable information, and he would have missed this business, if he had not made the call.

Secondaries and New Issues

Many salesmen look upon secondaries and offerings by management or large shareholders as "bail-outs." He does not classify all such offerings as being overpriced or unattractive for his clients. Many secondaries and "new issues" are sold to increase and widen shareholder ownership, broaden markets, and provide diversification and more liquid assets for large holders. Often these issues are attractive . . . they work out well . . . and you are doing your clients a favor if you select them with care and offer them without prior prejudice. Some of the regional sales manager's largest accounts became original clients through offerings of this nature . . . they still hold their stock and it has advanced in price to many times their original cost over the years. Don't be prejudiced . . . there are opportunities for profitable business in this type of merchandise.

The Three Most Important Words

When the individual who conducted the sales clinic is asked about the market . . . what he thinks . . . or a client wants his opinion on intermediate market fluctuations . . . he always answers, "I don't know." No one can know what the market is going to do from day to day. Why go out on a limb?

His Three Important Tools

He has a legal size paper pad . . . a smaller stenographer's note book . . . and a cross reference file. These are his three most important tools. Every day he lists every piece of mail material he sends out, to whom it was sent (in the steno book) and all his calls on the legal pad sheets. Before he goes home he checks the legal pad to see that all requests for information were answered. He never lets the customer say, "I asked for that material but you didn't send it." Two days after he mails the material listed in the small book, he calls everyone on the list that received material. He doesn't believe in large broadside mailings but he sends literature that is pertinent and then follows it up.

Another important tool is a red pencil. He checks all his reading with it and underlines what is important in circulars, reports, and the news.

Opportunity Time

Statement time is opportunity time for him. He checks every monthly statement. When there is a small credit balance he sends it out before he receives the request. Customers are pleased with this service. He anticipates gripes on the statements . . . even though this time is "lost product time" it is worth while because it saves customers. He also obtains ideas from statements. It is impossible to keep every account in his mind's memory, so a check-up of the client's monthly statement often offers him an opportunity to suggest a possible reinvestment, a tax sale, or provide some information that will interest the client.

Often clients will give you an order to sell or buy a security in this fashion? They will first ask the price. You will give them the last sale, for instance 40½. Then the client will come back with, "Sell it at 41." Here's the way the "old pro" handles such an inquiry. "I'll be pleased to place your order at 41, but may I give you a suggestion?" The client replies in the affirmative. He comes back, "In our experience, about 70% of the time if you place your order at the **best prevailing market price**, you will usually be better off. After all, you are talking about a $4,000 transaction and $50 more or less is what we are discussing here. The stock may go up that half point, or it may not . . . why not let me place your order to sell at the best prevailing market price, then if you have decided to sell it . . . which you have already suggested . . . if you do this, in the long run you will find it works out better?" Nearly always a client will then give you a market order, which saves time, missed opportunities, and extra work.

Don't Go Out on a Limb

If you are asked for an opinion on a particular stock, this is his suggestion. If you are not too familiar with it, reply, "I am familiar with the company, but I would like to get our latest research report and give you the highlights." If readily available, hold your client on the phone, look it up, and give him the salient facts. If not, tell him you will check with "research" and report back. Don't try to give advice, offer opinions or suggestions on everything. You can't do that and be informed and helpful to your client. Fall back upon your statistical and research department. That is your proper approach to such questions. In this way you can give your clients better service, more accurate information, and shift the burden of responsibility from your own shoulders to your research department . . . where it belongs.

[John Dutton is the pen name of a registered representative employed by a large member firm of the New York Stock Exchange.]

Household Finance Debentures Sold

Lee Higginson Corp. and White, Weld & Co., New York, and William Blair & Co., Chicago, as joint managers of an underwriting group, have announced the public offering of an issue of $100,000,000 Household Finance Corp. 4¼% debentures due 1991. The debentures priced at 98.44% and accrued interest yield approximately 4.60% to maturity.

The securities may not be redeemed before Jan. 1, 1972 except under certain conditions of declining instalment notes receivable. On and after that date, they will be redeemable at prices ranging from 101.75% to the principal amount on and after Jan. 1, 1987. The debentures may be redeemed at lower redemption prices under the special redemption provision.

Proceeds from the sale will be used by Household Finance to reduce short-term bank and other loans and to provide additional funds for lending to customers in the usual course of business.

Headquartered in Chicago, the company is one of the largest organizations engaged in the consumer finance (small loan) business. At Aug. 31, 1963, there were 1,281 branch offices in the system, located in 903 cities and 47 states and all Canadian provinces.

In 1961 Household Finance entered the merchandising field by acquiring all of the capital stock of Coast-to-Coast Stores, Inc., specializing in hard goods sold through 938 franchised, locally owned retail stores located in 20 western and far western states. In June, 1963 the company, through a wholly owned subsidiary, purchased the assets of Badger Paint & Hardware Stores, Inc. of Milwaukee. This Milwaukee-based paint manufacturer and group of retail paint and hardware stores has 43 outlets in Milwaukee County and an additional 23 stores outside the county.

Joins Quinn & Co.

DENVER, Colo.—James A. Long has become associated with Quinn & Co., American National Bank Building. He was formerly with Bache & Co. in Philadelphia.

With Draper, Sears

BOSTON, Mass.—Ralph W. Emerson and Howard J. Gill are with Draper, Sears & Co., 50 Congress St., members of the New York and Boston Stock Exchanges.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

There appear to be more opinions around now that the trend of interest rates for the balance of the year will be in the direction of firmness. It is indicated that the usual seasonal demand for money and credit will of itself have a modestly firming influence on the money market. This would not be an unfavorable development as far as our balance of payments problem is concerned. In addition, it would give the monetary authorities a bit of a breather in their credit and debit management program.

The long-term bond market continues to back and fill in a rather restricted area, because there is a modest amount of caution around over the trend of capital market rates. Nevertheless, the funds seeking an outlet in long-term issues are still very sizable.

Tightening Reserve Policy

The demand for funds will continue to increase for the balance of the year due to the usual fall and Christmas needs of the country. These will have to be financed by the banks, with the Central Banks providing the reserves, so that there is no shortage of credit as far as the economy is concerned. This year, however, the Federal Reserve banks, in the opinion of not a few money market specialists, will not be providing these reserves to the banking system as freely as they have at times in the past.

There will not be, however, any policy of restraint but, because of the balance of payments problem, open market rates will be kept on the firm side so that funds which are now invested here will not have to move to other free world money centers because of a better rate of return. The pick-up in loans which comes at this time of the year should be such that the member banks of the system will have to borrow from the Federal Reserve banks in order to provide funds to the economy.

The money market experts believe that the necessary reserves for the coming needs of the economy will be made available in two different ways to the member banks by the Central Banks. Those specialists anticipate that the member banks will be able to cover some of their needs by borrowing from the Central Banks and, in addition, the balance of necessary reserves will be supplied through the initiative taken by the Federal Reserve Banks themselves.

The expansion of member banks' reserves, to help the fall and winter financing of the economy, will likely be done in the usual way through open market operations. This time, however, these open market operations may be different from those which have been used in recent years. Because of the necessity to keep short-term rates on the firm to high side due to the balance of payments problem, it is not likely that open market operations this time will involve to any great extent the purchase of short-term Government obligations. Such an operation would tend to depress near-term interest rates, which would be just the opposite of what monetary authorities are trying to do.

Purchasing of Longer Maturities

It is quite likely, therefore, that the "open market operations" which will be used by the Federal Reserve Banks will involve Government issues other than those in the near-term area. This would take in securities that are in the intermediate and long-term sectors. These purchases, when and if made, would not only add reserves to the banking system but they would also give support to Treasury securities in the two aforementioned sections of the market.

The other way in which reserves could be supplied to the system, besides resort to "open market operations," would be through a reduction in reserve requirements kept by the commercial banks against savings deposits. Many money and capital market followers believe they will be reduced from 4% to 3% in the not too distant future in spite of some political opposition.

The Treasury is keeping pressure on the short-term market by adding $100,000,000 of "strip bills" to the regular weekly bill auction. It is indicated that $1 billion of new money will be raised this way.

Chicago Analysts to Hear E. W. Engstrom

CHICAGO, Ill. — Dr. Elmer W. Engstrom, president of the Radio Corporation of America, will be guest speaker at the luncheon meeting of the Investment Analysts Society of Chicago to be held today (October 24th) in the Illinois Room of the La Salle Hotel.

Crown Zellerbach Corp. will be the subject of the October 31st meeting, and A. H. Robbins Co. of the November 7th meeting.

Customers Brokers To Hold Meetings

The Association of Customers Brokers will hold an educational meeting October 24th at the New Wall Street Club. Ben Heineman, chairman of the board of Chicago & Northwestern Railway Co., will discuss the outlook for the Chicago & Northwestern tand its investment in the Chicago Rock Island & Pacific Railroad Co.

On October 28th, the Outlook for the Liquor Industry will be the subject of the meeting to be held at 15 William Street. Speakers will be Vice-Admiral William J. Marshall, USN (ret.), president of the Bourbon Institute; Charles Guttman, president of the Paddington Corporation; and John Westergaard, a partner of Equity Research Associates.

Forms King Securities

JAMAICA, N. Y.—David A. Kaplan is conducting a securities business from offices at 89-47 163rd Street under the firm name of King Securities.

MUTUAL FUNDS

BY JOSEPH C. POTTER

Confucius, Denver & Co.

To the parochial New Yorker who rarely leaves his island, this city not only is a world center of finance but the center of the universe around which revolves an aggregation of celestial bodies in which, with few exceptions, there are scant distinguishing characters. Psychologically, Albany is as far away as Albuquerque.

Fundmen always have known better, since their mission traditionally has been to take the wares of Wall Street to the solid citizens of the hinterlands. But even the broadest-gauged steward of this $25 billion trade must be impressed by the 28th annual report of Denver-based Financial Industrial Fund.

From the capital of the Rocky Mountain Empire comes this pamphlet for the year ended Aug. 31, showing assets up 23% on the year. At nearly $260 million, a year-end peak, it is a fund of eminently respectable size.

On its unique cover, FIF depicts carved in rock the Confucian admonition: "In all things success depends upon previous preparation. . . ." While the rebound in net asset value per share, to $4.39 at the close of the latest year from $3.76 a year earlier, indicates that there has been no little preparation by the FIF people, the counsel of Confucius is aimed at investors.

The report stresses preparation for meeting educative costs, planning for retirement, building an extra financial reserve and other wise uses of the mutual funds.

And just what are the folks who operate a mile above sea level reaching for these days and what have they already tucked away? And what, in this time of growing selectivity, have they disposed of?

Well, they've eliminated during the latest year their 35,000-share holding of Air Reduction, 22,000 shares of Braniff Airways, 30,000 Rock Island, 51,000 First Western Financial Corp., 21,500 FMC Corp., 9,200 Gulf States Utilities, 12,000 Hewitt-Robins, 18,000 International Harvester and 16,000 Kaiser Aluminum & Chemical. They also have eliminated their 6,900-share ownership of Louisiana Land & Exploration, 22,000 National Steel, 43,280 Sperry Rand, 3,100 Southwestern Life Insurance, 70,000 Sunray DX Oil and 18,000 United Utilities.

The foregoing points to a diversity of distastes. The Denver fund wasn't bearish on whole industries, for there was considerable buying of issues in the very industries where it had liquidated holdings. Thus, while it got rid of Braniff, it made new commitments in airlines: 59,000 shares of Pan American World Airways and 66,900 Delta Air Lines. Incidentally, the company also sold 49,000 shares of American Airlines, retaining 18,000. And while FIF was selling oils, it also was buying too, things like Socony Mobil, Standard of Jersey and Royal Dutch. But these were additions, not first-time commitments.

Interestingly, airlines (Pan Am and Delta) were the only new entries.

About 13% of its investments are represented by utilities, since the fund lumps in American Telephone with electric and gas companies. Another 10% is represented by second-favored category, the oils. The international giants are predominant.

In third place is the transportation group, largely airlines, although the railroads are represented: Southern Pacific, Union Pacific and Southern Railway.

No less than provincial New York and conservative Yankeeland, the mountaineers plainly have a predilection for quality.

The Funds Report

Broad Street Investing Corp. reports that at Sept. 30 net assets amounted to a record $283,615,335, up $60 million from a year earlier, and assets per share were put at $14.35, against $14.09 three months earlier and $12.88 at the start of this year.

* * *

Chemical Fund announces that on Sept. 30 net assets were $279.2 million, compared with $224.8 million a year earlier and $265.9 million on June 30, 1963. Net assets per share were $11.76 on Sept. 30, compared with $8.93 a year earlier and $11.07 at the middle of this year.

* * *

Diversified Investment Fund reports that at Aug. 31 net assets totaled $112,381,929, up from the $109,901,426 of three months earlier and $99,350,566 on Dec. 1, 1962, start of the fiscal year. Net asset value per share was $9.37 at Aug. 31, against $9.28 three months earlier and $8.54 at the start of the fiscal year.

* * *

Dominick Fund announces that it had total net assets of $41,983,329, equivalent to $22.79 a share, on Sept. 30. At June 30 assets were $41,005,917, equal to $22.26 a share. At the close of 1962, assets totaled $36,386,302 or, $20.23 a share.

* * *

General American Investors Co., Inc. reports that at Sept. 30 net assets totaled $65,903,847, or $31.85 per share of common stock. Net assets at Dec. 31, 1962, applicable to common, were $26.86 a share.

* * *

Net operating income, excluding net gains on sales of investments, of **Investors Diversified Services** and its wholly-owned subsidiaries increased 6% in the first nine months of 1963 and amounted to $13,603,402, or $9.36 a share, against $12,857,649, or $8.84 a share, for the same 1962 period.

Net gains of 18 cents per share from sales of investments were realized in the 1963 period, compared with $3.99 in the comparable 1962 period.

* * *

Institutional Investors Mutual Fund reports that at Sept. 30 net asset valuation reached $100.2 million, equal to $255.50 a share, compared with $94.3 million and $248.98 a share three months earlier.

* * *

Lazard Fund announces that at Sept. 30 net assets totaled $108,-100.068, or $16.78 a share. Share value at June 30 was $16.63 and at Sept. 30, 1962, it was $13.09.

* * *

National Investors Corp. reports that asset value per share was $15.64 at the end of September, up from $15.17 three months earlier and $13.86 at the start of the year. Asset value per share was $12.49 at Sept. 30, 1962. Net assets increased to a record $356,830,032, a 12-month gain of about $93 million.

* * *

Tri-Continental Corp. reports assets per common share at Sept. 30 were $56.90, against $55.13 three months earlier and $50.07 at Dec. 31, 1962. Twelve months earlier, assets per share were $44.07. Investment assets were $479,441,951 at Sept. 30, up $13,846,129 in the latest three months, and $48,-186,054 greater than the $431,255,-897 at the start of the year.

* * *

Value Line Fund reports that at Sept. 3 assets totaled $12,173,540, or $7.28 a share, against $7,897,-678, equal to $5.18 a share, a year earlier.

* * *

Value Line Special Situations Fund reports that at Sept. 30 assets totaled $18,329,484, or $3.20 a share, against $15,704,014, or $2.64 a share, a year earlier.

* * *

Value Line Income Fund reports that at Sept. 30 assets were $87,-069,241, or $5.35 a share, compared with $74,390,674, or $4.74 a share, 12 months earlier.

* * *

Whitehall Fund reports that at Sept. 30 net asset value per share was $13.79, an historic high, compared with the $12.79 at the start of the year and the $13.57 at June 30. Net assets of $15,567,607 also represented a new high, up from the $12,350,272 a year earlier.

Andresen & Co. To Admit Partner

Andresen & Co., 30 Broad Street, New York City, members of the New York Stock Exchange, on November 1st will admit Franklin S. DeBoer to partnership.

Joins F. L. Salomon

Sylvia Chaitowitz has become associated with F. L. Salomon & Co., 50 Broadway, New York City, members of the New York Stock Exchange, as registered representative.

Hertz, Neumark Office

NEWARK, N. J. — Hertz, Neumark & Warner have opened a branch office at 25 Academy St., with Henry Warner and Morton H. Bohrer, as resident partners in charge.

FROM WASHINGTON ... Ahead of the News

BY CARLISLE BARGERON

Senator Barry Goldwater, Republican Presidential possibility, is rapidly being pushed into a position similar to that of Senator Robert A. Taft in 1950, when the latter was considered to have the Republican 1952 nomination virtually locked up and he went to the convention in this position. The so-called liberals then went to work on him and, with about as dirty tactics as ever have been witnessed in this country, succeeded in defeating Taft and giving the nomination to General Eisenhower who responded a few months later by toying with the idea of an Eisenhower Party and did little or nothing thereafter to build up the GOP. At the Chicago convention a little group of Eastern liberals spearheaded a fight that Taft had come by his Southern delegates illegally. They recognized as delegates Democrats who had voted in the Democratic primary only a few months before. Their claim was that although Taft had rendered yeoman service to the party, and was looked upon as Mr. Republican, he could not be elected. They later admitted that they had no doubts about his ability to win but were afraid he would win and take the party back to the days of McKinley. Taft was smeared as an alleged isolationist.

This same sort of campaign is now being made against Senator Goldwater. Governor Rockefeller himself is leading this attack. He claims Goldwater's attitude toward the test ban treaty would wreck this country's foreign policy and in general his conservatism would take this country back to the gas light days. He launched his campaign in New Hampshire last week with this sort of an attack and received an ovation from his Dartmouth College friends which college he attended.

New Hampshire is looked upon as a key state in the primaries that are to come. Former Governor of the State Gregg is leading the Rockefeller forces and the Rockefeller money is flowing freely. Senator Norris Cotton is leading the Goldwater forces and they are just as well heeled financially. Mrs. Styles Bridges, widow of the late Senator is active in the Goldwater forces. The winner of this primary, to be held in March, will score quite a psychological success.

The anti-Goldwater forces are scanning for some ways and means to stop Goldwater and they will undoubtedly gang up on him before the convention. Just now they are trying to bring out Governor Rhodes of Ohio, Governor George Romney of Michigan and Governor William Scranton of Pennsylvania. But they seem more reluctant to get into the fray than ever. They are also beginning to mention the possibility that former Vice-President Nixon may run again, but his change of residence from California to New York would seem to preclude that possibility.

California, Nixon's native state, seems to be pretty much in the bag for Goldwater. Governor Rockefeller was supposed to have invaded it this week but the indications are that, if the Presidential primary were held tomorrow, he would lose to Senator Goldwater by 2 to 1.

Goldwater organizers, led by former Senator Knowland, are bustling all over the State forming committees in each of its 58 counties, echoing the former Senate Majority leader's claim of a first ballot nomination of the conservative idol.

Governor Rockefeller has no visible support in California. No backers have come forward, nor does an organization exist. The Governor does not dare to risk a rally in either North or South in his 2½-day visit. In fact, the excursion has been planned with an eye to avoiding any comparison with the box-office appeal of Senator Goldwater who has just ducked into the State for appearances in San Bernardino.

Senator Goldwater, on Sept. 16, drew 40,000 screaming partisans into the Los Angeles Dodger Stadium. Such Los Angeles party officials as are still neutral suggested Governor Rockefeller hold a gathering that can accommodate 3,000. Some Rockefeller staff members came out, cased the place, and turned it down. Governor Rockefeller's schedule both here and in San Francisco features non-partisan speeches or Party receptions for no more than several hundred.

McDonald Adds Grant Brownell

DAYTON, Ohio—The business of Grant Brownell & Co., Dayton investment house, has been acquired, as of Nov. 1, 1963, by McDonald & Company of Cleveland, according to an announcement by the two firms.

The Dayton company was organized in 1937 by Richard H. Grant, Jr. and John R. Brownell, Jr. The controlling interest in Grant Brownell was acquired by D. L. Rike & Co., Dayton, during the past year and the acquisition by McDonald & Company reflects the trend of the time to consolidations in the investment field.

It is expected that the entire personnel of Grant Brownell will be retained. Eugene A. Bohlander, who has been President, will continue as manager of McDonald & Company's Dayton office and John R. Brownell Jr. will continue his association with the Dayton organization. Dale Nash, now McDonald & Company's Dayton representative, will also continue as a representative in the Dayton territory.

Headquarters will be at the Grant Brownell offices in Winters Bank Building.

McDonald & Company, which was organized in 1922, is a member of the New York, American and Midwest Stock Exchanges and does a general investment and brokerage business, including the underwriting and distribution of Municipal and Government Bonds and corporate bonds and stocks. In addition to its Cleveland headquarters and the Dayton office, there are 15 other offices throughout Ohio.

As We See It

Continued from page 1

Quite obviously this need not be. The Administration, and by plain inference the controlling elements in the Democratic party, are on record as followers of doctrines which simply must not become firm policies of this nation. On numerous occasions there have been official outgivings which leave no room for doubt about the basic ideas in vogue in Administration circles whatever it may decide to settle for in Congress. These notions should be quite explicity and realistically condemned by the opposition. That condemnation should moreover be explicit and be translated into specific programs to replace whatever it is that the Administration and its supporters advocate to give effect to its fallacious notions of good statesmanship. For one thing, no Administration and no government could well be more fully a neo-Keynesian worshiper of staggering budgetary deficits as a means of promoting prosperity and growth in industry and trade.

It is, of course, not enough for the opposition within or without the President's party to condemn or to refuse to accept programs for pushing this idea to full realization. If we are not to go on indefinitely to have staggering deficits in the public accounts we must either resign ourselves to even heavier taxes than now overburden us all, or else reduce expenditures. Of course, heavier taxes are hardly appealing to anyone, certainly not the politician. And if we are to propose reduction in expenditures, it will not do merely to talk about lower outlays. Those who wish to gain the support of intelligent and informed elements in the population must make it clear what outlays they would reduce and do so after the manner of the English in straight-flung words and few.

Not Conceded

It must not be conceded even by implication that material reductions in governmental outlays are "out of the question" or that all these programs, the actual cost of which is often very difficult to determine from the figures given to the public, are "untouchable." We have entirely too much of this essentially politician's tendency to suppose that this, that, and the other element in the population must be perpetually subsidized or that to reassert some of the basic principles of prudent management of public affairs is the equivalent of "turning the clock back." Nor is the evil of reckless spending of the taxpayers money confined to the Federal Government. In some directions the states and municipalities are even worse offenders than the national government. The outlays of government for goods and services as compiled by the Department of Commerce in the national accounts rose to $117 billion in 1962 from $28 billion in as recent a year as 1947.

Of this all but incredible increase of some $89 billion, some 42 billion occurred in what is a classified by the Department of Commerce as "national defense." If this latter rise is "untouchable"—as we much doubt—there is left some $47 billion that are not included in and presumably not related to the defense of our country. Of this latter amount, nearly $5 billion is Federal Government and $42 billion is chargeable against state and local governments. Now it seems to us to be little less than absurd to suggest that nothing can be done to relieve the taxpayers of some of this burden, and a substantial part of it at that. Let it not be forgotten that next year's voting will have to do with state and local as well as national affairs. The urgent problem of getting our fiscal house in order must be attacked on both fronts.

Continue to Mount

Nor has there been the slightest evidence of any effort, certainly no successful effort, to alter this course of events or even to reduce the rate of progress in public profligacy. There has been an increase of some $20 billion since 1959 in total government expenditures for goods and services and an increase of about $2 billion in nondefense Federal spending and—God save the mark—of over $11 billion in state and local spending. Now it simply will not do merely to say that this extravagance must come to an end. The voter must be told by those who wish to oppose this drift toward bankruptcy what category of outlays is to be cut back. It will not do to say that some of these increases are really untouchable — such, for example, as interest on mounting debt or obligations already incurred in good faith in a number of directions where nothing of the sort really should ever have been instituted. There are plenty of other categories where large saving could be effected—provided the voters can be convinced of the necessity of doing so even at the direct expense of some of the subsidized elements in the community.

Of course, there is still time enough for the opposition to prepare and present such proposals. Agriculture, various public construction programs, numerous and expensive programs of regulation and control of the activities of the citizens of the country are, of course, perfectly available categories for such economies. And, let it not for a moment be forgotten that there are very large and growing contingent liabilities of the Federal Government which do not reveal themselves in ordinary budgetary figures, or any other figures now given to the public. Ordinarily there is a tendency when voting is imminent to wince and relent and refrain. Let there be less of it this time.

Chicago Brokers Elect Officers

CHICAGO, Ill.—Emmett R. Holyfield, registered representative, Hornblower & Weeks, has been elected president of Stock Brokers' Associates of Chicago for the 1963-4 year. He succeeds Edward E. Chrobot, an associate of Lehman Brothers.

Other new officers of the organization, which includes 200 representatives of 50 Chicago area investment banking and brokerage firms, are vice president Donald L. Calvin, attorney, Francis I. duPont & Co., secretary Robert A. Riley, retail sales manager, Merrill Lynch, Pierce, Fenner & Smith Inc., and treasurer Gerald A. Horwitz, registered representative with Bache & Co.

Stock Brokers' Associates of Chicago is a chapter of the National Association of Investors' Brokers.

Phila. Inv. Association To Hear at Meeting

PHILADELPHIA, Pa.—John W. A. Buyers of the Bell Telephone Company of Pennsylvania, will be guest speaker at a luncheon meeting of The Investment Association of Philadelphia to be held Friday, October 25, at The Engineers Club, Philadelphia.

Mr. Buyers' subject will be "The Profit Potential of Space Communications."

Samuel R. Roberts of Schmidt, Roberts & Parke, is in charge of arrangements.

Phila. Inv. Women

PHILADELPHIA, Pa. — The Investment Women's Club of Philadelphia will hold a meeting Oct. 28th at 5:30 p.m. in the Concourse Conference Room of the Philadelphia National Bank. Miss May A. Naylor, senior investment officer of the First Pennsylvania Company, will discuss the Drug Industry.

BANK AND INSURANCE STOCKS

This Week — Bank Stocks

THE FIRST NATIONAL BANK OF BOSTON—

Price	Dividend	Yield	Earnings	Price/Earnings Ratio
88 (Bid)	$3.40	3.86%	5.50	16.0x

At a time when bank stock prices are historically high in relation to earnings and are also returning little in terms of dividends, it is difficult to select the banks with good investment value. As short a period as two years ago it was not difficult to find a return of 4% on bank stocks. As a rule, however, investment in either smaller banks or in banks which were not deemed as growth banks, was necessary. The major banks at that point which would provide yield to the investor were (as a class) in Philadelphia. Philadelphia banks at the present time are not providing the 4% yield—as a matter of fact, from time to time they have returned little more than 3½%. Due to the static deposit position of the Third Federal Reserve District, Philadelphia banks have been regarded as non-growth but yield bank stocks. In view of the recent denial of merger by the Justice Department it does not appear that Philadelphia banks will provide this factor.

One bank which has not appreciated in terms of declining yield or increasing price-earnings ratio, but to the contrary is now more of a yield vehicle—than in the past—is The First National Bank of Boston. Although earnings are off slightly for the year 1963 it would appear that the uptrend in earnings would continue in 1964 in view of the favorable outlook for interest rates. The current yield of close to 4% is unusually attractive, particularly in view of the lower yield attainable from this stock over the past several years. Historically, dividends are high and even though no increase is expected here, the capital position of the Bank is unusually strong and with some slight uptrending in earnings, further favorable dividend increases are expected.

The First National Bank of Boston is the largest commercial bank in New England and one of the oldest. The Bank provides both domestic and foreign banking services with 34 offices in the United States, six in Argentina, four in Brazil and offices also in London and Paris. Although amelioration is not expected in regards to branching in Massachusetts, past agitation and the current endeavors of the Comptroller of the Currency could in time permit this institution to become a statewide bank. Through holdings in the Baystate Corp. merger or further acquisition of both suburban and Western Massachusetts banks is readily possible.

In addition, The First National has a Small Business Investment Corp. which is growing rapidly and also an affiliated organization, the Old Colony Trust Co., which has assets, under investment supervision, estimated to exceed those of the Bank itself. With a new Computer Center it is expected that this Bank will be able to compete most favorably in the consumer and instalment fields. This area obviously is the most profitable long-term area for banking.

With the qualification of legality for savings banks and adequate savings bank money available for investment it would appear that this Bank might be an interesting long-term investment. Also, the yield as indicated, is well above that of the average for the Dow-Jones 30 Industrial stocks. Further long-term favorable dividend treatment appears likely, particularly in view of the earnings outlook for 1964.

GROWTH
(In Thousands)

Year End	Deposits	Capital Funds Excluding Reserves	Capital Funds As % of Deposits	Net Operating Earnings	Dividends As % of Earnings
1962	$1,692,446	$213,168	12.6%	$21,987	54.6%
1961	1,730,322	204,688	11.8	21,941	49.8
1960	1,615,190	195,128	12.1	22,080	47.6
1959	1,606,880	185,054	11.5	20,422	45.3
1958	1,652,889	173,376	10.6	18,210	50.8

	Per Share Figures*		
	Net Operating Earnings	Cash Dividends Declared	Book Value
1962	$5.50	$3.00	$53.29
1961	5.49	2.72	51.17
1960	5.52	2.63	48.78
1959	5.11	2.31	46.26
1958	4.55	2.31	43.84

*Adjusted for stock dividends.

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Philadelphia Electric Company

Philadelphia Electric, with revenues of $307 million per annum, serves the city of Philadelphia and adjacent territory with electricity, gas and steam. Power is also supplied for the electrified lines of the Pennsylvania Railroad, the Reading Company, Philadelphia Transportation and Philadelphia Suburban Transportation. Revenues are about 82% electric, 15% gas and 3% steam; the electric revenues are about 35% residential, 20% commercial and 8% transit and miscellaneous. A spin-off of the company's gas business was proposed by a committee for an independent Philadelphia suburban gas company, but after a study by Commonwealth Associates Inc., the company rejected the idea.

The Philadelphia area has such diversified industries as steel, ship building, machinery, foods and oil. It is also becoming an important research center with a number of factories and laboratories built by leading companies in the computer, electronics, space, biological and chemical fields. Philadelphia is in the midst of an urban redevelopment program similar to those of some other large cities.

System generating capability approximates 3,577,000 kw compared with last year's peak load of 2,858,000 kw. A 240,000 kw plant is scheduled for installation next year, and in 1966 the initial 200,000 kw unit of a new pumped-storage plant should be ready. Preliminary work has already started on the Muddy Run pumped-storage hydro station to be located twelve miles north of Conowingo dam. With an ultimate capacity of 800,000 kilowatts, this plant and Conowingo will be operated as a co-ordinated peak power installation.

Construction expenditures last year were $59 million and for the five years 1953-57 are budgeted at $478 million or an average of nearly $96 million a year. About half of the required funds will be generated internally. The equity ratio in recent years has approximated 38% (including a small issue of preference common stock). It appears unlikely that equity financing will be required for some time.

Philadelphia Electric has joined 17 other electric utility companies in a $350 million construction program, which will include the building of two mine-mouth power plants with a combined capacity of over 2,100,000 kw, together with a 600-mile grid of 500,000-volt transmission lines which will tie together the major power systems in the Eastern Middle Atlantic area and permit transmission of economical power to load centers in this region. The new transmission lines will also make possible the flow of large amounts of power to and from the West. The transmission network and the first generating plant are scheduled for completion by 1967.

Philadelphia Electric has improved its operating efficiency through construction of large new generating plants. In 1962 the average btu per kwh was 10.100 compared with 12,100 for Consolidated Edison, 12,200 for Duquesne Light, and 11,700 for Pennsylvania Power & Light. The Eddystone Plant will produce 1 kwh from only 63/100ths of a pound of coal, making it the world's most efficient power plant, with a heat rate of 8,588 btu's per kwh.

Like other big city utilities Philadelphia Electric's growth has not been as rapid as for utilities serving cities of smaller size. Revenues have increased from $187 million in 1953 to the recent $307 million, a gain of 64%. However, a record volume of new business was signed last year which is expected to produce about $17 million a year additional revenues. A steel plant has contracted for delivery of 5.5 billion cf of natural gas annually and another steel producer has agreed to take power to supply a second electric arc melting furnace of 25,000-kva capacity. The city's rehabilitation program is also a favorable factor. The first all-electric apartment house, a 14-story structure with 137 apartments, was opened recently; it uses electricity exclusively for space heating, air-conditioning and all other residential requirements.

The company is having a good year this year reflecting favorable weather and improving industrial conditions. The very cold weather last winter resulted in record demands for gas and steam. Also, hot weather in June resulted in a big air conditioning demand, with the largest electric sales for any one week. Also the large volume of new industrial business mentioned above is being reflected in 1963 operations. With the aid of a larger credit for interest charged to construction earnings for the 12 months ended July 31 were $1.70 compared with $1.56 in the preceding 12 months.

The company uses flow through for tax savings resulting from the use of accelerated depreciation. However, the saving in taxes resulting from the 3% investment credit are offset by an equal charge against income.

In the calendar years 1961-2 Philadelphia Electric earned 6.4% on year-end net plant account, the highest return in some years. Presumably the rate this year was somewhat higher, and as a result, the company has taken a rate cut.

It recently filed new rate schedules with the Pennsylvania PUC calling for net reductions of $7,500,000 annually. It was indicated that about $4,400,000 of the rate reduction would be offset by lower shipping costs from the special trains introduced last spring, which carry only coal and move large shipments directly from coal fields to local power plants. Some $3,100,000 in savings would also result from increased operating efficiency from new plants and other improvements. The Public Utilities Commission of Pennsylvania recently approved rate reductions of about $4,886,000 a year for 382,000 customers and a rate increase of $1,776,000 a year for 74,000 customers, effective Oct. 15; the net reduction would be $3,110,000.

The stock has been selling recently around 34 or about 20 times earnings. It pays $1.32 to yield 3.9%. The company's record of share earnings has reflected moderate growth, the present earnings of $1.70 comparing with $1.18 in 1953. Part of the gains of recent years are accounted for by the flow through of tax savings, however.

Chicago Musical Instrument Co., Common Offered

Public offering of 190,000 common shares of Chicago Musical Instrument Co., is being made by an underwriting group headed by Smith, Barney & Co., Inc., New York. The stock is priced at $25 a share.

Of the shares offered, 50,000 represent new financing by the company and 140,000, a sale by certain stockholders. Part of the net proceeds of the shares offered by the company will be used to enlarge the Lincolnwood executive offices, and the balance of the proceeds, together with other funds, will be applied to expansion of the company's production facilities.

One of the purposes of the offering is to broaden the distribution of the company's common stock, which is now traded in the over-the-counter market, in order to qualify it for listing on the New York Stock Exchange.

The 43-year-old company is both a manufacturer and a distributor of musical instruments and accessories. Chicago Musical Instrument occupies a unique position in the industry in that it knows of no other large-scale distributor of musical instruments to retailers on the North American continent with as broad or diversified a group of products.

The company's principal products include Lowrey electronic organs, Story & Clark pianos, Gibson and Epiphone guitars and electronic amplifiers, Olds band instruments, the Cordovox — a new type of musical instrument which combines a piano accordion and an organ-accordion and violins. In July, 1963, a line of Lowrey pianos and a line of Story & Clark organs were introduced to the trade and shipments of these new lines are expected to begin before the end of the year. The company's products are sold by more than 5,000 dealers throughout the United States and Canada, as well as abroad.

In the fiscal year ended June 30, 1963, the company's consolidated net sales were $36,066,810, and consolidated net income was $2,392,566.

Halle & Stieglitz Appoint

MAPLEWOOD, N. J. — Paul E. Barr has become associated with the Maplewood office of Halle & Stieglitz, 1808 Springfield Avenue, as associate manager.

Hornblower & Weeks Br.

SAN DIEGO, Calif.—Hornblower & Weeks has opened a branch office at 770B Street under the management of James J. Marechal, Jr.

Sparks Branch

TOMS RIVER, N. J. — J. W. Sparks & Co., have opened a branch office at 75 West Locust Street, Highway 37, under the management of Thomas M. MacIntosh.

NEWS ABOUT BANKS AND BANKERS

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

Election of Roger Maynard and William G. Stott as Senior Vice-Presidents of **Morgan Guaranty Trust Company of New York** was announced Oct. 18 by Henry C. Alexander, Chairman of the Board.

Both officers were formerly Vice-Presidents, co-heading the Bank's corporate research department. Mr. Stott continues to head corporate research, and Mr. Maynard is now assigned to the trusts and investments division, where he is deputy to Longstreet Hinton, Executive Vice-President.

* * *

Henry T. Knittel and Herbert L. Nicolson have been promoted to Assistant Vice-Presidents of the **Chase Manhattan Bank**, it was announced yesterday.

Mr. Knittel is in the pension trust division and Mr. Nicolson is in the brokers loan operations section.

Appointed Assistant Treasurers were Norman W. Ashton, who is in the training and communications section, and John T. Magnier, who is in the brokers loan administration section.

Other appointments were those of Ernest J. Grosse and Josephine McCaffery as Assistant Staff Counsels; Richard J. Durning, Philip O. Molter and Owen K. Owen as real estate appraisal officers; and Oswaldo Clavijo as Assistant Manager in the Christiansted, Virgin Islands, branch.

* * *

Theodore C. Bothmann has been promoted to Trust Officer of **Chemical Bank New York Trust Company, New York**, it was announced Oct. 21 by Harold H. Helm, Chairman. Mr. Bothmann is with the Bank's Personal Trust Department at 100 Broadway.

* * *

Directors of the **Bank of Commerce, New York**, elected William J. Schuiling, President and Walter E. Kolb, Chairman.

Mr. Schuiling, who succeeds Mr. Kolb as President, was formerly President of the **Old Kent Bank and Trust Company of Grand Rapids, Mich.**

Mr. Kolb succeeds Arthur J. Morris who will continue as Honorary Chairman and Chairman of Executive Committee. Mr. Kolb continues as Chief Executive Officer.

The appointment of Eyston L. Anderson as Vice-Chairman was also announced.

* * *

Ruth P. Ullmann has been appointed public relations representative of **Manufacturers Hanover Trust Company, New York.**

* * *

The Commercial Bank of North America plans to increase its capital funds by approximately $3,650,000 through the sale of $2,250,000 of 5¼% income debentures maturing in 1970 and 45,617 shares of capital stock of $5 par value, G. Russell Clark, Chairman, announced Oct. 22. Rights to subscribe to the new stock will be issued to existing shareholders in the ratio of one share for each 17 shares now held.

A special meeting of the stockholders will be held to act on the plan Oct. 30.

* * *

THE CORPORATION TRUST COMPANY NEW YORK

	Sept. 30,'63	June 29,'63
Total resources	$5,798,425	$5,909,614
Deposits	1,511,733	1,613,028
Cash and due from banks	3,312,027	3,285,807
U. S. Government security holdings	597,947	600,288
Undivided profits	963,446	975,679

* * *

The Atlantic Bank of New York elected John W. Harriman a Director.

* * *

The Kings County Trust Company, Brooklyn, N. Y. has called a special meeting of its stockholders for Oct. 28 to authorize an increase in the par value of its capital stock from $10 to $15 per share and to authorize the issuance of 13,976 shares of new capital stock at $15 par value.

* * *

The Tappan Zee National Bank, Nyack, N. Y. elected Thomas F. Mahoney, Vice-President.

* * *

The State Street Bank and Trust Company, Boston, Mass., has announced the election of Garrison A. Southard, Jr. as Vice-President in the Corporate Trust Transfer Division.

The Board also announced the appointment of Richard W. Stokes, as Assistant Vice-President in Corporate Trust Transfer Division.

Also promoted were Albert E. Waitt, Sr. of Hamilton, Mass., to Assistant Vice-President in the Instalment Loan Dept.; Richard B. O'Meara to Assistant Treasurer in the Investment and Financial Planning Division and James F. Lordan of Medford to Assistant Treasurer in Depositors' Service Division.

* * *

The Comptroller of the Currency, James J. Saxon on Oct. 18 approved the application to consolidate **The Monmouth County National Bank, Red Bank, Red Bank, N. J.,** and **Long Branch Trust Company, Long Branch, New Jersey.**

* * *

The Philadelphia National Bank, Philadelphia, Pa. elected S. Robt. Conkling and Thomas C. Hughes, Vice-Presidents.

* * *

Henry C. Flood, Jr. has been elected a Vice-President, Trusts, of the **Pittsburgh National Bank, Pittsburgh, Pa.**

* * *

Robert D. Black was elected a Director of the **Fidelity and Deposit Company of Maryland, Baltimore, Md.**

* * *

The Comptroller of the Currency, James J. Saxon on Oct. 21 announced preliminary approval of application to organize a new national Bank in Virginia, in Albemarle County, with the title, **Monticello National Bank,** with an initial capitalization of $750,000.

* * *

Willard I. Webb, III, on Aug. 18 was elected Executive Vice-President and Director of **The Ohio Citizens Trust Company, Toledo, Ohio.**

Mr. Webb has served as Vice-President of Ohio Citizens since 1958. He joined the Bank as a commercial loan teller in 1947, after graduation from Williams

College with a business administration degree. Later he served in the Credit Department. In 1952 he was elected Assistant Secretary. Three years later he was made Assistant Vice-President.

In his new position, Mr. Webb will continue to head the correspondent division and industrial development division, and will remain active in commercial loan and branch office development fields. He also will assume new administrative duties.

Mr. Webb is a leader of many banking industry, civic and charitable organizations.

In March of this year, Governor James A. Rhodes appointed him to the Banking Advisory Board of the State of Ohio. Since 1959 he has been legislative committee member for the Ohio Bankers Association, and he served as a Director of the Toledo Area Conference, National Association of Bank Auditors and Comptrollers. Mr. Webb is a member of the American Institute of Banking.

* * *

The Comptroller of the Currency, James J. Saxon on Oct. 22 rescinded his Aug. 9, 1963, approval of the application of the **Calumet National Bank of Hammond, Ind.,** and the **Mercantile National Bank of Hammond,** to consolidate.

His action followed a request by the boards of directors of the two Banks, which held special meetings in Hammond on Oct. 22.

* * *

Edward Byron Smith, was elected Chairman and Chief Executive Officer of **Northern Trust Co., Chicago, Ill.** He succeeds his father, Salomon A. Smith, who resigned as Chairman but will continue as a Director and Honorary Chairman.

Salomon Byron Smith, Vice-Chairman was made Chairman of the Executive Committee.

* * *

Salomon A. Smith, Honorary Chairman of the **Northern Trust Company, Chicago, Ill.** died Oct. 20 at the age of 86.

Mr. Smith, who started with Northern Trust as a messenger in 1900, resigned last Tuesday as active Chairman.

* * *

The National Bank of Detroit, Detroit, Mich. elected Dwight L. Stocker, a Director.

* * *

The Comptroller of the Currency, James J. Saxon on Oct. 18 announced preliminary approval of an application to organize a new National Bank in urban Augusta, Georgia.

The Bank which will have an initial capitalization of $300,000, is to be known as **Southgate National Bank of Richmond County** and will be located in the Southgate Plaza Shopping Center on Fort Gordon Highway just outside the city limits of Augusta.

* * *

The Comptroller of the Currency, James J. Saxon on Oct. 18 announced preliminary approval of an application to organize a new National Bank in Birmingham, Ala. to be known as the **American National Bank of Birmingham** and will have an initial capitalization of $600,000

* * *

The Comptroller of the Currency, James J. Saxon on Oct. 18 announced preliminary approval of applications to organize new National Banks in Texas, at Corpus Christi, with the title, **Gulfway National Bank of Corpus Christi**, with an initial capitalization of $500,000, and at Wichita Falls, with the title, **Southwest National Bank of Wichita Falls**, with an initial capitalization of $500,000.

* * *

The Comptroller of the Currency, James J. Saxon on Oct. 18 approved the application by **The Fidelity National Bank of Twin Falls, Idaho**, to purchase the assets and assume the liabilities of **The Hazelton State Bank, Hazelton, Idaho,** effective on or after Oct. 25.

* * *

The Comptroller of the Currency, James J. Saxon on Oct. 18 approved the application of **The Idaho First National Bank, Boise, Idaho,** to purchase the assets and assume the liabilities of **Largilliere Company Bankers, Soda Springs, Idaho.**

* * *

The Comptroller of the Currency, James J. Saxon on Oct. 18 announced preliminary approval of an application to organize a new National Bank in California, at Woodland Hills, with the title, **Oakwood National Bank,** with an initial capitalization of $1,000,000.

* * *

Stewart T. Strathy, now General Manager of the **Bank of London & Montreal Ltd., Nassau, Bahamas,** has been appointed an Assistant General Manager at the head office of the **Bank of Montreal, Montreal, Canada,** according to an announcement today by G. Arnold Hart, President and Chief Executive Officer.

Concurrently, Sir George Bolton, K.C.M.G., Chairman of BOLAM, announced the appointment of Dennis Mitchell as General Manager of the Bank to succeed Mr. Strathy.

NYSE Exams for Branch Mgrs.

Keith Funston, President of the New York Stock Exchange, has announced that prospective branch office managers for Exchange member organizations will be required to pass a qualifying examination after Nov. 1.

Keith Funston

The examination will parallel those required for new members and allied members of the Exchange, and for registered representatives, with emphasis on supervisory responsibilities. All new managers, co-managers, associate managers and assistant managers of member firm branch offices will be required to pass the test, in addition to meeting existing requirements for experience and integrity, before taking up their duties.

The new testing requirement is "the latest step in an Exchange program of several years' standing to strengthen standards of conduct and proficiency in its Community and to make more uniform the methods employed in seeking to maintain these standards," Mr. Funston added.

He noted that some of the Exchange's earliest self-regulatory moves were in this area, including a rule in effect since 1886 requiring registration with the Exchange of employees managing member firm branch offices, and an extensive code built up since then to cover operations at member firm home and branch offices.

In the last decade, Mr. Funston pointed out, shareowners have increased from 6.5 to 17 million and the volume of trading on the Exchange has nearly tripled also. In this time, the number of member firm main and branch offices has gone from approximately 1,800 to 3,400. The greatest growth here, Mr. Funston noted, has been in branch offices—from some 1,200 in 1953 to about 2,800 at present—to a great extent reflecting the spread of interest in stock ownership to all parts of the country.

Under Exchange rules, branch offices not managed by resident partners or voting stockholders of member corporations must be in charge of managers who at the time of their appointment have at least three years experience as registered representatives and are otherwise acceptable to the Exchange. Almost all new branch office managers are drawn from the ranks of registered representatives. The Exchange has had an examination requirement for registered representatives since 1936.

The Exchange has supplied member organizations with a study outline which describes the subject matter of the branch office manager examination and suggests methods of preparation for it. The test will be administered in a worldwide network of examination centers used for testing by the National Association of Securities Dealers, the New York Stock Exchange and the American Stock Exchange.

The office manager examination — about three hours long — will consist of multiple-choice and essay questions on a wide range of securities industry subjects, from corporate structure to rules of conduct and execution of orders. It will emphasize knowledge needed to handle situations and problems likely to arise in the day-by-day management of a branch office.

* * *

Earlier steps in the Exchange's program of strengthening management - supervision techniques and qualifications standards have included studies and spot checks in 1959 to develop methods of evaluating performance at member firm offices. These have led to a program of office visits and spot checks put into operation earlier this year, running parallel to the Exchange's long-standing program of visits for financial checks.

In 1960, Mr. Funston announced the start of work by Exchange staff members and outside consultants to tighten training and testing requirements. New and more detailed registered representative examinations were put into effect at the start of 1961. In January of this year, the Exchange instituted tests for new members and allied members (other general partners and voting stockholders of member organizations).

Now Proprietor

Edward Jeuther, Jr. is now sole proprietor of Edward Jeuther Jr. Company, 141 Broadway, New York City.

Francis & Murray Branch

NOVATO, Calif.—Francis & Murray, Inc. has opened a branch office at 912 Grant Avenue. Theodore A. Murray will direct the operation of the new office.

Nom. Committees for NASD Dists.

Nominating committees in the 13 NASD districts are in the process of selecting candidates for the board of governors and for the district committees to replace members whose terms of office are expiring. Following are the members appointed to the nominating committees in the various districts:

District No. 1 (Alaska, Idaho, Montana, North and South Dakota, Oregon and Washington) Chairman: Edward K. Easter of Dean Witter & Co. Members: D. C. Harper of William P. Harper & Sons & Co., Seattle; John A. Fagerstedt of Paine-Rice & Co., Spokane; and Dan V. Bailey of Harris, Upham & Co., and Charles N. Tripp, Jr., of Charles N. Tripp Co., both of Portland, Ore.

District No. 2 (California, Hawaii and Nevada) Chairman: Murray Ward of E. F. Hutton & Co., Inc., Los Angeles. Co-Chairman: A. E. Ponting of Blyth & Co., San Francisco. Members: Dwight C. Baum of Eastman Dillon, Union Securities & Co., and William T. Walker, Jr., of William R. Staats & Co., both of Los Angeles; Arthur N. Honig of Brush, Slocumb & Co., Inc., San Francisco.

District No. 3 (Arizona, Colorado, New Mexico, Utah and Wyoming) Byrd P. Crist of J. K. Mullen Investment Co., and C. Arthur Pettibone of Earl M. Scanlan & Co., both of Denver; Richard W. Muir of Schwabacher & Co., Salt Lake City; Joseph E. Refsnes of Refsnes, Ely, Beck & Co., Phoenix; and Allen Runyan of Arco Securities, Cheyenne.

District No. 4 (Kansas, Missouri, Nebraska and Oklahoma) Chairman: Elliot H. Stein of Scherck-Richter Co., St. Louis. Members: Clay E. Coburn & Blyth & Co., Kansas City, Mo.; Edward B. Kennedy of Kennedy Investments, Inc., Tulsa; Glenn L. Milburn of Milburn-Cochran & Co., Inc., Wichita; and M. J. Warren of Storz-Wachob-Bender Co., Omaha.

District No. 5 (Alabama, Arkansas, Louisiana, Mississippi and a part of Tennessee) Chairman: C. Homer Kees of Ducournau & Kees, New Orleans. Members: Clifford E. McCloy of Southern Securities Corp., Little Rock; Harry D. Allen of Merrill Lynch, Pierce, Fenner & Smith Inc., Memphis; T. Clyde Ulmer of Courts & Co., Birmingham; and William R. Barrow of Barrow, Leary & Co., Shreveport.

District No. 6 (Texas) Chairman: J. Ries Bambenek of Dallas Union Securities Co. Members: Frank Newton of Lentz, Newton & Co., and Robert Ayres of Russ & Co., Inc., both of San Antonio; and Fred G. Currey of Equitable Securities Corp., and Walter G. Sorenson of Rotan, Mosle & Co., both of Houston.

District No. 7 (Florida, Georgia, South Carolina and a part of Tennessee) Chairman: Roy F. Hunt, Jr., of Alester G. Furman Co., Inc., Greenville. Members: C. T. McCreedy of Goodbody & Co., Miami; Einer Nielsen of J. C. Bradford & Co., Nashville; Alexander Yearley, IV, of the Robinson-Humphrey Co., Inc., Atlanta; and Frank A. Chisholm of Varnedoe, Chisholm & Co., Inc., Savannah.

District No. 8 (Illinois, Indiana, Iowa, Michigan, Minnesota and Wisconsin) Chairman: Richard B. Walbert of Blyth & Co., Chicago. Members: J. Gordon Hill of Watling, Lerchen & Co., Detroit; T. C. Henderson of T. C. Henderson & Co., Inc., Des Moines; John D. McHugh, James J. McNulty & Co., Chicago; and Robert H. O'Keef of The Marshall Co., Milwaukee.

District No. 9 (Kentucky and Ohio) Frank B. Reid of Fulton, Reid & Co., Harvey L. Hawkins of Hawkins & Co., and Walter Carey of Ball, Burge & Kraus, all of Cleveland; Jack Greene of Greene, Ladd & Co., Dayton; and Leland A. Walters of Vercoe & Co., Columbus.

District No. 10 (District of Columbia, Maryland, North Carolina and Virginia) Chairman: Eugene H. Cassell of C. F. Cassell & Co., Inc., Charlottesville. Members: Walter W. Craigie, Sr., of Craigie & Co., Inc., Richmond; Jack A. Kolscher of George G. Shriver & Co., Baltimore; J. Nathan McCarley, Jr., of McCarley & Co., Inc., Asheville; and Edgar B. Rouse of Reynolds & Co., Washington.

District No. 11 (Delaware, Pennsylvania, West Virginia and a part of New Jersey) Chairman: Harold F. Carter of Hornblower & Weeks, Philadelphia. Members: James C. Chaplin of Chaplin, McGuiness & Co., and Ralph S. Richards, Jr., of Richards & Co., both of Pittsburgh; and Theodore C. Scheaffer of Janney, Battles & E. W. Clark, Inc., and Lawrence M. Stevens of Hemphill, Noyes & Co., both of Philadelphia.

District No. 12 (Connecticut, New York and a part of New Jersey) Chairman: George T. Flynn of Hornblower & Weeks. Members: (all of New York City) Charles L. Bergmann of R. W. Pressprich & Co., Allan J. Nix of Riter & Co., Blancke Noyes of Hemphill, Noyes & Co., and Clarence E. Unterberg of C. E. Unterberg, Towbin & Co.

District No. 13 (Maine, Massachusetts, New Hampshire, Rhode Island and Vermont); Chairman: Carleton H. Simmons of Hayden, Stone & Co. Members: Roscoe A. Hayes of Paine, Webber, Jackson & Curtis, J. B. Maguire of J. B. Maguire & Co., and Frederick H. Foster of Lee Higginson Corp., all of Boston; and Walter T. Burns of Burns, Barron & Co., Portland.

Phila. Secs. to Hear

PHILADELPHIA, Pa. — James Turner, vice president of Talon Incorporated, will be guest speaker at a luncheon meeting of the Philadelphia Securities Association to be held Wednesday, Oct. 30, at The Barclay Hotel.

Rubin Hardy of The First Boston Corporation, is in charge of arrangements.

Form Investor Services

MONTGOMERY, Ala. — Investor Services, Inc. has been formed with offices at 19 Molton Street to engage in a securities business. Officers are Leland S. Rolf, President; Robert R. Turnage, Executive Vice-President and Treasurer, and George P. Sweeney, Secretary.

Now Corporation

HOUSTON, Texas—Walter L. Vansickle, Jr., Inc., has been formed with offices in the First City National Bank Building, to continue the investment business of Walter L. Vansickle, Jr. Mr. Vansickle is President and Treasurer of the firm, and T. E. Richards is Secretary.

NSTA NOTES

ORCHIDS TO THE LADIES

Samuel E. Magid, President of Hill, Thompson & Co., Inc., New York City, continued his delightful custom of presenting all the ladies attending the National Security Traders Association with orchid corsages.

NSTA CONVENTION PHOTOGRAPHS

Copies of the photographs in the special NSTA Convention Supplement of today's issue of the CHRONICLE, taken at Colorado Springs, may be obtained direct from the photographer, Robert MacIntyre, The Broadmoor, Colorado Springs, Colo. Prints are two dollars each.

Attended the Convention At Colorado Springs

SECTION TWO of today's CHRONICLE is devoted to editorial and pictorial coverage of the 30th Annual Convention of the National Security Traders Association at Colorado Springs, Colo. Below is a list of those who attended the Convention:

ABELOW, HERBERT B.*
Mitchell & Company
New York City
ALEXANDER, JACK H.*
Turner-Poindexter & Co.
Los Angeles, Cal.
ALMON, ROBERT A.
Walker, Austin & Waggener
Dallas, Texas
ALTMAN, EDWARD F.
Stone, Altman & Company, Inc.
Denver
ANDERSON, ALFRED W.
Eppler, Guerin & Turner
Dallas, Texas
ANGELOS, GEORGE H.*
Chas. W. Scranton & Co.
New Haven, Conn.
ARTHUR, JOHN*
David A. Noyes & Co.
Chicago, Ill.
BABCOCK, CARROLL H.*
Piper, Jaffray & Hopwood
Minneapolis, Minn.
BADER, JACK*
First California Company
Portland, Ore.
BAKER, DAVID L.*
Merrill Turben & Co., Inc.
Cleveland, Ohio
BAKERINK, D. E.*
Paine, Webber, Jackson & Curtis, Los Angeles
BAMBENEK, J. RIES*
Dallas Union Securities Co.
Dallas, Texas
BARBIER, LESLIE
G. A. Saxton & Co., Inc.
New York City
BARKER, JOHN S.
Lee Higginson Corporation
New York City
BATEMAN, HOMER J.
Pacific Northwest Company
Seattle, Wash.
BAXTER, FRANK E.*
J. S. Strauss & Co.
San Francisco, Cal.
BAYER, JACK P.
A. G. Edwards & Sons
St. Louis, Mo.
BEALE, VERN
Quinn & Co.
Albuquerque, New Mexico
BECK, EDWIN L.
Commercial & Financial Chronicle, New York City
BEEBE, JAMES L.
Wm. R. Staats & Co.
Los Angeles, Cal.
BERTSCH, A. WILLIAM
G. A. Saxton & Co., Inc.
New York City
BIBB, J. LEWIS*
R. S. Dickson & Co., Inc.
Charlotte, N. C.

*Denotes Mr. & Mrs.

BIRKENMAYER, WILSON C.
Birkenmayer & Co.
Denver
BLACK, LAWRENCE S.
Black & Co., Inc.
Portland, Ore.
BODIE, CHARLES A.*
W. E. Hutton & Co.
Baltimore, Md.
BOEHMLER, ERWIN W.
Investment Bankers Association of America, Washington, D. C.
BOHRER, JOHN J.*
Chiles & Co.
Omaha, Neb.
BONHAM, JOHN A.
First Alabama Securities, Inc.
Montgomery, Ala.
BRACKEN, DANIEL S.*
United Funds, Inc.
Kansas City, Mo.
BREARLEY, ROBERT*
Wood, Gundy & Co., Inc.
New York City
BREWER, JAMES R.
John C. Legg & Company
New York City
BRODERSON, PETER J.
Burnham & Company
New York City
BROWN, JOHN R., Jr.
Ultronic Systems Corp.
New York City
BROWN, LEO E.*
Asiel & Co.
New York City
BROWNING, JEFF*
Goodbody & Co.
Dallas, Texas
BRUCK, H. MITCHELL*
Stein Bros. & Boyce
Baltimore, Md.
BRUNJES, GEORGE J.
Francis I. du Pont & Co.
New York City
BUCHANAN, PETER T.*
The First Boston Corporation
New York City
BULKLEY, LEWIS R.*
First Boston Corporation
New York City
BULLER, FRANK H.
Hickey & Co.
Chicago
BURKE, DAVID J.*
Blunt Ellis & Simmons
Chicago
BURNS, GENE*
Fusz-Schmelzle & Co.
St. Louis
BURNS, WALTER L.*
Baumgartner, Downing & Co.
Baltimore
BUTLER, E.*
CARBERRY, T. F.
Edwards & Hanly
Hempstead, N. Y.

CAYNE, MORTON A.*
Ledogar, Horner Co.
Cleveland
CHRISTIAN, EDGAR A.*
Suplee, Yeatman, Mosley Co. Incorporated, Philadelphia
COLEMAN, C. MERRITT
Allen & Company
New York City
COLIN, FRANK S.*
Merrill Lynch, Pierce, Fenner & Smith Incorporated, Chicago
COLLIER, PETER
Boettcher and Company
Pueblo, Colo.
COLWELL, SAMUEL F.
W. E. Hutton & Co.
New York City
CRUTTENDEN, JAMES R.*
Cruttenden & Co., Inc.
Chicago, Ill.
CUMMINGS, FRANK X.
Bear, Stearns & Co.
Chicago, Ill.
CURRY, THOMAS L.*
Stone & Webster Securities Corporation, New York City
DAINES, FRANK*
Hayden, Stone & Co., Inc.
New York City
DANIELSON, DOUGLAS
De SHONG, HAROLD E.*
Dallas Rupe & Son, Inc.
Dallas, Texas
DETJEN, CARLYLE L.
Cramer, Detjen & Co.
Phoenix, Ariz.
DIEHL ROBERT D.
Cruttenden & Co., Inc.
Los Angeles, Cal.
DISBRO, ROBERT M.*
Disbro & Co.
Cleveland, Ohio
DONAHUE, JOHN R.
Joseph, Mellen & Miller
Cleveland, Ohio
DOUGLASS, DONN C.
Brush, Slocumb & Co., Inc.
San Francisco
DUNN, GAMBOL J.*
Dunn & Taylor
New York City
DUVA, SAMUEL*
DWYER, DONALD R.*
Dominick & Dominick
Chicago, Ill.
EBLE, HOWARD
J. N. Russell & Co., Inc.
Cleveland
ELKAN, EDWARD*
Cowen & Co.
New York City
ELLIOTT, WM. H.
J. Barth & Co.
Los Angeles, Cal.
ELWELL, WILLIAM C.*
Loewi & Co. Incorporated
Milwaukee, Wis.
FAZIOLI, CLIVE B.*
White, Weld & Co.
Boston, Mass.
FISHER, CHARLES F.
National Quotation Bureau, Inc.
Chicago, Ill.
FitzGERALD, JOHN M.*
W. C. Pitfield & Co., Inc.
New York City
FLOTRON, FRANK E.*
E. I. Zoernig & Co.
St. Louis, Mo.
GAHAN, JAMES T.
E. F. Hutton & Co., Inc.
New York City
GAINES, LUDWELL G.*
B. C. Christopher & Co.
Kansas City, Mo.
GARCIA, RAYMOND B.*
J. M. Dain & Co. Inc.
Minneapolis, Minn.
GEARNER, GEORGE W.
First Southwest Company
Houston, Texas
GEDDES, JAMES I.
Bosworth Sullivan & Company, Inc., Denver
GILDENBERG, ROBERT*
New York City
GOLD, BENJAMIN*
Gold, Weissman & Frankel
New York City
GOLDWATER, BARRY, Jr.

GOODFELLOW, RICHARD F.
J. A. Hogle & Co.
Los Angeles
GOWEN, VINCENT M.*
Goldman, Sachs & Co.
New York City
GRANAT, FRANK, Jr.*
Hinton Jones Granat
Seattle, Wash.
GRAY, ALDEN
Goodbody & Co.
New York City
GREEN, HARRY*
Hecker & Co.
Philadelphia, Pa.
GREENBERG, ARNOLD*
Birkenmayer & Co.
Denver, Colo.
GREGORY, WM. H.
Gregory & Sons
New York City
GRIFFIN, KENNETH*
Hayden, Stone & Co.
Los Angeles, Cal.
GUNKEL, MARTIN*
P. F. Fox & Co., Inc.
New York City
HAGENSIEKER, EARL L.*
Reinholdt & Gardner
St. Louis, Mo.
HAGGERTY, JOHN P.*
Bosworth Sullivan & Company, Inc., Denver
HAHN, CHARLES W.
Scherck, Richter Co.
St. Louis, Mo.
HAHN, DANIEL C.*
Eddleman, Pollok & Fosdick
Houston, Texas
HART, MAURICE
New York Hanseatic Corporation, New York
HECHT, JOHN C.
Dempsey-Tegeler & Co., Inc.
Los Angeles, Cal.
HECHT, JOHN C., Jr.
Dempsey-Tegeler & Co., Inc.
Los Angeles, Cal.
HEINZE, GEORGE
Walston & Co., Inc.
New York City
HERSH, GEORGE
Albert Frank-Guenther Law Inc., Los Angeles
HILGER, D. M.*
Rauscher, Pierce & Co. Inc.
Dallas, Texas
HILL, JAMES A.*
Boettcher and Company
Denver, Colo.
HOWARD, LESLIE J., Jr.*
J. S. Strauss & Co.
San Francisco, Cal.
HUDEPOHL, HARRY*
Westheimer & Company
Cincinnati, Ohio
HUGHES, F. J.*
Clayton Securities Corporation
Boston, Mass.
HUNTER, WELLINGTON
Wellington Hunter Associates
Jersey City, N. J.
HUTTON, JOE E.*
Equitable Securities Corp.
Nashville, Tenn.
JABLONSKI, ROBERT A.*
A. I. Jablonski & Co.
Chicago, Ill.
JACOBS, SIDNEY
Sidney Jacobs Co.
New York City
JEFFERIES, B. L.*
KARMAN, ADRIAN*
Grant Brownell & Co.
Dayton, Ohio
KEENAN, ARTHUR J.*
St. Denis J. Villere & Co.
New Orleans, La.
KEHNE, R. L.*
Birr, Wilson & Co., Inc.
San Francisco, Cal.
KEITH, SCOTT
Schneider, Bernet & Hickman, Inc., Dallas, Texas
KELLY, EDWARD J.*
Carl M. Loeb, Rhoades & Co.
New York City
KENNEDY, B. F.*
Bosworth Sullivan & Company Inc., Denver, Colo.
KENNEDY, SAMUEL M.*
Yarnall, Biddle & Co.
Philadelphia, Pa.

KIERNAN, RAYMOND J.*
Merrill Lynch, Pierce, Fenner & Smith Inc., New York City
KNOB, J. EDWARD*
Drexel & Co.
Philadelphia, Pa.
KOCH, OTTO J., Jr.
The Marshall Co.
Milwaukee, Wis.
KOERNER, STAR C.
F. S. Moseley & Co.
Chicago, Ill.
KOSTERMAN, PETE*
E. I. Hagen & Co., Inc.
Portland, Ore.
KRASOWICH, JOSEPH D.*
Gregory & Sons
New York City
KRUMHOLZ, NATHAN A.*
Ogden, Wechsler & Krumholz
New York City
KUPFER, HAROLD L.*
Sanders & Company
Dallas, Texas
LANE, PAUL J.*
Kidder, Peabody & Co.
New York City
LARKIN, THOMAS A.
Goodbody & Co.
New York City
LATHROP, GILBERT*
W. E. Hutton & Co.
Boston, Mass.
LATINOVICH, GEORGE M.
Bateman, Eichler & Co.
Los Angeles, Cal.
LATSHAW, JOHN M.*
E. F. Hutton & Company, Inc.
Kansas City, Mo.
LEE, N. CLAYTON
United Securities Co.
Greensboro, N. C.
LEVINE, HOWARD S.*
Doyle, O'Connor & Co.
Chicago, Ill.
LISTON, CORWIN
Prescott & Co.
Cleveland, Ohio
LOOMIS, PHILIP A.
Securities & Exchange Commission, Washington, D. C.
LOTHROP, GILBERT M.*
W. E. Hutton & Co.
Boston
LUCE, MILTON, Jr.
Luce, Thompson & Company
Kansas City, Mo.
LYNCH, PHIL
Francis I. du Pont & Co.
Chicago, Ill.
MacINTYRE, PATRICK N.
P. N. MacIntyre Co.
Los Angeles, Cal.
McALEER, GEORGE R.*
Dominick & Dominick
New York City
McATEE, JAMES J.*
Butcher & Sherrerd
Philadelphia, Pa.
McCULLEY, C. RADER*
First Southwest Company
Dallas, Texas
McCUE, JOHN A.*
May & Gannon, Inc.
Boston, Mass.
McFARLAND, Dr. KENNETH
General Motors
Topeka, Kan.
McGINTY, JOHN P.*
McDonald & Company
Cleveland, Ohio
McKINNEY, MUNSON*
Almon, McKinney & Dudley, Inc., Dallas, Texas
McLOUGHLIN, WM. L., Jr.*
Blyth & Co., Inc.
San Francisco, Cal.
MAGID, SAM E.
Hill, Thompson & Co., Inc.
New York City
MAHONEY, C. D.*
C. D. Mahoney & Co.
Minneapolis, Minn.
MARCUSSON, AL
Investment Dealers' Digest
New York City
MARKHAM, EDWIN J.
Dempsey-Tegeler & Co., Inc.
New York City
MARSH, WILLARD H.*
Denver U. S. National Bank
Denver, Colo.

*MAY, THOMAS C., Jr.**
Sanders & Company
Dallas, Texas

MELL, HERMAN G.
Smith, Barney & Co.
Chicago, Ill.

MESLER, MYRON
George K. Baum & Co.
Kansas City, Mo.

*MEYERS, JOHN J.**
John J. Meyers & Co.
New York City

*MOLLOY, PETER E.**
White, Weld & Co.
New York City

*MORFORD, JAMES**
Hughbanks, Inc.
Seattle, Wash.

*MORIARTY, JAMES F.**
W. E. Hutton & Co.
Cincinnati, Ohio

MORRIS, RAYMOND A., Jr.
Stroud and Company,
Incorporated, Philadelphia, Pa.

MORTON, ROALD A.
Blue List Publishing Co.
New York City

*MULLIN, FRANCIS J.**
Parker Corp.
Boston, Mass.

*MURRAY, FRANK J.**
Laird, Bissell & Meeds
New Haven, Conn.

*MUSEKAMP, GEORGE H.**
G. H. Musekamp & Co.
Cincinnati, Ohio

*NEELY, ORVILLE C.**
Merrill Lynch, Pierce, Fenner & Smith Inc., Denver, Colo.

*NELSON, GARY**

NEVINS, JOHN R.
Lester, Ryons & Co.
Los Angeles, Cal.

NIEMAN, BARNEY
Carl M. Loeb, Rhoades & Co.
New York City

O'HARA, DANIEL F., Jr.
Cowen & Co.
New York City

*O'ROURKE, JOHN**
J. P. O'Rourke & Co.
Chicago, Ill.

*OLIVER, ALLEN L.**
Sanders & Company
Dallas, Texas

*OLWELL, GERALD P.**
Walter B. Delafield & Co.
New York City

*ORLOFF, HARRY**
Troster, Singer & Co.
New York City

*OSTRAU, BERTRAM M.**
Garvin, Bantel & Co.
New York City

PARSONS, ROBERT
Parsons & Co. Inc.
Cleveland, Ohio

PATTON, WM. J.
Scantlin Electronics, Inc.
Mill Valley, Cal.

PAULEY, MILTON
Troster, Singer & Co.
New York City

*PEARSON, HAROLD**
A. G. Edwards & Sons
Dallas, Texas

*PEDRICK, PARKS B.**
Howard, Weil, Labouisse, Friedrichs & Company
New Orleans, La.

*PETERSEN, DAVID R.**
Walston & Co., Inc.
Los Angeles, Cal.

PHILLIPS, CALVIN
Boettcher and Company
Rocky Ford, Colo.

*PHIPPS, PRESTON L.**
June S. Jones Co.
Portland, Ore.

PINDELL, DAVID L.
Lockwood, Peck & Co.
Baltimore, Md.

*PITT, ROBERT W.**
Blyth & Co., Inc.
Portland, Ore.

*POINDEXTER, ROSCOE R.**

*POWELL, GEORGE D.**
Francis I. du Pont & Co.
Denver

*PRICE, EARL W.**
Stern Brothers & Co.
Kansas City, Mo.

*Denotes Mr. & Mrs.

*PROBST, RICHARD A.**
Saunders, Stiver & Co.
Cleveland, Ohio

*RADETZKY, WM. R.**
New York Hanseatic Corporation, Philadelphia, Pa.

RAMSAY, Mrs. CAROLYN BECK
Commercial & Financial Chronicle, New York City

*RAPPA, SALVATORE J.**
Mergott, Rappa & Co.
New York City

REITER, JACK L.
C. H. Reiter & Co.
Cincinnati, Ohio

*REMINGTON, CLIFFORD G.**
Hess, Grant & Remington
Philadelphia, Pa.

*RICHARDS, RUPERT M.**
Keystone Custodian Funds
Boston, Mass.

RICHARDSON, THOMAS P.
Walter B. Delafield & Co., Inc.
New York City

ROBERTSON, BRYAN
Reynolds & Co.
San Francisco, Cal.

*ROHDE, JACK**
John R. Lewis, Inc.
Seattle, Wash.

*RONAN, FRANK J.**
New York Hanseatic Corporation, New York City

*ROSENBAUM, ROBERT**
Wertheim & Co.
New York City

*RUSSO, FRANK A.**
Donaldson, Lufkin & Jenrette
New York City

*SACHNOFF, MOREY D.**
Cook Investment Co.
Chicago, Ill.

SACHNOFF, SAMUEL
First National Bank
Chicago, Ill.

SALOMON, ARTHUR K.
Salomon Brothers & Hutzler
New York City

*SANDBERG, ROY**
Boettcher and Company
Denver, Colo.

*SANDERS, S. J.**
Foster & Marshall, Inc.
Seattle, Wash.

SARGENT, WEIR
Ultronic Systems Corp.
New York City

*SAUNDERS, WALTER F.**
Dominion Securities Corp.
New York City

SCHMIDT, ARTHUR A.
Arthur Schmidt & Associates
New York City

SCHUBERT, DONALD
Dempsey-Tegeler & Co., Inc.
Chicago, Ill.

*SERLEN, LOUIS "HANK"**
Josephthal & Co.
New York City

*SHERIDAN, CORNELIUS B.**
Mitchell & Co.
New York City

*SHORE, HAROLD C.**
Harold C. Shore & Co.
New York City

*SIEGEL, SIDNEY A.**
Sidney A. Siegel & Co., Inc.
New York City

*SKINNER, IRVING S.**
Eaton & Howard, Inc.
Boston, Mass.

*SMART, ROBERT L.**
H. O. Peet & Co.
Kansas City, Mo.

*SMITH, JOSEPH E.**
Newburger & Co.
Philadelphia, Pa.

SNYDER, HOWARD
The Ohio Co.
Columbus, Ohio

*SPARKS, RUSSELL K.**
Barret, Fitch, North & Co.
Kansas City, Mo.

*SPEER, HOWARD J.**
Speer & Bartholow, Inc
Dallas, Texas

STAFFORD, TOM
J. C. Bradford & Co.
Atlanta, Ga.

STEPHENS, J. F.
Texas Fund Management Co.
Houston, Texas

STONE, ERNEST E.
Stone, Altman & Company, Inc.
Denver

*STRAUSS, ROBERT**
Hayden, Stone & Co. Inc.
Chicago, Ill.

*SUMMERELL, D. E.**
Schwabacher & Co.
Los Angeles, Cal.

*SWAILS, DERELE H.**
Geo. Patten Investment Co.
Portland, Ore.

TAPP, GEORGE
Doherty Roadhouse & McCuaig Bros., Vancouver, B. C.

*THOMPSON, ALMORE I.**
Massachusetts Investment Trust
Boston, Mass.

*THORSEN, LESTER J.**
Glore, Forgan & Co.
Chicago, Ill.

TIEDEMANN, CARL H.
Donaldson, Lufkin & Jenrette, Inc., New York

*TISCH, ALFRED F.**
Fitzgerald & Co.
New York City

*TOPOL, ROBERT M.**
Greene & Company
New York City

*TORPIE, ROBERT A.**
J. C. Bradford & Co.
New York City

*TRIONFO, LOUIS J**
V. F. Naddeo & Co.
New York City

*TUCKER, HERBERT E.**
Douglas Securities Inc.
Chicago, Ill.

*WALLINGFORD, CHARLES L**
Janney, Battles & E. W. Clark Inc., Philadelphia, Pa.

*WALSH, RICHARD H.**
Yates, Heitner & Woods
St. Louis, Mo.

*WARNER, GEORGE**
Stone, Altman & Co.
Denver, Colo.

WATSON, JOHN
The Robinson-Humphrey Company, Atlanta

WAUGH, SAMUEL G.
Stetson Securities Corporation
Fairfield, Conn.

WEATHERSTON, JOHN S.
A. G. Edwards & Sons
Houston, Texas

*WEIGNER, ARTHUR**
Lehman Bros.
New York City

*WEISS, MORTON**
Singer, Bean & Mackie
New York City

WELCH, EDWARD H.
Sincere Company
Chicago, Ill.

*WELCH, FRANCIS H.**
R. S. Dickson & Co., Inc.
New York City

*WELLER, JACK**
The Weller Co.
Los Angeles, Cal.

*WENDT, GEORGE B.**
First National Bank
Chicago, Ill.

*WERTHEIM, JACK**
Wertheim & Co.
New York Ctiy

*WHITE, JULIAN M**
White & Co. Inc.
St. Louis, Mo.

WICHMANN, JACK
Stifel, Nicolaus & Company Incorporated, St. Louis, Mo.

*WILLIAMS, ROBERT C.**
Weeden & Co.
Chicago, Ill.

*YOUNG, PHILIP M.**
Refsnes, Ely, Beck Co.
Phoenix, Ariz.

*ZEBELL, ELMER**
Robert W. Baird & Co.
Milwaukee, Wis.

ZEEMAN, HARRY L.
Carl Marks & Co., Inc.
New York City

Personal Debt Burden Mounts To One-fifth Spendable Income

According to a recent analysis by the Institute of Life Insurance, New York City, last year marked a record sized outstanding personal debt of $232 billion of which $168 billion, or close to 75%, were mortgages and the balance for the most part consisted of instalment loans.

The Institute pointed out that "the American people are now paying a fifth of their personal income after taxes to meet the repayment and interest charges on the debts they have built up over the past decade and a half to buy homes, cars and the variety of other consumer goods and services characteristic of our rising standard of living.

"The figure was placed at $75 billion for 1962, or practically a billion and a half dollars a week, in a recent tabulation by the U. S. Department of Commerce. It is substantially greater than the personal tax bill (Federal, State and local combined), and next to food and shelter is the biggest single charge on the individual and family pocketbook.

Consumer Credit Role

"Close to four-fifths of debt payments represent repayment of principal. Total personal debt retirement last year added up to nearly $59 billion, and consisted of $47½ billion of payments on consumer credit and over $11 billion of nonfarm home mortgage repayment. Interest charges added up to something over $16 billions.

"The magnitude attained by overall debt payments reflects the record size of personal borrowing, which added up to just under $232 billion outstanding at the end of last year. More than $168 billion, or close to three-quarters of the total, represented mortgage debt on one-to-four family nonfarm homes. The balance consisted of consumer credit and was dominated by instalment loans.

"Significant in this connection is the increasing extent that debt is being protected against the contingencies of life for the benefit of the borrower and his dependents. For example, more than $38 billion of credit life insurance were in force at the end of last year, while other forms of life insurance provide general protection for mortgage and other debts.

Influences in Growth

"The initial impetus to personal debt expansion came from the fact that the end of hostilities in 1945 found the public at large in an extraordinarily liquid position after record wartime savings and "starved" for homes and consumer goods. In more recent years other factors have come to the fore to maintain the consumer spending and borrowing pace, particularly the persistent growth and upgrading of income for millions of families, the rapid expansion in population and in household formation, and the proliferation of "Buy Now—Pay Later" plans.

"In keeping with this trend, the annual dollar figure for personal debt payments and their proportion of the people's spendable income have been going up steadily. Back in 1946 personal debt was at an abnormally low level of just over $31 billion, and the year's repayment and interest charges were only $10 billions or little more than 6 cents of the people's spendable income dollar. By 1955 combined debt retirement and interest had crossed $45 billion annually, or 16½ cents of the personal spendable income dollar, with the outstanding debt up to over $127 billion. The 1962 figure of $75 billion came to just under 20 cents of the personal spendable income dollar, with the rate of growth showing a significant slowing down from the earlier years of the postwar period.

The Postwar Trend

The following table gives the post-World War II trend of the people's annual payments on their personal debts (repayments and interest combined, in $ billion), and their relationship to spendable income after taxes:

Year	Disposable Personal Income	Total Debt Service	Ratio
1946	$160.6	$10.1	6.3%
1950	207.7	24.8	11.9
1953	252.5	37.7	14.9
1955	274.4	45.4	16.5
1958	317.9	57.0	17.9
1960	349.4	66.3	19.0
1961	363.6	70.0	19.3
1962	382.9	75.0	19.6

Sources: Federal Reserve System; Federal Home Loan Bank Board; U. S. Dept. of Commerce.

"Whether or to what extent people may have exceeded the limits of prudence in their willingness to borrow and to commit an increasing proportion of their income in advance is a moot question. However, it is a fact that the overwhelming majority of Americans have established an excellent record of credit worthiness by meeting their obligations on time. And of major importance, too, is the great growth in the people's financial resources over recent years and the extraordinary expansion of private and public personal protection programs to help the individual and the family meet the economic impact of death, retirement, accident and illness, disability, and unemployment.

Big Rise in Savings

"Accumulated long-term savings of individuals, for example, are now more than $370 billions and figure out to the equivalent of $6,700 for every household in the land. And led by life insurance and annuity benefits, payments under personal protection programs, public and private combined, have crossed the $40 billion mark annually.

"An insight into some of the characteristics of the typical borrower and how personal debt is dispersed in the population is provided by the latest annual Survey of Consumer Finances of the University of Michigan Survey Research Center. The highest frequency of borrowing on instalment plans was found among young married couples in the early stages of their career cycle and among older married persons with children at home, and particularly in the middle incomes.

"As to the home mortgage debt situation, at the time of the latest survey early last year over three out of every five homes were found to be mortgaged, with about half the families involved having interest and amortization payments of $1,000 a year or more."

Life Company Investing And the Investment Banker

Continued from page 3

between the insurance company buyer and the investment banker (with assurance that such information will be held in strict confidence) should enable the insurance company buyer to obtain a realistic advance authorization from his investment committee, and should permit the investment banker to do a better job of satisfying the account's requirements.

(2) Obviously the manager can be helpful in advising as to the most desirable method of handling the insurance company's order, whether it should be for group account, or on a designated basis. Only the managing underwriter is in a position to efficiently arrange the mechanical details of handling a substantial order.

(3) Insurance companies should also be able to look to the managing underwriter for reliable information concerning the market status of a negotiated offering, i.e., whether it is completely sold and, if not, the balance remaining unsold at any time.

(B) Competitive Issues

(1) Generally we would make the same suggestions with respect to new corporate issues sold publicly at competitive bidding as in the case of negotiated issues. We believe an exchange of presale ideas between insurance company buyers and the managers of the competing groups is desirable, including the reflection of any changes in such price ideas as the bidding date approaches. However, in the case of competitive issues, it may be impossible for the investment banker to furnish the insurance company buyer with as precise and refined price ideas as in the case of negotiated offerings.

Private Placements

I now turn to privately placed securities, which is the area in which investment bankers, at least in recent years, have had the greatest opportunity to serve life insurance institutions.

As you know, the basis for the exemption in the securities act of 1933, on which today's substantial volume of private financing rests, is that a privately placed security is offered to a limited number of sophisticated buyers, who have the ability and experience to make a thorough investigation of the securities being offered and to judge their investment merits. In a transaction of this type, the investment banker acts as agent for the issuer; we assume no underwriting liability, but merely risk the time and effort of key perconnel in our organization in an attempt to complete the financing successfully; we are usually compensated by the payment of a fixed fee, which is entirely contingent on our ability to arrange the financing on terms acceptable to the issuer.

(A) Investigation

Despite the fact that the investment banker in a private placement acts only as agent for the issuer and offerings of the security must be limited to sophisticated buyers, in my opinion, one of the investment banker's primary responsibilities is to make a thorough investigation of the soundness and adequacy of the contemplated financing, and of all important aspects of the issuer's operations. Such an investigation would normally include a study of the company's management, products, plant facilities, sales organization, competitive position in its industry, earnings statements and balance sheets (for at least a 10-year period, if available), pro forma earnings and balance sheet figures, cash flow statements (both historical and projected), litigation, tax returns, etc. When it appears important to do so, the investment banker should supplement information obtained directly from the company by making trade checks with some of its more important customers, and also some of its principal competitors, as to the quality of its products and services.

When an experienced investment banking firm presents a private placement to your institutions, you should be entitled to assume that the investment banker has made this type of thorough investigation of the issuer and the proposed financing. It is my personal opinion that an investment banking firm should be convinced of the intrinsic merit of any security it offers privately, or it should be unwilling to associate its name with the offering. I can assure you that my firm frequently declines to act as agent in connection with the private placement of securities about whose soundness we may have reservations, and I am sure other leading investment banking firms, which are active in this field, follow the same policy.

In connection with an insurance company's consideration and study of particular private placement, the investment banker should cooperate in obtaining answers to the buyer's detailed questions and, when it appears advisable to do so, arrange for the buyer to visit the company for the purpose of meeting its management and inspecting its more important production facilities.

(B) Offering Memorandum

The comprehensive information obtained by the investment banker in his investigation of the issuer's operations is usually summarized in a memorandum to be used in offering the securities to selected institutional accounts. Great care should be taken in the preparation of this memorandum to insure that it presents an accurate record of the company's business and operating results, as well as a reference to all pertinent factors, both favorable and unfavorable, which may affect the company's operations currently or in the foreseeable future. This can only be done with the co-operation of the company's management; we usually circulate drafts of this memorandum among the company's senior officers and, in some cases, among heads of key departments, for their comments and suggested changes; we require the written approval of the final draft of this memorandum by one of the company's chief executives.

(C) Terms and Provisions

I know there is considerable difference of opinion among insurance company buyers as to the extent to which the investment banker should participate in the development of the detailed terms and provisions of a privately placed obligation. From some comments I have received, I think some insurance buyers would prefer that, in our offering memorandum, we merely indicate the amount of the issue, maturity, and possibly a suggested schedule of repayments.

However, based on my personal experience, I am convinced that, in the careful formulation of detailed terms and provisions of the issue, the investment banker renders a most valuable service not only to the issuer, but also to the prospective purchasers. In developing such terms and provisions, the experienced investment banker will strive for flexibility, the objective being to keep such terms and provisions as flexible and non-restrictive as possible from the issuer's standpoint, and still provide adequate protection from the standpoint of the long-term lender. An attempt is made to tailor-make the terms and provisions to fit each issuer's peculiar requirements.

The development of such terms and provisions often involves more time on the part of the investment banker than any other phase of the financing. It is obvious that provisions relating to mandatory and optional prepayments, and restrictive covenants with respect to the creation of additional funded debt, current borrowings, maintenance of working capital, payment of dividends, pledge and sale of assets, merger and consolidation, etc., require careful study of the issuer's operations and such factors as seasonal influences on earnings and working capital. In our conferences with management in which we attempt to agree on terms and provisions which will be practical from the company's standpoint, we often are forced to take a strong stand in insisting on more restrictive covenants than the management is initially willing to consider, because through our intimate knowledge of the investment policies of all types of institutional investors, we know that certain provisions will be required under market conditions existing at any given time.

A summary of the important terms and provisions of the issue, as agreed upon with the company's management is usually included as an exhibit in our offering memorandum. From long experience, we have learned that this summary should be quite comprehensive and include a reference to all covenants which are likely to be of importance in a particular case. For example, if a company's method of operation has caused it to assume a significant amount of rentals under long-term leases, a provision placing some reasonable restriction on the aggregate amount of future lease rentals should be included. In some cases we have had the unfortunate experience of having obtained commitments for the purchase of an issue, and later having a most difficult impasse develop between the company's management and the prospective purchasers over a particular covenant which the purchasers consider important and insist on inserting in the final note agreement, and which was not referred to in the summary of important terms and in our offering memorandum.

The important terms included in our offering memorandum are *suggested* terms, and are always subject to reasonable revision after negotiation between the final purchasers and the company. However, such suggested terms, if developed by an experienced investment banker, usually represent a fairly accurate guide as to what the company considers desirable and practical and, if the institutional buyer has ideas which differ materially from those presented, in most cases the account would not be warranted in giving the offering serious consideration.

(D) Offering Procedure

Through their daily contacts with important institutional accounts throughout the country, leading investment banking firms have a detailed knowledge of the investment policies of such institutions and are in a unique position to determine which accounts should be the most likely purchasers of a particular issue. Accordingly, as soon as we have been authorized to proceed with a private placement, we request the sales partners of our regional offices to submit their suggestions of the accounts to which they would like to make offerings. From this suggested list, our private placement sales control unit determines offering priorities.

Our actual offering procedures vary somewhat with the size of the issue and the nature of the credit involved. In the case of a sizable issue of a closely held company, about which no published information is available, we usually try to interest a large account which will act as a leader. If the first large account we approach is not interested, we then go to the next important account on our priority list. Once we have obtained preliminary interest from a large account, we then make offerings to carefully selected smaller accounts which, if they should approve their normal size commitments, could complete the amount of the issue.

In the case of sizable issues of nationally-known and publicly-owned companies, we usually make simultaneous offerings to a number of carefully selected accounts, including both large and smaller institutions.

In the case of small issues, our offering procedure is determined almost entirely by the quality of the credit involved. If the issue is sound but entitled to only a secondary quality rating, we may offer it to a single life insurance company. The selection of the particular offeree may be determined by its knowledge of the particular industry involved or its geographical location. However, in the case of small issues of high quality, we may simultaneously offer participations to five or six institutional accounts in amounts conforming to their normal commitments.

For example, in the case of a $2,500,000 first mortgage bond issue of a very strong mid-Western independent telephone company, which we felt, despite the small size of the company and the issue, was entitled to a 4½% rate under market conditions prevailing last May, we obtained one commitment in the amount of $1,000,000, one commitment in the amount of $500,000 and four commitments in the amount of $250,000 each.

There is one important exception which we sometimes make to the aforementioned offering procedures, namely, an agreement with certain issuers to offer new issues of securities initially to the institutional holders of their outstanding securities.

Speed is one of the primary advantages of the private placement method, and is often the compelling reason why issuers choose to raise new capital by this means rather than a public offering. I believe most leading investment banking firms, which are experienced in the private placement field, endeavor to be selective in the accounts to which they offer such securities. It is obvious that such selective offering procedures require prompt and reliable responses from the offerees. In the case of little known credits, the investment banker should not expect to receive a reaction from the insurance buyer the same day the later receives the offering memorandum. However, I do not believe it is unreasonable to expect at least an initial reaction within four or five days.

Misleading initial reactions on the part of buyers are particularly troublesome. Occasionally an institutional buyer will express considerable enthusiasm in the initial discussion of an offering, only to call a week later to say that he is not interested because of the nature of the industry in which the company is engaged, or because its debt appears rather heavy, a conclusion he probably could have drawn after his first reading of our offering memorandum. Meanwhile, awaiting his answer, we have refrained from making any other offerings.

As I mentioned previously, we realize that most life insurance investment departments function under the supervision of investment or finance committees. Some insurance buyers with whom we work closely have had a 100% batting average with their committees; in other words, when such buyers have told us that they are recommending an amount of an issue for approval by their respective investment committees and we have given them the bonds firm for such committee meetings, the final approval of their investment committees has always been forthcoming. Other buyers over the years have had almost a perfect score; on rare occasions, final committee approval may be denied because of the peculiar reaction or prejudice of a single member of the committee, which the buyer could not possibly have anticipated.

On the other hand, we deal with insurance company investment officers who have very spotty records with their investment committees. When we give such buyers firm bonds for their committee meetings, we are always in doubt as to the status of such participations until their committees act. Obviously, in the case of large issues involving numerous purchasers, we avoid tying up bonds for periods as long as one or two weeks for investment committee action, when our past experience with the account indicates that favorable action may be very doubtful.

(E) Selection of Special Counsel

In the private placement of securities, it has become accepted practice for the purchasers to be represented by independent legal counsel; the fee and expenses of such counsel are paid by the issuer. Because of the nature of such special counsel's duties, the final choice of such counsel should be made by the purchasers. One or more leading law firms in almost every large city in the country have made a specialty of drafting the documents involved in the private sale of corporate securities to institutional accounts. Such firms usually have partners who are particularly skilled in drafting such documents and completing all of the detailed formalities in connection with the transaction in a smooth and expert manner.

Since the issuer usually depends on his investment banker to work closely with the purchasers and their special counsel in completing the details of a private financing, our only concern is that the purchasers select a law firm which is experienced in this field. In the case of large issues, we usually suggest the names of two or three such firms to the largest purchasers; after the large purchasers have agreed on a particular firm, we then clear their selection with all of the other purchasers.

In the case of companies which seek new capital periodically through the private placement of long-term obligations (such as public utility companies and finance companies), it is important that the special counsel representing the purchasers be an experienced and nationally known firm, which will be accepable to the purchasers of subsequent issues. It is obvious that a law firm which has acted as special counsel for the purchasers of several issues of senior notes of a large finance company can serve the purchasers of a subsequent issue more effectively, expeditiously, and economically than a new firm which is completely unfamiliar with the company's organization, records, provisions of the note agreements relating to the various classes of outstanding debt, etc.

We find that life insurance companies are generally very cooperative in the selection of special counsel. However, occasionally we encounter a situation where a life insurance company has approved the purchase of an issue and its house counsel recommends a law firm which is inexperienced in handling this type of transaction. In 1961 we had an experience in place dprivately with institutional first mortgage bonds of an operating subsidiary of a large independent telephone system. This company had outstanding six other series of first mortgage bonds, all of which had been placed privately with institutional accounts. One of the leading and most experienced Philadelphia law law firms had served as special counsel for the purchasers in connection with all of the outstanding series of bonds.

In the case of the new series, however, the purchaser's house counsel insisted on having a new firm serve as special counsel. Unfortunately this firm was inexperienced in this field. As a result, what should have been a relatively simple task of drawing a purchase agreement and a supplemental indenture developed into a most laborious project which consumed untold hours of time of the company's executive officers, the company's general counsel, and members of our organization. After the deal was finally closed, the company requested we make no future offerings of its securities to this particular institution. Incidentally, this inexperienced firm submitted a statement to the company in an amount three times as large as the company had paid on any of its previous issues.

In fixing the settlement dates on private placements, we endeavor to allow a comfortable period for completing all of the legal details. However, in the case of large issues involving numerous purchasers, our time schedule is sometimes seriously disrupted by the failure of certain participants to submit their comments on drafts of legal documents to their special counsel promptly. I realize that your legal departments are usually responsible for these delays rather than your investment departments; however, perhaps the portfolio managers can be helpful in correcting this situation.

(F) Follow Up Services

Investment banking firms should endeavor to keep in close touch with corporate clients for whom they have placed securities privately. By doing so, they are not only able to keep institutional lenders advised as to significant developments in the issuer's affairs, but also to assist the company in developing a sound program for future financing and, in cases where the issuer's expanding business requires changes in the terms of outstanding obligations, to negotiate the necessary amendments. Institutional investors should also feel free to call on the investment banker, who presented a particular issue to them, for any special information concerning the issuer during the life of the obligations held by them. This follow up service, which the investment banker renders to both the lending institutions and the corporate borrower, often proves invaluable.

(G) Competition for Private Placements

For a period of years after the enactment of the Securities Act of 1933, when the private placement method of corporate financing was first developed, life insurance companies constituted practically the only market for securities of this type. However, during later years as numerous uninsured pension funds of industrial companies were established and grew in size, these accounts (both those administered directly and by trust companies) became important purchasers of privately placed obligations.

Within the past several years, state and municipal employee pension funds have also become substantial purchasers of high quality privately placed issues. As you know, there has been an evolution in the investment policies of these public pension funds. Initially, most of them were restricted to U. S. Government and/or local state and municipal obligations. During recent years the investment powers of some of the largest funds have been broadened to include high grade marketable corporate bonds; more recently, many of the large funds have been authorized to participate in private offerings of high grade corporate bonds; and currently there is a trend to authorize the purchase of common stocks in varying limited amounts.

The willingness of recognized statistical services, such as Moody's, Standard & Poor's, and Fitch, to assign quality ratings to new issues of privately offered corporate bonds has also contributed to the broader demand for such issues on the part of public pension funds. These funds are growing constantly; in the case of at least two states, namely, New York and California, the combined pension funds for teachers and public employees amount to over $2 billion. At the present time these funds are probably the dominant factor in the high-grade long-term market.

Since commercial banks in January, 1962 were authorized to increase the interest paid on savings deposits to 4%, they have become much more aggressive in seeking higher yielding investments, including real estate mortgages and term loans to industrial concerns. Many commercial banks will now make direct unsecured term loans to companies of established credit up to ten years in maturity. Within the last six months we have knowledge of at least one instance where a commercial bank made an unsolicited offer to a small specialized defense subcontractor to make a 15-year unsecured loan for its own account. We have also encountered several instances where commercial banks have taken the initiative in arranging 20 to 25-year unsecured serial loans to industrial customers with the banking department taking the first 10 maturities, and their pension trust divisions taking the last 10 to 15 maturities. In such cases, the particular banks have attempted to eliminate the obvious conflict of interest problem by obtaining outside partners on both the short and long portions of such loans.

I have commented on this competitive factor in the private placement field because we have found that public employee pension trusts, if they are satisfied that the issuer's credit is beyond question, are much less concerned with detailed protective provisions than many life insurance companies, and generally take a much more liberal attitude toward such provisions.

Likewise, commercial banks are extremely liberal in the terms they offer on their extended term loans, particularly with respect to optional redemption provisions, which in most cases permit almost unlimited prepayments at any time without premium. Repayment schedules of bank term loans also often provide for substantial "balloon" payments at maturity.

It is my considered opinion that, if life insurance companies wish to maintain their fair share of the market for privately placed securities, they will probably have to become somewhat more flexible, liberal and imaginative in the terms and provisions they are willing to approve.

***An address by Mr. Stuebner before a meeting of the Financial Section of the American Life Convention, Chicago, Ill., Oct. 15, 1963.**

Customers Brokers To Hold Meeting

The Association of Customers Brokers will hold an educational meeting on the outlook for the Motion Picture Industry on Oct. 29 at 15 William Street. Speakers will be Eugene V. Kline, National General Corp; S. H. Malamad, Columbia Pictures, and David Bell, Gruss & Co.

Crowell, Weeden NYSE Member

LOS ANGELES, Calif.—Crowell, Weedon & Co., 629 South Spring Street, members of the Pacific Coast Stock Exchange, will also become members of the New York Stock Exchange on October 31st, with the acquisition of a membership by Warren H. Crowell. Other partners are George W. Weedon, Edmund M. Adams, Howard E. Barton, Robert W. Graham, O. I. Lamoreaux and Edwin E. Morgan.

Harris, Upham Branch

HARRISBURG, Ill.—Harris, Upham & Co. has opened a branch office at 210 West Church Street under the management of William H. Lee.

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their production as the industry bent to a 182,385-unit task in passenger car making.

The statistical agency said the car count for last week rose about 20,000 units, or 12.1%, from 162,771 in the corresponding period a year ago. From 173,606 cars made last week, the increase was fixed at 5.1%.

Ward's said General Motors Corp., employed nine plants in overtime last Saturday in scheduling 93,981 assemblies, overrunning a weekly peak of 92,112 cars made in a single week last June. Ford Motor Co. pressed all of its 16 car assembly plants into overtime last Saturday, planned some 53,000 completions, upsetting a record score dating to 1955.

Elsewhere in the industry, *Ward's* said, production is planned at "high normal" levels, but Chrysler Corp., American Motors and Studebaker ended their week's work after last Friday's shifts.

The one millionth 1964 model passenger car was ushered off the assembly lines early Thursday (Oct. 17). This marked the earliest date at which the industry has reached this milestone; a year ago, the comparable '63 model was assembled on Oct. 22, and in 1961, the one millionth '62 model was built Oct. 30.

Ward's said the surge in output last week is in keeping with the upwards of 800,000 units slated for entire October—which would be the greatest production month of all time.

Of cars last week, General Motors accounted for about 51.5%; Ford Motor Co., 29.5%; Chrysler Corp., 12.8%; American Motors 5.1% and Studebaker Corp., 1.2%.

Rail Carloadings Continue Gains Over Year-Ago Week

Loading of revenue freight in the week ended Oct. 12, totaled 635,596 cars, the Association of American Railroads announced today. This was an increase of 3,547 cars or six-tenths of 1% above the preceding week.

The loadings represented an increase of 28,715 cars or 4.7% above the corresponding week in 1962, but a decrease of 6,559 cars or 1.0% below the corresponding week in 1961.

Ton-miles generated by carloadings in the week ended Oct. 12, 1963, are estimated at approximately 14.0 billion, an increase of 9.8% over the corresponding week of 1962 and 10.1% over 1961.

The 61 class I U. S. railroad systems originating piggyback traffic reported loading 17,709 cars with one or more revenue highway trailers or highway containers (piggyback) in the week ended Oct. 5, 1963 (which were included in that week's over-all total). This was an increase of 2,497 cars or 16.4% above the corresponding week of 1962 and 4,621 cars or 35.3% above the 1961 week.

Cumulative piggyback loadings for the first 40 weeks of 1963 totaled 610,317 cars for an increase of 72,675 cars or 13.5% above the corresponding period of 1962, and 164,210 cars or 36.8% above the corresponding period in 1961.

Truck Tonnage 3% Ahead Year-Ago Week

Intercity truck tonnage in the week ended Oct. 12 was an even 3% ahead of the volume in the corresponding week of 1962, the American Trucking Associations announced. Truck tonnage was 3.3% below the volume for the previous week of this year.

For the second consecutive week truck tonnage has shown a substantial gain on a year-to-year basis. Part of the increase, particularly at the eastern terminal centers, can be attributed to the observance of the religious holiday, which depressed volume in these areas at this time a year ago.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Department of Research and Transport Economics. 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 from a year ago at 22 localities, with 11 points reflecting decreases from the 1962 level. One terminal area, Minneapolis - St. Paul, showed no change from last year. Truck terminals at Boston registered the largest year-to-year gain — up 20.4%. Four other trucking centers showed increases of 10% or more, while only two terminal areas reflected decreases in excess of this amount.

Compared with the immediately preceding week, seven metropolitan areas registered increased tonnage, while 27 areas reported decreases. It would appear that even though the Columbus Day holiday fell on Saturday, the effects of its observance were felt in the week-to-week findings since the pattern of generally declining tonnage in the weekly comparison is consistent with that experienced during comparable periods in past years.

Week's Lumber Output Off 5.2% From 1962 Rate But Up 5% From Last Week

Lumber production in the country totaled 219,269,000 board feet in the week ended Oct. 12, according to reports received from regional lumber associations. Output, however, rose 4.97% in the latest week-to-week change.

Compared with 1962 levels production was off 5.2%, shipments fell 2.3% and new orders rose 0.7%.

Following are the figures in thousands of board feet for the weeks indicated:

	Oct. 12 1963	Oct. 5 1963	Oct. 13 1962
Production	219,268	208,899	231,505
Shipments	218,508	215,995	223,850
New orders	225,909	221,254	224,181

Electric Output Shows 6.2% Gain Over 1962 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 19, was estimated at 17,173,000,000 kwh. according to the Edison Electric Institute. Output was 82,000,000 kwh. less than the previous week's total of 17,255,000,000 kwh. and 995,000,000 kwh. above the total output of 16,178,000,000 kwh. in the corresponding 1962 week or a year-to-year gain of 6.2%.

A survey by the Institute revealed this past summer's peak load generation of 160.2 million kilowatts was 7.5% greater than that for the summer of 1962. Moreover, electric energy output in 1963 is projected at 922.9 bil-

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lion kilowatts or 7.3% more than that generated last year.

Business Failures Reach 18-Week Peak in Latest Week

In a steep upswing, commercial and industrial failures resurged to 303 in the week ended Oct. 17 from 257 in the prior week, reported Dun & Bradstreet, Inc. Although at the highest level since June 14, casualties remained below the 332 occurring in the comparable week last year and fell substantially short of the 1961 level of 398. Despite this downtrend from comparable tolls in the past two years, failing businesses continued to exceed the pre-war level, this week running 9% above the toll of 277 in 1939.

Most of the week's climb took place among casualties with liabilities under $100,000, which rose to 268 from 218 a week earlier but stayed below last year's 293 in the similar week. There was little change in failures involving losses of $100,000 or more, which inched down to 35 from 39 in both the preceding week and a year ago.

The toll among retailers rebounded to 137 from 117 last week, among wholesalers to 35 from 23, and among service concerns to 37 from 26. No change appeared in manufacturing mortality, steady at 47, and construction edged to 47 from 44. While retailers and construction contractors suffered noticeably fewer failures than last year, tolls in other industry and trade groups pushed ahead of 1962 levels.

Thirty-eight Canadian failures were reported, slipping from 40 in the preceding week and 51 in the comparable week last year.

Business Failures Decline for Fourth Consecutive Month

In the fourth consecutive month of decline, business failures shrank 7% in September to 1,051. The current downslide, stronger than the usual seasonal, brought casualties to the lowest level for any September since 1958. Dollar liabilities did not follow the same pattern, however, as they rebounded 32% from their prior month's nosedive and reached $85.9 million in September, with million dollar cases climbing back to 11 from 3 in August. Because these "big liability" cases have remained numerous in 1963, aggregate losses during the first three quarters of this year have maintained an edge over comparable 1962 volume, $933 million vs $914 million, whereas the aggregate number of failing businesses in the nine months slipped 9%, to 11,000 from 12,055 a year ago.

Manufacturers and retailers had the fewest casualties in any month since 1956. In manufacturing, the toll in the furniture industry plunged most steeply, a third between August and September, and the toll in the machinery industry slackened by a fourth. In retailing, furniture and appliance stores enjoyed the strongest improvement, with their casualties dipping the lowest since December and January respectively. Auto dealers, auto accessory shops, and service stations also had noticeably lower failure rates.

Among building subcontractors and heavy construction contractors, failures eased during September, but the toll among general builders has not changed much in three months now. A slight rise lifted wholesaling and service mortality above August levels. Service was the only major function to show a year-to-year increase in number of failures, with climbs prevailing in several lines — transportation, hotel, dry cleaning, other personal business and repair services.

Wholesale Commodity Price Index Resumes Upward Trend

The general wholesale commodity price level edged up to 269.55 this Monday, reported Dun & Bradstreet, Inc., indicating that last week's decline was a temporary interruption of the rising trend that has occurred during the past five weeks. Export buying, both present and prospective, coupled with dryness in the Southwest, which is hampering seeding, pushed wheat prices even higher. Sugar sprang up with confirmation of reports that about one-fourth of the Cuban sugar crop was lost in the recent hurricane and tension between Malaysia and Indonesia caused swellings in rubber quotations.

The Daily Wholesale Commodity Index stepped up to 269.55 on Monday, Oct. 21, from 268.68 last week and 267.46 a month ago, but it remained below the 270.73 of the comparable date last year.

Wholesale Food Price Index Rebounds From Low of Prior Week

Following the four-month low hit last week, the Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., rebounded to $5.93 on Oct. 22, a substantial 0.7% gain over the prior week and 1.0% over last year. This is the third consecutive week that the index has outpaced 1962.

The most energetic advances were registered by hams, cheese, sugar and prunes, while flour, rye, barley, bellies, lard and butter experienced more fractional rises. These increases outweighed the small number of downward movements—corn, cottonseed oil, cocoa, eggs, steers and hogs lessened in price.

The Dun & Bradstreet, Inc. Wholesale Food Price Index represents the sum total of the price per pound of 31 raw foodstuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Warm Weather Wilts Shopping Zest

With summerlike temperatures persisting and with the usual Columbus Day buying surge hampered by the Saturday date, retail purchases did not make much headway in the week ended Oct. 16. Over-all volume, however, continued to be lifted above last year's level by a big boost from new car sales which already have spurted to new records for this time of year. Also, the warm weather has had one beneficent effect—the extension of the construction season and a rally in the demand for building supplies and hardware. Activity in home goods waxed stronger than in apparel, although the pace was moderate in both.

The total dollar volume of retail trade in the week ended this Wednesday ranged from 1 to 5% higher than last year, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from comparable 1962 levels by the following percentages: New England —4 to 0; Mountain —3 to +1; West North Central —2 to +2; Pacific 0 to +4; Middle Atlantic and East North Central +1 to +5; East South Central +2 to +6; West South Central +4 to +8; South Atlantic +6 to +10.

Nationwide Department Stores Sales Rise 6% Above Last Year's Level

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index were up 6% for the statement week ending Oct. 12 compared with the like period in 1962. The week's gain over the year-ago week marked the 21st encouraging weekly uptrend in a row. The weekly sales index without seasonal adjustment shows, however, sales declined from last week 2.5%.

In the four-week period ended Oct. 12, 1963, sales gained 3% over last year's level for the comparable period for the country's 12 leading department store districts.

So far this year (Jan. 1 to Oct. 12), the 12 department store districts' retail dollar volume increased 4% (adjusted) over that rung up for corresponding period a year ago.

According to the Federal Reserve System, department store sales in New York City Metropolitan area for the week ended Oct. 12 gained 1% over the comparable year-ago week's figure and 4% compared to last year's four-week period. They were up 5% since the beginning of this year compared to the same cumulative period in 1962. Within the N. Y. Metropolitan area, however, New York City department store sales for the Oct. 12-ending week were *down* 4.0% from the corresponding period a year ago, and sales in the latest four weeks were unchanged from total retail dollar volume from the year-ago period.

A *flash figure* for New York City's sales for the Oct. 19-ending sales week revealed a minus 5%. No one can surmise, however, how much higher the New York City sales might have been in the absence of the sales tax rise from 3 to 4% last June 1. The four-week N. Y. C. flash figure revealed no increase over last year's period for the second week in a row.

A broader set of data encompassing *total* retail sales, compiled by the Bureau of the Census, U. S. Department of Commerce, put the Oct. 12-ending week's total 6% above the comparable week last year. The year-to-year contrast for the latest four-week period showed a gain of 4%. Unlike the department store statistics, the Department of Commerce's over-all retail sales data are *not* adjusted for seasonal variations.

B. A. Armstrong Opens

SAN FRANCISCO, Calif.—Benjamin A. Armstrong is conducting a securities business from offices at 1900 Vallejo Street.

Catskill Mt. Securities

HUNTER, N. Y.—Monroe Solodar is engaging in a securities business from offices here under the firm name of Catskill Mountains Securities Co. He was formerly with H. Wm. Johnston & Co. and Hill Darlington & Co.

Managing Bank Assets for Greatly Improved Earnings

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earnings which are a function of costs alone, since the income is the same for all types.

Specific Assets to Deposits Formula

The asset allocation approach permits a better determination of functional or departmental earnings. Specific assets are assigned to specific deposits, with the result that the income yield will vary from one group of assets to another. Now the earnings are meaningful, and intelligent management decisions can be made on the basis of such earnings. Banks have lived in their own private world for years, disregarding successful management techniques developed in other lines. Some are now breaking out of bondage, having adopted work measurement, market research, and other devices of the kind. Perhaps they will soon recognize that the determination of realistic departmental or functional earnings is a technique which should be adopted.

As a matter of fact, a number of banks using the pooled funds approach are following the asset allocation theory in part. They do this by assigning some assets to a specific type of deposit. Or they say that because savings are growing rapidly, they are buying certain assets with that money, but the assets go into the pool and lose their identity. The partial application of asset allocation brings no happier results than a partial approach to any other technique.

Bankers are now in what might be called general agreement that less liquidity is required for savings than for demand deposits. Those who believe this and practice it are in effect partially allocating assets. One of the most important values of an asset allocation procedure is that it forces observing liquidity position by types of deposits. In at least 75% of the cases in which we have analyzed banks under our allocation procedure, we found that there was excessive liquidity in relation to savings deposits.

Questions Liquidity of Governments

Having just introduced the question of liquidity, I must take a moment here to discuss it. A liquid asset is defined as one that can readily be converted into cash with little or no loss. For many years, the only assets considered to be liquid have been cash and U. S. Government securities. But as generally applied, liquidity includes the entire Government portfolio, regardless of maturities. This is utter nonsense. We have all taken our bath in selling long governments — and some not so long as well. Since the end of pegged Government prices this basis of measuring liquidity has been invalid. It is also deficient in another respect. The liquidity ratio is customarily determined by dividing the sum of cash plus Governments by total deposits. Thus it does not take into account the deposit mix. Our time deposits as a percent of total deposits have increased from 18% to 44% in the past five years. Thus we do not need anywhere near the overall cash-Government ratio now that we did then—but the ratio is computed and used in nearly all statistical evaluations of banks. This just does not make sense.

For a number of years we felt it necessary to carry a cash-Government ratio at least as high as the average of the 25 largest banks. In addition, we insisted on maintaining a high rating on the bank evaluation charts which a number of corporations have developed. This resulted in our carrying 52% in cash and Governments for all deposits. But in 1956 we found ourselves losing out in the race for savings deposits. We had not increased our savings interest rate when our competition did, because we were not earning enough to do so. So we analyzed the portfolios of mutual savings banks having deposits approximately equal to our total savings. We found that they then carried only 21% in cash and Governments. We decided to conduct our savings business as a separate function, and reduced our liquidity requirements. We have since paid maximum interest rates, have grown faster than our competition, and are making more money than we did before the change. Ironically, investment conditions changed at about the same time, with the result that we shortened maturities of the remaining Government portfolio, and our ratings on the corporate charts have been higher than ever.

Municipals As Liquid Assets

We feel that certain assets other than Governments are just as liquid—convertible into cash with little or no loss—as they are. We have over $150 million high grade municipals maturing within 12 months, and they are certainly within the definition of liquid assets. In addition, other things arbitrarily classified as risk assets are actually liquid—bankers' acceptances, call loans and Federal Funds sold are every bit as liquid as Treasury bills. Both Mr. Adams, in the talk mentioned earlier, and the ABA in its recently revised booklet on "Banking and Monetary Developments and Their Application to Bank Asset Management" are on record that the basis for measuring bank liquidity needs substantial revision. We are happy to have such distinguished company.

Our theory of asset allocation is based on the velocity of funds. Demand deposits turn over at a high rate—in our case about 35 times a year. Such deposits should be employed in assets with relatively short life. Savings deposits turn over once in about four years, and the assets can have a longer life, with the accompanying higher yields. Many bankers agree that long-term mortgages are an appropriate investment for savings. In fact, they are the major form of investment in both mutual savings banks and savings and loan associations. Furthermore, in all national banks and many state banks the maximum permitted in mortgages is effectively determined by the amount of savings deposits. True, there is an alternate basis for determining the maximum, based on capital funds, but the percentage of savings is the test almost invariably applied. Other time deposits turn over oftener than savings, but less often than demand deposits. In many banks such deposits are but a nominal part of the total and do not warrant a separate allocation; in these cases we assign them to the same group as demand deposits. Capital funds are permanent, and to the extent that they are not required to make loans, may be invested in long-term assets.

Saved Demand Deposits

Negotiable CD's are relatively new, and we have not had enough experience to develop a seasoned rate of turnover. We began grouping the CD's with the demand funds — unintentionally lapsing into a pooled funds approach. We entered the CD business to obtain funds to meet the expected increase in business loans. The CD money came in, but the loans did not. In effect, then, all of the money from CD's was being invested in Governments in the 0 to 5 year maturity range, but because we had actually pooled the funds we were giving them credit for a prorata share of existing loans. Thus the return looked satisfactory, but it was at the expense of a decline in the return on demand deposits. This began to affect our prices for services, some of which are performed for balances. With the apparent decline in the earning power of demand deposits, it would have been necessary to ask for larger balances to offset service charges. Thus we might well have priced ourselves out of some business if we had not applied the real asset allocation principle.

To remedy this, we set up a new group of funds, which included general time deposits as well as CD's, and invested them in an appropriate portfolio of bonds. Now we are making a clear profit on CD's, and the earning power of demand deposits has increased to what it was prior to the start of the CD business.

Switch Out of Short-Term Governments

Asset allocation is most useful in conjunction with profit planning—in fact, it is a necessary phase of profit planning. Each year when our profit plan is approved, we project an asset allocation for each quarter of the following year. This shows us what funds we will have, what the loan demand will be, and we can determine investment policy based on the results. As an example, when our profit plan for 1962 was completed in December 1961 it showed that loans would average lower in 1962 than in 1961, and that we would have excess funds. This was contrary to the general expectation of business conditions, and since it was our first attempt at profit planning, we did not take immediate action. By April of 1962, however, it became clear that the profit plan forecast was correct. We looked a little farther into the future to determine when we might expect loans to reach a peak, and concluded that this would not happen until late in 1964. Accordingly we switched something over $100 million from short Governments into higher-yielding assets, improving income on these funds by 25%. This action, plus the change we had made in respect of our CD money, accounts for the major part of our improvement in earnings in 1962 over 1961, and is continuing to contribute to our 1963 improvement over 1962. Without asset allocation we would have had lower earnings in both years.

Summary

To summarize, the changing in deposit mix is making it necessary to have a procedure which tells us at a glance what our liquidity position is in respect of each type of deposit—the overall liquidity ratio is dead. With increasing proportions of interest-bearing deposits, it is essential that we employ our funds at rates which will pay the interest and other costs and leave a profit. Asset allocation helps us do this, and based on our analyses of other banks, it can help many of them. To get the full benefit of asset allocation, however, a procedure of forecasting loans and deposits, such as is used in profit planning, is essential.

*From an address by Mr. DeLong at his Bank's 15th Tri-State Correspondent Bank Conference, Pittsburgh, Pa.

Investment Bankers Association 52nd Annual Convention

WASHINGTON, D.C.—The Fifty-second Annual Convention of the Investment Bankers Association of America will be held Dec. 1-6 in Hollywood, Fla., announced Amyas Ames, IBA President and a managing partner of Kidder, Peabody & Co., New York. Convention sessions will be held at the Hollywood Beach Hotel, and delegates will be accommodated there and also at The Diplomat, a nearby hotel in Hollywood.

In addition to the year-end address by IBA President Amyas Ames and the inaugural address by the incoming President, David J. Harris, Resident Partner, Bache & Co., Chicago, the delegates will also hear from the following guest speakers during the week: William L. Cary, Chairman, Securities and Exchange Commission; Douglas Dillon, Secretary of the Treasury; George D. Woods, President, International Bank for Reconstruction and Development.

The opening session of the convention on Monday morning, Dec. 2 will feature a panel discussion on the Special Study of Securities Markets conducted by the SEC and developments arising therefrom. Chairman Cary of the SEC will also participate in this discussion.

Tuesday's meeting will be devoted entirely to municipal finance. The annual reports of the Municipal Securities Committee and certain of its subcommittees will be presented.

The various national IBA committees will hold meetings during the week and most of them will present reports to the delegates. New officers will be installed on Thursday, Dec. 5, and the incoming Board of Governors will meet that afternoon.

Hotel Arrangements

All reservations for rooms at the convention hotels should be made through the Association's office on the form for convention registration and hotel reservations. Confirmation of reservations will be made as promptly as possible, but due to the time required for processing them, there will necessarily be some delay in this connection.

Rates at both hotels will be on the American Plan and will be $40 per day for double occupancy and $25 per day for single occupancy. As the rooms which can be assigned for single occupancy will be limited, it is recommended that arrangements be made to share accommodations. If single applications should be excessive, it will be necessary to assign roommates.

Indicated preferences as between the two hotels will be followed to the extent possible, but it will, of course, be necessary to assign accommodations in accordance with the space available at each hotel. Those staying at one hotel may take their meals there or at the other hotel at their discretion. Frequent transportation between the two hotels will be furnished without charge.

A limited number of sitting rooms will be available at both hotels. Rates at the Hollywood Beach Hotel will be $15 and $20 per day, depending upon size and location—at The Diplomat, $20 per day.

A few apartments will be available at the Hollywood Beach Hotel. They are located in close proximity to the hotel, and are operated as an annex with full hotel service. Each apartment contains a double room and sitting room. Each sitting room contains a day bed, so an apartment can comfortably accommodate three persons if desired. Rates will be $51 per day for two persons, $60 per day for three. In addition, the HBH Beach Club, which is also operated as an annex of the hotel, will be used if the attendance should require. Rates will be $36 per day for double occupancy and $20 per day for single occupancy.

Convention Transportation
NEW YORK SPECIAL CARS

The route in both directions will be Pennsylvania Railroad between New York and Washington, R. F. & P. Railroad between Washington and Richmond, and Seaboard Air Line RR. between Richmond and Hollywood. The schedules will be as follows:

Going Schedule

Lv. New York	Saturday, Nov. 30	9:30 A.M.
Lv. Newark	" " "	9.45 A.M.
Lv. North Phila.	" " "	10:56 A.M.
Lv. 30th St. Phila.	" " "	11:08 A.M.
Lv. Baltimore	" " "	12:38 P.M.
Lv. Washington	" " "	1:50 P.M.
Lv. Richmond	" " "	4:10 P.M.
Ar. Hollywood	Sunday, Dec. 1	10:20 A.M.

Return Schedule

Lv. Hollywood	Friday, Dec. 6	1:25 P.M.
Ar. Richmond	Saturday, Dec. 7	8.35 A.M.
Ar. Washington	" " "	11.00 A.M.
Ar. Baltimore	" " "	12:26 P.M.
Ar. 30th St., Phila.	" " "	1:58 P.M.
Ar. North Phila.	" " "	2:09 P.M.
Ar. Newark	" " "	3:20 P.M.
Ar. New York	" " "	3:35 P.M.

Return service will also be available via the same route on a regular train leaving Hollywood at 9:25 A.M. and arriving New York the following day at 10:25 A.M.

PULLMAN RESERVATIONS—Pullman reservations for the going trip should be made through the New York Transportation Committee, of which Edward B. de Selding, Spencer Trask & Co., 25 Broad Street, New York 4, N. Y., is Chairman.

Certificates covering Pullman space will be issued in lieu of regulation Pullman tickets. Certificates will be mailed if applications are received promptly. Otherwise they may be picked up at the office of Mr. de Selding prior to 5:00 p.m. on Friday, Nov. 29. Refunds cannot be made on cancellations which are not made prior to date of departure.

Pullman reservations for the return trip of the special cars should be made through D. A. Kornhoff, Passenger Sales Representative, The Pennsylvania Railroad, Room 401, Pennsylvania Station, New York 1, N. Y., at the earliest possible date in order that satisfactory arrangements may be completed. If this is not possible, or if plans change, they may be made through the railroad representatives who will be present at the Hollywood Beach Hotel during the convention.

Railroad tickets should be purchased from local agents. Those in charge of going Pullman reservations will not be able to supply them. Round-trip railroad fares to Hollywood from points served by the special cars are as follows:

New York	$120.89	Baltimore	$93.41
Newark	119.65	Washington	87.25
Philadelphia	107.39	Richmond	78.50

A representative of the convention hotels will travel on the New York cars and will furnish passengers with slips indicating their hotel room numbers. Holders of such slips should present them to the floor clerk on the proper floor of the Hollywood Beach Hotel, or at the front desk of The Diplomat, where they will be given their room keys without registering and may then proceed directly to their rooms. The hotel representative will also furnish passengers with baggage tags filled out with their names and hotel room numbers which should be attached to each piece of hand baggage. Then, upon arrival all such baggage will be transported from the station by truck and distributed promptly to the proper hotel rooms.

ST. LOUIS SPECIAL CARS

Special cars from St. Louis will be operated on the "City of Miami," the route of which is Illinois Central Railroad to Birmingham, Central of Georgia Railway to Albany, Atlantic Coast Line to Jacksonville, and Florida East Coast Railway to Hollywood. The schedule will be as follows:

Lv. St. Louis	Saturday, November 30	10:20 A.M.
Ar. Hollywood	Sunday, December 1	5:10 P.M.

PULLMAN RESERVATIONS—Reservations (with check) should be made through Harry Theis, Stifel, Nicolaus & Company, 314 N. Broadway, St. Louis 2, Mo. One-way Pullman fares from St. Louis to Hollywood are as follows:

Double Room		Compartment		Bedroom	
2 Persons	1 Person	2 Persons	1 Person	2 Persons	1 Person
$56.60	$45.85	$41.10	$33.60	$37.95	$32.10

It is not planned to operate special cars for the return trip and Pullman reservations for that trip should be made through local ticket agents.

Railroad tickets should be purchased from local agents. The round-trip railroad fare between St. Louis and Hollywood is $95.15.

Entertainment

Those planning to entertain at the convention should note that there will be a general cocktail party for all those present at the convention each evening from Sunday through Thursday. These parties will be at the Hollywood Beach Hotel on Sunday, Tuesday, and Thursday, and at The Diplomat on Monday and Wednesday. It is hoped very much that no private cocktail parties will be scheduled which will detract from the general parties. To that end, no such parties will be permitted in public rooms, nor will bartenders and waiters be furnished for parties in bedrooms and suites between 6 and 8 p.m.

Meals may be taken at either hotel. While reservations will not be required, arrangements for large tables or other special situations should be made in advance. There will be a special desk for that purpose at the entrance of the Main Dining Room of the Hollywood Beach Hotel. It will be open from 9:00 a.m. to 4:00 p.m. each day from Sunday through Thursday. Arrangements for The Diplomat can also be made at that desk, or through the Maitre D'Hotel at The Diplomat. There will be a club table at the Hollywood Beach Hotel for those who do not have dinner engagements and would like to join others at that table.

The steak dinner for the entire group which has been held in other years will not be held this year.

Dinner parties may be given in private dining rooms to the extent that such space is available. The starting time of such parties, however, may not be earlier than 7:45 p.m. Arrangements should be made directly with the hotels.

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:					
Steel ingots and castings (net tons)	Oct. 19	1,908,000	1,915,000	1,863,000	1,739,000
Index of production based on average weekly production for 1957-1959	Oct. 19	102.4	102.8	100.0	93.3
Unofficial indicated steel operations (per cent capacity). The American Iron & Steel Institute discontinued issuing this data late in 1960	Oct. 19	0.62	0.625	0.605	59.5
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Oct. 11	7,584,460	7,595,560	7,565,860	7,350,910
Crude runs to stills—daily average (bbls.)	Oct. 11	8,745,000	8,860,000	8,586,000	8,340,000
Gasoline output (bbls.)	Oct. 11	31,418,000	30,978,000	31,561,000	29,808,000
Kerosene output (bbls.)	Oct. 11	3,278,000	2,815,000	2,863,000	3,052,000
Distillate fuel oil output (bbls.)	Oct. 11	14,388,000	*14,659,000	14,890,000	13,040,000
Residual fuel oil output (bbls.)	Oct. 11	5,148,000	*4,625,000	4,765,000	5,027,000
Stocks at refineries, bulk terminals, in transit, in pipe lines					
Finished gasoline (bbls.) at	Oct. 11	181,425,000	181,077,000	182,970,000	177,980,000
Kerosene (bbls.) at	Oct. 11	36,333,000	34,845,000	36,053,000	36,058,000
Distillate fuel oil (bbls.) at	Oct. 11	179,205,000	175,175,000	168,051,000	176,240,000
Residual fuel oil (bbls.) at	Oct. 11	52,169,000	52,060,000	53,216,000	54,440,000
Unfinished oils (bbls.) at	Oct. 11	83,317,000	83,367,000	84,020,000	85,172,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Oct. 12	635,596	632,049	596,056	606,881
Revenue freight received from connections (no. of cars)	Oct. 12	516,474	519,776	477,016	515,761
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Oct. 12	9,715,000	9,700,000	9,905,000	8,927,000
Pennsylvania anthracite (tons)	Oct. 12	415,000	393,000	430,000	310,000
CONSTRUCTION ADVANCE PLANNING — ENGINEERING NEWS-RECORD—NEW SERIES (000's omitted):					
Total advance planning by ownership	Oct. 17	$674,700	$620,200	$920,600	$485,400
Private	Oct. 17	476,300	328,100	579,500	195,900
Public	Oct. 17	198,400	292,100	341,100	289,500
State and Municipal	Oct. 17	195,400	281,500	330,800	219,300
Federal	Oct. 17	3,000	10,600	10,300	70,200
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1957-59 AVERAGE = 100	Oct. 12	119	122	122	112
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Oct. 19	17,173,000	17,255,000	17,478,000	16,178,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Oct. 17	303	257	281	332
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Oct. 13	6.368c	6.368c	6.279c	6.196c
Pig iron (per gross ton)	Oct. 13	$63.11	$63.11	$63.11	$66.33
Scrap steel (per gross ton)	Oct. 13	26.83	$26.83	$26.83	$24.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Oct. 18	30.600c	30.600c	30.600c	30.600c
Export refinery at	Oct. 18	28.400c	28.400c	28.400c	28.525c
Lead (New York) at	Oct. 18	12.000c	12.000c	11.750c	9.500c
Lead (St. Louis) at	Oct. 18	11.800c	11.800c	11.550c	9.300c
‡Zinc (delivered at)	Oct. 18	13.000c	13.000c	13.000c	12.000c
Zinc (East St. Louis) at	Oct. 18	12.500c	12.500c	12.500c	11.500c
Aluminum (primary pig, 99.5%) at	Oct. 18	23.000c	23.000c	22.500c	24.000c
Straits tin (New York) at	Oct. 18	120.125c	118.125c	116.875c	108.875c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Oct. 22	88.78	88.74	88.92	89.87
Average corporate	Oct. 22	88.40	88.54	88.54	89.99
Aaa	Oct. 22	91.34	91.48	91.34	92.20
Aa	Oct. 22	89.64	89.78	89.78	90.20
A	Oct. 22	88.67	88.67	88.81	87.32
Baa	Oct. 22	84.43	84.30	84.43	82.77
Railroad Group	Oct. 22	86.65	86.51	86.78	84.30
Public Utilities Group	Oct. 22	89.51	89.64	89.51	89.37
Industrials Group	Oct. 22	89.23	89.37	89.37	90.48
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Oct. 22	4.01	4.02	3.98	3.72
Average corporate	Oct. 22	4.53	4.52	4.52	4.56
Aaa	Oct. 22	4.32	4.31	4.32	4.26
Aa	Oct. 22	4.44	4.43	4.43	4.40
A	Oct. 22	4.51	4.51	4.50	4.61
Baa	Oct. 22	4.83	4.84	4.83	4.96
Railroad Group	Oct. 22	4.66	4.67	4.65	4.84
Public Utilities Group	Oct. 22	4.45	4.44	4.45	4.46
Industrials Group	Oct. 22	4.47	4.46	4.46	4.38
MOODY'S COMMODITY INDEX	Oct. 22	374.2	372.0	363.6	361.9
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Oct. 12	372,813	435,786	377,509	339,278
Production (tons)	Oct. 12	384,613	381,406	381,739	369,926
Percentage of activity	Oct. 12	100	98	99	98
Unfilled orders (tons) at end of period	Oct. 12	656.300	668.552	614.072	502.097
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1959 AVERAGE=100	Oct. 18	99.38	*99.44	99.15	98.96
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	Sep. 27	3,566,000	3,175,650	3,036,890	2,602,590
Short sales	Sep. 27	615,290	602,950	575,550	573,850
Other sales	Sep. 27	2,875,200	2,417,320	2,414,080	2,058,180
Total sales	Sep. 27	3,490,490	3,020,270	2,989,630	2,632,030
Other transactions initiated off the floor—					
Total purchases	Sep. 27	842,300	562,000	686,380	608,300
Short sales	Sep. 27	149,300	62,800	71,950	141,300
Other sales	Sep. 27	704,760	545,490	601,950	503,110
Total sales	Sep. 27	854,060	608,290	673,900	644,410
Other transactions initiated on the floor—					
Total purchases	Sep. 27	1,253,109	1,112,979	1,207,357	911,900
Short sales	Sep. 27	167,720	141,890	211,250	228,813
Other sales	Sep. 27	1,124,473	1,040,315	1,149,965	802,718
Total sales	Sep. 27	1,292,193	1,182,205	1,361,215	1,031,531
Total round-lot transactions for account of members—					
Total purchases	Sep. 27	5,661,409	4,850,629	4,930,627	4,122,790
Short sales	Sep. 27	932,310	807,640	858,750	943,963
Other sales	Sep. 27	4,704,433	4,003,125	4,165,995	3,364,008
Total sales	Sep. 27	5,636,743	4,810,765	5,024,745	4,307,971
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	Sep. 27	1,758,944	1,523,434	1,547,185	1,490,236
Dollar value	Sep. 27	$106,512,503	$82,905,305	$84,220,858	$75,221,460
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—customers' total sales	Sep. 27	2,104,068	1,959,698	1,832,003	1,655,749
Customers' short sales	Sep. 27	23,930	13,828	11,111	99,844
Customers' other sales	Sep. 27	2,080,138	1,945,870	1,820,892	1,555,905
Dollar value	Sep. 27	$116,867,988	$98,816,593	$90,409,041	$83,736,822
Round-lot sales by dealers—					
Number of shares—Total sales	Sep. 27	822,290	810,100	705,910	613,160
Short sales	Sep. 27	------	------	------	------
Other sales	Sep. 27	822,290	810,100	705,910	613,160
Round-lot purchases by dealers—Number of shares	Sep. 27	415,240	355,220	406,470	412,820
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	Sep. 27	1,361,650	1,040,230	1,091,400	1,816,500
Other sales	Sep. 27	25,233,920	23,353,200	22,821,900	17,407,760
Total sales	Sep. 27	26,595,570	24,393,430	23,913,300	19,224,260
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR—(1957-59=100):					
Commodity Group—					
All commodities	Oct. 15	100.3	100.4	100.3	100.7
Farm products	Oct. 15	95.1	*96.2	95.2	98.8
Processed foods	Oct. 15	101.5	*101.6	101.0	101.7
Meats	Oct. 15	92.5	*93.5	93.3	100.2
All commodities other than farm and foods	Oct. 15	100.7	100.8	100.8	100.7

	Latest Month	Previous Month	Year Ago
BANK DEBITS — BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM			
Month of September (000's omitted)	$310,800	$300,500	$263,300
BANKERS DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of September 30:			
Imports	$563,707,000	$555,516,000	$519,562,000
Exports	775,092,000	771,711,000	674,308,000
Domestic shipments	12,219,000	13,312,000	15,550,000
Domestic warehouse credits	34,831,000	39,558,000	57,193,000
Dollar exchange	96,830,000	105,100,000	144,174,000
Based on goods stored and shipped between foreign countries	1,226,029,000	1,159,113,000	870,407,000
Total	$2,708,708,000	$2,644,310,000	$2,281,194,000
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of August:			
Manufacturing number	187	173	227
Wholesale number	108	111	133
Retail number	522	590	622
Construction number	210	180	217
Commercial service number	108	101	120
Total number	1,135	1,155	1,319
Manufacturing liabilities	$18,748,000	$45,955,000	$36,170,000
Wholesale liabilities	9,446,000	9,127,000	16,887,000
Retail liabilities	19,341,000	26,463,000	53,180,000
Construction liabilities	12,394,000	31,350,000	33,618,000
Commercial service liabilities	5,304,000	7,614,000	6,977,000
Total liabilities	$65,233,000	$120,509,000	$146,832,000
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of Aug. 31:			
Total consumer credit	$66,137	$65,364	$60,003
Instalment credit	51,421	50,792	46,204
Automobile	21,468	21,242	18,933
Other consumer credit	12,804	12,661	11,824
Repairs and modernization loans	3,383	3,340	3,260
Personal loans	13,766	13,549	12,187
Noninstalment credit	14,716	14,572	13,799
Single payment loans	5,799	5,688	5,469
Charge accounts	4,770	4,727	4,451
Service credit	4,147	4,157	3,839
CONSUMER PRICE INDEX — 1957-59=100—Month of August:			
All items	107.1	107.1	105.5
Food	106.0	106.2	103.8
Food at home	104.5	104.8	102.3
Cereal and bakery products	109.1	109.2	107.8
Meats, poultry and fish	101.4	100.2	102.6
Dairy products	104.2	103.3	103.9
Fruits and vegetables	114.2	118.7	105.2
Other food at home	98.0	97.8	95.2
Food away from home (Jan., 1958=100)	113.3	113.1	111.4
Housing	106.0	106.0	104.8
Rent	106.8	106.7	105.8
Gas and electricity	107.2	108.1	108.0
Solid fuels and fuel oil	102.6	102.3	100.1
Housefurnishings	98.3	98.5	98.5
Household operation	110.6	110.3	107.4
Apparel	104.0	103.9	102.5
Men's and boys'	104.7	104.5	102.9
Women's and girls'	101.2	101.2	99.9
Footwear	110.6	110.5	109.3
Other apparel	101.1	101.1	100.4
Transportation	108.3	107.8	107.4
Private	106.9	106.4	106.2
Public	117.1	116.6	115.7
Medical care	117.1	116.9	116.6
Personal care	108.0	108.0	106.8
Reading and recreation	112.1	111.5	110.3
Other goods and services	108.0	108.0	105.5
COTTON GINNING (DEPT. OF COMMERCE):			
As of Oct. 1, running bales	4,774,172	------	4,676,990
COTTON PRODUCTION (DEPT. OF COMMERCE):			
500-lb. gross bales, as of Oct. 1	14,847,000	14,310,000	14,864,180
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of September:			
Weekly earnings—			
All manufacturing	$99.88	$98.42	$97.27
Durable goods	108.36	107.01	105.88
Nondurable goods	89.15	88.18	86.80
Hours—			
All manufacturing	40.6	40.5	40.7
Durable goods	41.2	41.0	41.2
Nondurable goods	39.8	39.9	40.0
Hourly earnings—			
All manufacturing	$2.46	$2.43	$2.39
Durable goods	2.63	2.61	2.57
Nondurable goods	2.24	2.21	2.17
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM — 1957-59 Average=100—Month of September:			
Seasonally adjusted	126	126	120
Unadjusted	128	124	122
MOODY'S WEIGHTED AVERAGE YIELD—100 COMMON STOCKS—Month of September:			
Industrials (125)	3.12	3.10	3.71
Railroads (25)	4.41	4.21	5.96
Utilities (not incl. Amer. Tel & Tel. [24])	3.14	3.00	3.45
Banks (15)	3.12	3.02	3.70
Insurance (10)	2.57	2.48	2.85
Average (200)	3.10	3.08	3.69
NEW CAPITAL ISSUES IN GREAT BRITAIN MIDLAND BANK—Month of September	£36,560,000	£35,880,000	£27,995,000
NEW YORK STOCK EXCHANGE—As of September 30 (000's omitted):			
Member firms carrying margin accounts—			
Total customers net debit balances	$5,356,000	$5,057,000	$3,914,000
Credit extended to customers	41,000	23,000	27,000
Total of customers free credit balances	1,180,000	1,093,000	1,091,000
Market value of listed shares	396,235,000	400,961,000	308,440,299
Member borrowings of U. S. Govt. issues	749,000	654,000	907,000
Member borrowings on other collateral	4,244,000	*4,067,000	2,783,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of August (in billions):			
Total personal income	$464.9	*$464.2	$444.6
Wages and salary receipts, total	314.2	314.1	299.4
Commodity producing industries	124.6	*125.1	119.6
Manufacturing only	98.7	*99.2	95.1
Distributing industries	80.1	*80.1	72.1
Service industries	50.0	49.8	47.1
Government	59.5	59.2	55.6
Other labor income	12.7	12.7	12.2
Business and professional	37.9	37.7	36.6
Farm	12.7	*12.7	13.2
Rental income of persons	12.1	12.1	12.0
Dividends	17.5	*17.5	16.4
Personal interest income	32.8	32.6	30.3
Transfer payments	36.7	36.6	34.8
Less employees' contributions for social insurance	11.8	11.8	10.3
Total nonagricultural incomes	447.8	447.0	427.2

*Revised figure. †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. (a) Not available.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

NOTE — Registration statements filed with the SEC since the last issue of the "Chronicle" are now carried separately at the end of this section "Securities Now in Registration." Dates shown in parentheses alongside the company's name, and in the index, reflect the expectations of the underwriter but are not, in general, firm offering dates.

Also shown under the capition "Effective Registrations" are those issues which became effective this week and were offered publicly.

● Aerosol Techniques, Inc. (11/11-15)
Sept. 20, 1963 filed 150,000 common, of which 80,000 are to be offered by company and 70,000 by certain stockholders. **Price**—By amendment (max. $25). **Business**—Manufacture of various types of aerosol products. **Proceeds** — For acquisition, equipment, debt repayment and working capital. **Address**—Bridgeport, Conn. **Underwriter**—Laird & Co., Corp., New York.

Aerosystems Technology Corp.
Oct. 4, 1963 filed 165,000 common. **Price**—$3. **Business**—Manufacture of a new line of motor speed controls to govern the speed of electric powered tools. **Proceeds**—For additional equipment, leased facilities, advertising and working capital. **Address** — 1275 Route 23, Wayne, N. J. **Underwriter**—Chase Securities Corp., New York.

Airway Hotels, Inc.
April 1, 1963 filed 200,000 common. **Price**—$5. **Business**—Company owns and operates a chain of motor hotels, apartment buildings and a shopping center. **Proceeds**—For loan repayment, expansion and other corporate purposes. **Office**—901 Fuhrmann Blvd., Buffalo, N. Y. **Underwriter**—None.

● Allen Electric & Equipment Co. (11/4-8)
Sept. 27, 1963 filed $1,200,000 of 6% convertible subordinated debentures due 1976; also 100,000 common to be offered by a stockholder. **Price**—By amendment (max. for stock: $12). **Business**—Manufacture of equipment and tools used in servicing automobiles. **Proceeds**—For debt repayment. **Office**—2101 N. Pitcher St., Kalamazoo, Mich. **Underwriter**—Dempsey-Tegeler & Co., Inc., St. Louis.

Allright Auto Parks, Inc. (11/4-8)
Sept. 24, 1963 filed $2,000,000 of 6% sinking fund subordinated debentures due 1978, 240,000 common shares and 5-year warrants to purchase an additional 80,000 common, to be offered in units consisting of one $100 debenture, 12 shares and warrants to purchase an additional 4 shares. **Price**—By amendment (max. $230 per unit). **Business** — Operation of 558 parking lots in 40 cities. **Proceeds**—For debt repayment and working capital. **Office**—825 Esperson Bldg., Houston. **Underwriter**—Equitable Securities Corp., Nashville.

Amerel Mining Co. Ltd.
July 31, 1961 filed 400,000 common shares. **Price** 50¢. **Business**—The company is engaged in exploration, development and mining. **Proceeds**—For diamond drilling, construction, exploration and general corporate expenses. **Office**—80 Richmond St., W., Toronto. **Underwriter**—E. A. Manning, Ltd., Toronto.

American Vitrified Products Co.
Aug. 6, 1963 filed 79,137 common being offered for subscription by stockholders on the basis of one share for each three shares held of record Sept. 26. Rights will expire Nov. 4. **Price** — $19. **Business** — Manufacture of various clay and concrete products. **Proceeds**—For debt repayment, plant improvement, inventories and accounts receivable. **Office**—700 National City Bank Bldg., Cleveland. **Underwriter**—None.

Atlantis International Corp.
April 30, 1963 filed 100,000 common. **Price**—$4. **Business**—A real estate development company. **Proceeds**—For debt repayment, property improvement, and working capital. **Office**—700 Park Ave., Plainfield, N. J. **Underwriter**—S. Schramm & Co., Inc., New York.

Balanced Income Fund, Inc.
Oct. 7, 1963 filed 2,000,000 common. **Price** — Net asset value (max. $8.72) plus 8¼%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—120 S. LaSalle St., Chicago. **Underwriter**—Supervised Investors Services, Inc. (same address).

● Bank Leumi le-Israel B. M. (11/6)
Oct. 16, 1963 filed 1,793,750 ordinary shares and 5,147,-500 "A" ordinary shares to be offered for subscription by stockholders on the basis of one new share for each two like shares held of record Nov. 6. Rights will expire Nov. 25. **Price**—By amendment (max. $1.30). **Business**—A general commercial bank. **Proceeds**—To increase capital funds. **Address** — Tel-Aviv, Israel. **Underwriter**—Kuhn, Loeb & Co., Inc., New York.

Bay State Exchange Fund, Inc.
May 29, 1963 filed 10,000 $1 par capital shares to be offered in exchange for certain acceptable securities on the basis of one share for each $25 of deposited securities. Exchange is believed by counsel for the Fund to be tax-free for Federal income tax purposes. **Business**—A closed-end investment company seeking long-term growth of capital and income. **Proceeds** — For investment. **Office**—35 Congress St., Boston. **Underwriter**—Kidder, Peabody & Co., New York. **Note**—The exchange will not be consummated unless $25,000,000 of securities are deposited and accepted. This means that the Fund expects to issue a minimum of 1,000,000 capital shares. **Offering**—Indefinite.

Bradford Speed Packaging & Development Corp.
July 22, 1963 filed 699,380 common being offered to stockholders of Atlas General Industries, Inc., parent, on the basis of one Bradford share for each two Atlas shares held of record Oct. 14. Rights will expire Nov. 13. **Price**—$11.05. **Business**—Company holds a 40% stock interest in Maryland Logging Corp., which conducts logging operations in Liberia and will acquire from Atlas, Kliklok Automated Packaging Division, engaged in the manufacture and leasing of packaging machinery. Bradford also owns 69,509 shares (9.59%) of Foster Wheeler Corp. **Proceeds**—For selling stockholders, Atlas General. **Office**—62 William St., New York. **Underwriter**—Burnham & Co., New York.

Brantly Helicopter Corp.
July 23, 1963 filed 588,780 common to be offered for subscription by stockholders on the basis of three new shares for each share held. **Price**—50 cents. **Business**—Production of a light two-place helicopter. **Proceeds**—For debt repayment, product development, working capital and other corporate purposes. **Office**—1129 Club House Road, Gladwyne, Pa. **Underwriter**—None.

Brewer (C.) & Co., Ltd. (10/30)
Sept. 30, 1963 filed 146,735 common to be offered for subscription by stockholders on the basis of one share for each five shares held of record Oct. 28. Rights will expire Nov. 15. **Price** — By admendment (max. $50). **Business** — Growing and processing of sugar in Hawaii and Puerto Rico, marketing of black strap molasses and other activities. **Proceeds** — For debt repayment **Office** — 827 Fort St., Honolulu. **Underwriters** — Blyth & Co., Inc., New York, and Butcher & Sherrerd, Phila.

● Bridges Investment Fund, Inc. (11/20)
July 25, 1963 filed 200,000 capital shares. **Price**—Net asset value (max. $10). **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—8401 W. Dodge Rd., Omaha. **Underwriter**—None.

Brockton Edison Co. (10/29)
Sept. 20, 1963 filed 60,000 shares of preferred stock ($100 par). **Business**—Transmission of electricity and incidentally, the sale of electric appliances. **Proceeds**—To refund outstanding 5.60% and 5.48% preferred stock. **Office**—36 Main St., Brockton, Mass. **Underwriters**—(Competitive). Probable bidders: Kuhn, Loeb & Co.-Salomon Brothers & Hutzler-Wood, Struthers & Co., Inc. McDonnell & Co., Inc., (jointly); Stone & Webster Securities Corp.; Kidder, Peabody & Co. **Bids**—Oct. 29 (11 a.m. EST) at 49 Federal St., Boston. **Information Meeting**—Oct. 25 (11 a.m. EDST) at some address.

Brockton Edison Co. (10/29)
Sept. 20, 1963 filed $5,000,000 of first mortgage and collateral trust bonds due 1993. **Business**—Transmission of electricity and incidentally, the sale of electric appliances. **Proceeds**—To refund outstanding 5¼% first mortgage and collateral trust bonds due 1989. **Office** — 36 Main St., Brockton, Mass. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co.-Salomon Brothers & Hutzler-Wood, Struthers & Co., Inc. (jointly); Kidder, Peabody & Co.-White, Weld & Co.-Shields & Co. (jointly); Eastman Dillon, Union Securities & Co. **Bids**—Oct. 29 (11 a.m. EST) at 49 Federal St., Boston. **Information Meeting**—Oct. 25 (11 a.m. EDST) at same address.

Canaveral Hills Enterprises, Inc.
May 10, 1962 filed 100,000 common. **Price**—$5. **Business**—Company was formed to own and operate a country club and golf course, swimming pool and cabana club, near Cape Canaveral, Fla., and develop real estate, erect homes, apartment houses, motels, etc. **Proceeds**—For debt repayment and expansion. **Office**—309 Ainsley Bldg., Miami, Fla. **Underwriter**—Willis E. Burnside & Co., Inc., New York. **Offering**—Indefinite.

● Capitol Food Industries, Inc. (10/30)
Sept. 20, 1963 filed $1,700,000 of 6½% sinking fund convertible subordinated debentures due 1978. **Price**—At par. **Business**—Company is a supplier of fruit concentrate bases, syrups, toppings, flavorings and other food ingredients. **Proceeds**—For loan repayment and working capital. **Office**—105 South La Salle St., Chicago. **Underwriter**—Walston & Co., Chicago.

● Carlon Products Corp.
Oct. 9, 1963 filed 304,293 common to be offered for subscription by stockholders on the basis of three new shares for each five held. **Price**—By amendment (max. $3.50). **Business** — Manufacture of extruded plastic pipe, and molded and fabricated plastic pipe fittings. **Proceeds**—For debt repayment, working capital, and other corporate purposes. **Address**—P. O. Box 133, Aurora, Ohio. **Underwriter**—None.

Castle Hospitality Services, Inc.
Dec. 14, 1962 filed $500,000 of 8% debentures due 1969. **Price**—At par ($1,000). **Business**—Company plans to offer management and consultant services to motels and furnish them with equipment. **Proceeds**—For general corporate purposes. **Office**—1068 S. Ocean Blvd., Pompano Beach, Fla. **Underwriter**—None.

Celanese Corp. of America (10/25)
Sept. 27, 1963 filed 964,390 common to be offered for subscription by stockholders on the basis of one new share for each eight held of record Oct. 25. Rights will expire Nov. 12. **Price**—By amendment (max. $60). **Business**—A major chemical company specializing in production of synthetic structural materials. **Proceeds**—For expansion and other corporate purposes. **Office**—522 Fifth Ave., New York. **Underwriter**—First Boston Corp., New York.

Central Mutual Telephone Co., Inc.
Oct. 11, 1963 filed 38,564 common to be offered for subscription by stockholders on the basis of one new share for each three held. **Price**—$23.50. **Business**—Company furnishes telephone service in Prince William, Stafford and Fairfax Counties, Virginia. **Proceeds**—For construction and loan repayment. **Address**—Manassas, Va. **Underwriter**—Folger, Nolan, Fleming & Co., Inc., Washington, D. C.

Charleston Rubber Co.
Oct. 3, 1963 ("Reg. A") 16,750 common. **Price** — $17.50. **Business**—Manufacture of special purpose safety equipment and electric utility, general industrial and scientific products. **Proceeds** — For a new plant and equipment. **Address**—Stark Industrial Park, Charleston, S. C. **Underwriter** — Johnson, Coleman, Manning & Smith, Inc., Charleston, S. C.

Chemair Corp.
Dec. 28, 1962 filed $150,000 of 6% subordinated income debentures due 1973 and 30,000 common shares to be offered in units consisting of one $10 debenture and two common. **Price**—$12 per unit. **Business**—Production and sale of chemicals designed to control odors, bacterial growth and air pollutants; and development, production and sale of an electronic vaporizing unit for dispensing such chemicals. **Proceeds**—For debt repayment, equipment, sales promotion and working capital. **Office**—221 N. La Salle Street, Chicago. **Underwriter**—To be named. **Note**—This company formerly was named Chemair Electronics Corp. **Offering**—Indefinite.

Chestnut Hill Industries, Inc.
Nov. 29, 1961 filed 300,000 class A common, of which 225,000 are to be offered by the company and 75,000 by stockholders. **Price**—$5. **Business**—Design and manufacture of women's, misses' and junior sportswear, coordinates, and dresses. **Proceeds**—For debt repayment, equipment and working capital. **Office**—2025 McKinley St., Hollywood, Fla. **Underwriter**—Clayton Securities Corp., Boston, Mass. **Offering**—Indefinite.

● Citadel Life Insurance Co. of New York (10/28-31)
March 26, 1963 filed 40,000 capital shares to be offered for subscription by stockholders on the basis of two new shares for each three held. **Price**—By amendment (max. $26). **Business**—Writing of life, accident, health and disability insurance, and annuities. **Proceeds**—For expansion. **Office**—444 Madison Ave., N. Y. **Underwriter**—Alex. Brown & Sons, Baltimore.

Coleridge Press Inc.
June 19, 1963 ("Reg. A") 50,000 common. **Price**—$5. **Business**—General book publishing. **Proceeds**—For working capital and purchase of equipment. **Office**—60 East 42nd St., New York. **Underwriter**—Hannibal Securities, Inc., New York.

Colorado Imperial Mining Co.
Sept. 20, 1962 filed 200,000 common. **Price**—$1. **Business**—General mining. **Proceeds**—For exploration and operating expenses. **Office**—Creede, Colo. **Underwriter**—None.

● Commercial Life Insurance Co. of Missouri
Nov. 26, 1962 ("Reg. A") 46,000 common being offered for subscription by stockholders on the basis of one share for each 3.36 common shares held of record Oct. 8 Rights will expire Oct. 30. **Price** — $6. **Business** — Sale of health, accident, life and hospital insurance. **Proceeds**—For working capital. **Office**—3570 Lindell Blvd, St. Louis. **Underwriter** — Edward D. Jones & Co., St. Louis.

Common Market Fund, Inc.
March 7, 1963 filed 2,000,000 capital shares. **Price**—Net asset value plus 8.5%. **Business**—A new mutual fund specializing in securities of foreign and American companies operating in the European Common Market. **Proceeds**—For investment. **Office**—9465 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Kennedy, Cabot & Co. (same address). **Offering**—Indefinite.

Community Health Associations, Inc.
April 12, 1963 filed 150,000 common, of which 100,000 are to be offered by company and 50,000 by Harry E. Wilson, President. **Price**—$15. **Business**—Sale of hospital and surgical insurance contracts. **Proceeds**—For investment, sales promotion, and other corporate purposes. **Office**—4000 Aurora Ave., Seattle, Wash. **Underwriter**—None.

Continental Reserve Corp.
May 13, 1963 filed 45,000 class B common. **Price** — $40. **Business** — Company plans to acquire, organize, and manage life, accident and health insurance concerns. **Proceeds**—For investment in subsidiaries. **Office**—114 East 40th St., New York. **Underwriter**—None.

Craft Master Corp. (11/11-15)
Sept. 30, 1963 filed $1,000,000 of 6% convertible subordinated debentures due 1973; also 125,000 common to be offered by stockholders. **Price**—By amendment (max. $11 for common). **Business**—Manufacture of paint-by-number sets, crushed marble mosaic kits, hobby kits and wooden picture frames. **Proceeds**—For debt repayment.

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Office—328 N. Westwood Ave., Toledo. **Underwriters**—Fulton, Reid & Co., Inc., and William T. Robbins & Co., Inc., Cleveland.

Defenders Insurance Co.
Jan. 30, 1963 filed 100,000 common. **Price**—$12.50. **Business**—Company plans to write automobile insurance. **Proceeds**—For general corporate purposes. **Office**—146 Old County Rd., Mineola, N. Y. **Underwriter**—None.

Deuterium Corp.
Sept. 28, 1962 filed 120,000 common with attached warrants to purchase an additional 120,000 shares to be offered for subscription by holders of its stock and debentures in units (of one share and one warrant) on the basis of 3 units for each 5% prior preferred share held, one unit for each 5% preferred A stock held and 40 units for each $1,200 face amount of non-interest bearing subordinated debentures held. At the same time, the company will offer the securities to the public. **Price**—To subscribers, $20; to public, $22.25. **Business**—Company plans to erect a small size production and experimental plant for the limited manufacture of deuterium and deuterium oxide, and to establish and equip a general research laboratory. **Proceeds**—For working capital, construction equipment and other corporate purposes. **Office**—360 Lexington Ave., N. Y. **Underwriter**—None.

Doman Helicopters, Inc.
April 19, 1962 filed 418,680 common to be offered for subscription by stockholders on the basis of two new shares for each three held. **Price**—By amendment (max. $1.25). **Business**—Research, development and construction of experimental helicopters. **Proceeds**—To obtain certification of models, train service personnel, repay debt, etc. **Address**—Municipal Airport, Danbury, Conn. **Underwriter**—None. **Note**—The SEC has issued a stop order suspending this registration statement.

Donaldson Co., Inc (11/4-8)
Oct. 4, 1963 filed 145,000 common. **Price**—By amendment (max. $19). **Business**—Company manufactures air cleaners and mufflers for heavy duty internal combustion engines, and special seals, filters, bellows and pumps for use in aircraft and missiles. **Proceeds**—For selling stockholders. **Office**—1400 West 94th St., Minneapolis. **Underwriter**—Paine, Webber, Jackson & Curtis, New York.

Dynapower Systems Corp.
Sept. 28, 1962 filed 750,000 common. **Price**—$1. **Business**—Manufacture of electro-mechanical vehicles and electronic devices for medical and marine purposes. **Proceeds**—For working capital, equipment and debt repayment. **Office**—2222 S. Centinela Ave., Los Angeles. **Underwriter**—None.

Eagle's Nest Mountain Estates, Inc.
Sept. 26, 1963 filed 360,000 common, of which 300,000 are to be offered by company and 60,000 by stockholders. **Price** — $4. **Business**—Company plans to develop land for a year-round amusement resort. **Proceeds**—For construction, debt repayment, working capital and other corporate purposes. **Office**—2042 S. Atlantic Ave., Daytona Beach, Fla. **Underwriter**—Alpha Investment Securities, Inc., Atlanta.

Eberstadt Income Fund, Inc.
May 31, 1963 filed 2,000,000 capital shares. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund seeking current income. **Proceeds**—For investment. **Office**—65 Broadway, New York. **Distributor**—F. Eberstadt & Co., Managers & Distributors, Inc., New York.

Electronic Dispenser Corp.
Jan. 29, 1963, filed 50,000 common. **Price**—$2. **Business**—Manufacture of the SAFER Butter Chipping machine, and processing of tray-forming and chip-covering materials. **Proceeds**—For operating expenses, equipment, inventory and advertising. **Office**—118 E. 28th St., New York. **Underwriter**—L. D. Brown & Co., New York. **Offering**—Postponed.

Elite Theatrical Productions Ltd.
Sept. 26, 1963 filed 400,000 class A common. **Price** — $5. **Business**—Company plans to operate, produce and finance various types of ventures in the theatrical and entertainment fields. **Proceeds**—For working capital, and other corporate purposes. **Office** — 50 Broadway, New York. **Underwriter**—Linder, Bilotti & Co., Inc., (same address).

● **Equity Funding Corp. of America**
March 29, 1962 filed 240,000 common. **Price**—By amendment (Max. $6.50). **Business**—A holding company for firms selling life insurance and mutual funds. **Proceeds**—For new sales offices, advances to subsidiaries and working capital. **Office**—5150 Wilshire Blvd., Los Angeles. **Underwriter**—To be named. **Note**—This registration will be withdrawn and then refiled.

Fedco Corp.
Oct. 29, 1962 filed 20,000 common, of which 17,500 are to be offered by company and 2,500 by a shareholder. **Price**—By amendment (max. $15). **Business**—Design and manufacture of tools, dies, molds, beryllium castings and the distribution of plastic, metal and glass products for home use. **Proceeds**—For a recession offer to stockholders and reduction of accounts payable. **Office**—3600 W. Pratt Ave., Chicago. **Underwriter**—None.

First Railroad & Banking Co. of Georgia (10/24)
Sept. 24, 1963 filed maximum of $5,000,000 of 5% convertible debentures due Aug. 1, 1988. **Price**—By amendment. **Proceeds** — For redemption and other corporate purposes. **Office**—701 Broad St., Augusta, Ga. **Underwriter**—Johnson, Lane, Space Corp., Augusta.

● **Florida Jai Alai, Inc. (11/25-29)**
June 28, 1962 filed 300,000 common. **Price**—$5. **Business** — Operation of Jai Alai games and pari-mutuel betting. **Proceeds**—For rent, purchase of leased quarters, building improvements, working capital. **Office** — Fern Park, Fla. **Underwriter**—Consolidated Securities Corp., Pompano Beach, Fla.

● **Florida Power Corp.**
Sept. 10, 1963 filed 457,265 common being offered for subscription by common stockholders on the basis of one new share for each 20 held of record Oct. 10. Rights will expire Oct. 31. **Price** — $40. **Business**—Production, distribution and sale of electricity in northern and central Florida. **Proceeds**—For loan repayment, and construction. **Office**—101 Fifth Street, South, St. Petersburg, Fla. **Underwriters**—Kidder, Peabody & Co., Inc., and Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

● **Forst (Alex) & Sons, Inc. (11/4-8)**
March 23, 1963 filed 100,000 common. **Price** — $5.50. **Business** — Wholesale distribution of toys and games. **Proceeds** — For selling stockholders. **Address** — New Hyde Park Road, New Hyde Park, New York. **Underwriter**—Arnold, Wilkens & Co., New York.

Frazure, Hull, Inc.
Aug. 21, 1963 ("Reg. A") 133,333 common. **Price**—$2.25. **Business**—Fruit growing, publishing of a farm newspaper, citrus fruit brokerage and operation of a retail store. **Proceeds**—For expansion of the newspaper, working capital and debt repayment. **Address**—West Highway 50-Winter Garden, Fla. **Underwriter**—Prudential Investment Corp., Miami.

General Motors Acceptance Corp. (10/31)
Oct. 16, 1963 filed $150,000,000 of debentures due 1985. **Price**—By amendment. **Business**—A consumer finance company specializing in financing new products manufactured by General Motors Corp. **Proceeds**—For general corporate purposes. **Office**—1775 Broadway, New York. **Underwriter**—Morgan Stanley & Co., New York.

Georgia Power Co. (11/7)
Oct. 4, 1963 filed $30,000,000 of first mortgage bonds due 1993. **Proceeds**—For construction, and loan repayment. **Office**—270 Peachtree St., Atlanta. **Underwriters**—(Competitive). Probable bidders: Equitable Securities Corp.-Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co.-Kidder, Peabody & Co.-Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; Harriman Ripley & Co.; Morgan Stanley & Co.; Lehman Brothers. **Bids**—Nov. 7 (11:45 a.m. EST) at Southern Services, Inc., 115 Broadway (Room 1510), New York. **Information Meeting**—Oct. 31 (2:30 p.m. EST) at Chemical Bank New York Trust Co., 20 Pine St. (4th floor), New York.

Georgia Power Co. (11/7)
Oct. 4, 1963 filed 70,000 preferred (no par). **Proceeds**—For construction and loan repayment. **Office**—270 Peachtree St., Atlanta. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Lehman Brothers; Blyth & Co.; Eastman Dillon, Union Securities & Co.-Equitable Securities Corp. (jointly); Morgan Stanley & Co. **Bids**—Nov. 7 (11 a.m. EST) at Southern Services, Inc., 115 Broadway (Room 1510), New York. **Information Meeting**—Oct. 31 (2:30 p.m. EST) at Chemical Bank New York Trust Co., 20 Pine St., (4th floor), New York.

Gordon (I.) Realty Corp.
Sept. 27, 1963 filed $2,113,748 of 7% subordinated convertible debentures due 1974 to be offered for subscription by stockholders on the basis of $700 face amount for each 100 common shares held. **Price**—By amendment. **Business**—General real estate. **Proceeds**—For debt repayment, and other corporate purposes. **Office**—112 Powers Bldg., Rochester, N. Y. **Underwriter**—None.

Grand Corp.
Oct. 7, 1963 ("Reg. A") 16,600 units, each consisting of five shares and a warrant to purchase one additional share. **Price**—$15 per unit. **Business**—Manufacture, development and sale of an installation tool, a repeater balling gun, and microprojector motivation kits. **Proceeds**—For debt repayment, inventories, advertising, and working capital. **Office**—5532 Harlan Arvada, Colo. **Underwriter**—Nemrava & Co., Denver.

Great Lakes Homes, Inc. (11/4-8)
Sept. 27, 1963 filed 160,000 common, of which 100,000 will be sold for the company, and 60,000 for stockholders. **Price**—By amendment (max. $10). **Business**—Manufacture of custom-designed, factory built homes. **Proceeds**—For debt repayment and working capital. **Address**—Sheboygan Falls, Wis. **Underwriter**—The Milwaukee Co., Milwaukee, Wis.

Greater Miami Industrial Park, Inc.
Feb. 25, 1963, filed 136,094 common to be offered for subscription by stockholders on the basis of one share for each 4½ shares held. **Price**—$5.50. **Business**—Acquisition and development of real estate. **Proceeds**—For general corporate purposes. **Office**—811 du Pont Plaza Center, Miami, Fla. **Underwriter**—None.

Greater Nebraska Corp.
Feb. 20, 1963, filed 3,000,000 common. **Price**—$2. **Business**—Company plans to operate subsidiaries in the fields of banking, insurance, finance, etc. **Proceeds**—For general corporate purposes. **Office**—1107 Federal Securities Building, Lincoln, Neb. **Underwriter**—None.

Heck's, Inc. (10/28-31)
June 12, 1963 refiled 180,000 class A common. **Price**—$2.50. **Business**—Operation of discount stores. **Proceeds**—To provide fixtures and inventory for a new store, and for working capital. **Office**—6400 MacCorkle Ave., S. W., St. Albans, W. Va. **Underwriter**—Charles Plohn & Co., New York.

Holiday Mobile Home Resorts, Inc.
March 27, 1963 filed $1,250,000 of 6½% conv. subord. debentures due 1978, and 75,000 common to be offered in units consisting of $50 of debentures and 3 shares. **Price**—$68 per unit. **Business**—Development and operation of mobile home resorts throughout U. S. **Proceeds**—For debt repayment, construction, and other corporate purposes. **Office**—4344 East Indian School Rd., Phoenix. **Underwriters**—Boettcher & Co., Denver, and J. R. Williston & Beane, New York. **Note**—This statement will not be withdrawn as previously reported, but will be amended.

Horace Mann Life Insurance Co.
Feb. 1, 1963 filed 200,000 common, of which 80,000 are to be offered by company and 120,000 by stockholders. **Price**—$12.50. **Business**—Writing of life, accident and health insurance. **Proceeds**—For general corporate purposes. **Office**—216 E. Monroe St., Springfield, Ill. **Underwriter**—Horace Mann Investors Inc., (same address).

International Data Systems. Inc.
Aug. 2, 1963 ("Reg. A") 11,000 common to be offered for subscription by stockholders on a pro-rata basis. **Price**—At-the-market. **Business**—Development, design and manufacture of electronic devices. **Proceeds**—For a selling stockholder. **Office**—2925 Merrell Rd., Dallas. **Underwriter**—A. G. Edwards & Sons, St. Louis. **Offering**—Indefinitely postponed.

International Life Insurance Co. of Buffalo
Sept. 26, 1963 filed 125,900 capital shares to be offered for subscription by stockholders on the basis of one new share for each four held. **Price**—By amendment (max. $32). **Business**—Sale of various forms of life insurance and annuities. **Proceeds**—For investment and expansion of operations. **Office**—120 Delaware Ave., Buffalo, N. Y. **Underwriter**—None.

Intra State Telephone Co. (11/1)
Sept. 5, 1963 filed 8,983 common to be offered for subscription by stockholders on the basis of two new shares for each five held of record Oct. 21. Rights will expire Nov. 16. **Price**—$100. **Business**—Company, 36.8% owned by Illinois Bell Telephone, furnishes telephone service in Illinois. **Proceeds**—For loan repayment, and other corporate purposes. **Office**—100 North Cherry St., Galesburg, Ill. **Underwriter**—None. **Note**—This statement has become effective.

Investors Inter-Continental Fund, Inc.
July 3, 1963 filed 3,000,000 capital shares. **Price**—Net asset value plus 7½%. **Business**—A new mutual fund which will succeed to business of Investors Group Canadian Fund Ltd., and invest in securities throughout the Free World. **Proceeds**—For investment. **Address**—1000 Roanoke Bldg., Minneapolis. **Distributor**—Investors Diversified Services, Inc. (same address).

Investors Realty Trust
May 31, 1962 filed 200,000 shares. **Price** — $10. **Business**—A real estate investment trust. **Proceeds** — For construction and investment. **Office** — 3315 Connecticut Ave., N. W., Washington, D. C. **Underwriter**—None.

Israfund-Israel Fund, Inc.
July 29, 1963 filed 300,000 common. **Price**—$10. **Business**—Fund plans to own stock of companies which will invest in securities of Israeli enterprises. **Proceeds**—For investment. **Office**—17 East 71st St., New York. **Underwriter**—Israel Securities Corp., (same address).

Israel American Diversified Fund, Inc.
April 22, 1963 filed 550,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund specializing in Israeli and American securities. **Proceeds**—For investment. **Office**—54 Wall St., New York. **Distributor**—Israel Fund Distributors, Inc. (same address).

● **Israel Baby Food Co. Ltd. (11/4-8)**
Sept. 12, 1963 filed $190,000 of 8% subordinated debentures due 1975 and 14,000 8% preferred ordinary shares. **Price**—For debentures, $100; for stock $10. **Business**—Company plans to prepare and market baby food in Israel and abroad. **Proceeds**—For loan repayment, construction, equipment, and other corporate purposes. **Address**—Givat Brenner, Israel. **Underwriter**—Brager & Co., New York.

Israel Fund, Inc.
July 18, 1963 filed 500,000 common. **Price**—$12.50. **Business**—A closed-end investment company which plans to invest in Israeli firms. **Proceeds**—For investment. **Office**—4200 Hayward Ave., Baltimore. **Underwriter**—Investors Planning Corp. of America, New York.

Israel Investors Corp.
Sept. 26, 1963 filed 100,000 common. **Price**—$104. **Business**—A closed-end investment company engaged in investing in private industries located in Israel. **Proceeds**—For investment. **Office** — 850 Third Ave., New York. **Underwriter**—None.

"Isras" Israel-Raasco Investment Co., Ltd.
June 28, 1963 filed 60,000 ordinary shares. **Price**—$55. **Business**—A real estate development company which also owns citrus plantations. **Proceeds**—For general corporate purposes. **Address**—Tel-Aviv, Israel. **Underwriter**—Rassco of Delaware Inc., New York.

Jaap Penraat Associates, Inc.
Jan. 30, 1962 filed 100,000 common. **Price**—$3. **Business**—Industrial designing, the design of teaching machines and the production of teaching programs. **Proceeds**—For expansion, new facilities and working capital. **Office**—315 Central Park W., N. Y. **Underwriter**—R. F. Dowd & Co., Inc., New York. **Offering**—Indefinitely postponed.

Janus Fund, Inc.
April 10, 1963 filed 500,000 capital shares. **Price** — Net asset value plus 8½%. **Business**—A new mutual fund seeking capital appreciation. **Proceeds**—For investment. **Office**—467 Hamilton Ave., Palo Alto, Calif. **Underwriter**—Mutual Fund Distributors, Inc. (same address).

Juniper Spur Ranch, Inc. (11/4-8)
May 27, 1963 ("Reg. A") 300,000 common. **Price** — $1. **Business**—Construction of a gasoline and diesel oil filling station, a restaurant and allied facilities. **Proceeds**—For general corporate purposes. **Underwriter** — V. E. Anderson & Co., Newhouse Bldg., Salt Lake City.

Jurgensen's Co.
Sept. 30, 1963 ("Reg. A") 12,000 6% convertible preferred (par $25). **Price**—At par. **Business**—Operation of credit and service type retail food stores in Southern California. **Proceeds**—For debt repayment, and working capital. **Office**—601 S. Lake Ave., Pasadena, Calif. **Underwriter**—Evans, MacCormack & Co., Inc., Los Angeles.

Kentucky Fried Chicken, Inc.
Sept. 27, 1963 filed 25,000 class A voting, and 25,000 class B non-voting common. **Price**—$10. **Business**—Company franchises certain restaurants in the U. S. to prepare and sell Kentucky Fried Chicken. It also sells or leases equipment used in preparation of this item. **Proceeds** — For the selling stockholder, Harland Sanders, Chairman. **Address**—Box 67, Shelbyville, Shelby County, Ky. **Underwriter**—None.

Key Finance Corp.
June 7, 1963 filed 80,000 common. **Price**—By amendment (max. $5). **Business**—Operation of a small loan business in Puerto Rico. **Proceeds**—For loan repayment, expansion and other corporate purposes. **Address**—Rio Piedras, Puerto Rico. **Underwriter**—Myron A. Lomasney & Co., New York. **Offering**—Imminent.

Keystone International Fund, Inc.
Aug. 13, 1963 filed 200.000 common. **Price** — Net asset value plus 7½%. **Business**—A new mutual fund which will acquire assets of Keystone International Fund, Ltd., a Canadian corporation, and invest in securities throughout the Free World. **Proceeds**—For investment. **Office**—50 Congress St., Boston. **Underwriter**—Keystone Co. of Boston.

Krasnow Industries, Inc.
June 28, 1963 filed 125,000 common. **Price**—By amendment (max. $5). **Business**—Volume manufacture of inexpensively priced men's and children's belts. **Proceeds**—For debt repayment, sales promotion, and other corporate purposes. **Office**—33-00 Northern Blvd., Long Island City, N. Y. **Underwriter**—T. W. Lewis & Co., Inc., New York. **Offering**—Indefinite.

Life Affiliates Corp.
Oct. 14, 1963 ("Reg. A") 55,000 class A common. **Price**—$5. **Business**—Company is an operating, holding and management company specializing in the life insurance industry. **Proceeds**—For working capital. **Office**—40 Exchange Place, N. Y. **Underwriter** — First Philadelphia Corp., New York.

● **Life Insurance Co. of Florida (11/18-22)**
Aug. 16, 1963 filed 400,000 common. **Price**—By amendment (max. $6). **Business** — Writing of industrial life, accident and health insurance as well as ordinary life insurance. **Proceeds**—For investment and eventual expansion. **Office**—2960 Coral Way, Miami. **Underwriter**—Pierce, Wulburn, Murphey, Inc., Jacksonville.

Logos Options, Ltd.
April 11, 1962 filed 250,000 capital shares. **Price** — By amendment (max. $10). **Business**—A diversified closed-end investment company. **Proceeds**—For investment. **Office**—26 Broadway, N. Y. **Underwriter**—Filor, Bullard & Smyth, N. Y. **Note**—This company formerly was named Logos Financial, Ltd. **Offering**—Indefinite.

Lord Jim's Service Systems, Inc.
Jan. 14, 1963 ("Reg. A") 100,000 common. **Price** — $1. **Business**—Operation of drive-in restaurants. **Proceeds**—For leases, equipment and working capital. **Office**—1601 Mandeville Canyon Rd., Los Angeles. **Underwriter**—Keon & Co., Los Angeles.

Lunar Films, Inc.
Aug. 31, 1961 filed 125,000 common. **Price**—$5.75. **Business**—The production of television films. **Proceeds**—For filming and production and working capital. **Office**—543 Madison Ave., New York. **Underwriter** — Ingram, Lambert & Stephen, Inc., 50 Broad St., New York. **Offering**—Indefinite.

Mahoning Corp.
July 26, 1963 filed 200,000 common. **Price**—$3. **Business**—Company plans to engage in the exploration and development of Canadian mineral properties. **Proceeds**—For general corporate purposes. **Address**—402 Central Tower Bldg., Youngstown, Ohio. **Underwriter**—None.

● **Management Investment Corp.**
Aug. 29, 1962 filed 2,000 common (with attached warrants). **Price**—$500. **Business**—Company plans to furnish equity capital to firms in the atomic, space and missile fields, and provide advisory and management counseling services on a fee basis. **Proceeds**—For repayment of loans, and general corporate purposes. **Office**—130 Fulton Federal Bldg., Atlanta. **Underwriter**—None. **Note**—This statement was withdrawn.

Marshall Press, Inc.
May 29, 1962 filed 60,000 common. **Price**—$3.75. **Business**—Graphic design and printing. **Proceeds**—For publishing a sales catalogue, developing a national sales staff and working capital. **Office**—812 Greenwich St., N. Y. **Underwriter**—To be named. **Offering**—Indefinitely postponed.

Medic Corp.
Feb. 28, 1963, filed 1,000,000 class B common. **Price**—$1.25. **Business**—A holding company for three life insurance firms. **Proceeds**—For loan repayment, operating expenses, and investment in other insurance concerns. **Address**—714 Medical Arts Bldg., Oklahoma City. **Underwriter**—Lincoln Securities Corp. (same address).

Medical Industries Fund, Inc.
Oct. 23, 1961 filed 25,000 common. **Price**—$10. **Business**—A closed-end investment company which plans to become open-end. **Proceeds** — For investment in the medical industry and capital growth situations. **Office**—677 Lafayette St., Denver. **Underwriter** — Medical Associates, Inc. Denver.

Medical Video Corp.
Nov. 13, 1961 filed 250,000 common. **Price** — $1. **Business** — Manufacture of medical electronic equipment. **Proceeds** — For general corporate purposes. **Office**—Studio City, Calif. **Underwriter** — Financial Equity Corp., Los Angeles.

Middlesex Water Co.
June 5, 1963 filed 35,000 common. **Price**—By amendment (max. $36). **Business**—Collecting and distributing water in certain areas of New Jersey. **Proceeds**—For debt repayment. **Office**—52 Main St., Woodbridge, N. J. **Underwriter**—Kidder, Peabody & Co., Inc., New York. **Offering**—Indefinite.

● **Midwest National Life Insurance Co. (10/30)**
Sept. 17, 1963 filed 160,000 common. **Price**—By amendment (max. $7). **Business**—Sale of life insurance. **Proceeds**—For working capital. **Address** — Empire Bldg., Springfield, Mo. **Underwriter**—Stifel, Nicolaus & Co., Inc., St. Louis.

Midwest Technical Development Corp.
Feb. 26, 1962 filed 561,500 common to be offered for subscription by stockholders on the basis of one share for each two shares held. **Price**—By amendment (max. $7). **Business**—A closed-end management investment company. **Proceeds**—For general corporate purposes.

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NEW ISSUE CALENDAR

October 24 (Thursday)
First Railroad & Banking Co. of Georgia__**Debens.**
(Johnson, Lane, Space Corp.) $5,000,000
Pacific Southwest Airlines__**Common**
(E. F. Hutton & Co., Inc.) 79,477 shares

October 25 (Friday)
Celanese Corp. of America__**Common**
(Offering to stockholders—underwritten by First Boston Corp.) 964,390 shares
O'Malley Investing Corp.__**Common**
(O'Malley Securities Co.) $3,000,000

October 28 (Monday)
Citadel Life Insurance Co. of New York__**Cap. Stk.**
(Offering to stockholders—underwritten by Alex. Brown & Sons) 40,000 shares
Heck's, Inc.__**Common**
(Charles Plohn & Co.) $450,000
Morton (B. C.) Realty Trust__**Ben. Int.**
(B. C. Morton Funds Underwriters Co., Inc.) $10,000,000
Old Florida Rum Co.__**Units**
(Offering to stockholders—underwritten by Consolidated Securities Corp.) 225,836 units
Subscription Television, Inc.__**Common**
(William R. Staats & Co.) $32,800,000
Tonka Toys, Inc.__**Common**
(Bache & Co. and J. M. Dain & Co., Inc.) 179,500 shares

October 29 (Tuesday)
Brockton Edison Co.__**Preferred**
(Bids 11 a.m. EST) 60,000 shares
Brockton Edison Co.__**Bonds**
(Bids 11 a.m. EST) $5,000,000
Pacific Gas & Electric Co.__**Bonds**
(Bids 8:30 a.m. PST) $70,000,000
Southern Ry. Co.__**Equip. Trust Ctfs.**
(Bids 12 noon EDST) $6,420,000

October 30 (Wednesday)
Brewer (C.) & Co., Ltd.__**Common**
(Offering to stockholders—underwritten by Blyth & Co., Inc. and Butcher & Sherrerd) 146,735 shares
Capitol Food Industries, Inc.__**Debentures**
(Walston & Co.) $1,700,000
Commercial Bank of North America (N. Y.) **Capital Stock**
(Offering to stockholders—underwritten by Francis I. duPont & Co.) $1,368,510
Mid-West National Life Insurance Co.__**Common**
(Stifel, Nicolaus & Co., Inc.) 160,000 shares
Mohawk Airlines, Inc.__**Debentures**
(Smith, Barney & Co., Inc.) $6,000,000

October 31 (Thursday)
General Motors Acceptance Corp.__**Debentures**
(Morgan Stanley & Co.) $150,000,000

November 1 (Friday)
Intra State Telephone Co.__**Common**
(Offering to stockholders—No underwriting) $893,300

November 4 (Monday)
Allen Electric & Equipment Co.__**Debentures**
(Dempsey-Tegeler & Co., Inc.) $1,200,000
Allen Electric & Equipment Co.__**Common**
(Dempsey-Tegeler & Co., Inc.) 100,000 shares
Allright Auto Parks, Inc.__**Units**
(Equitable Securities Corp) 20,000 units
Donaldson Co., Inc.__**Common**
(Paine, Webber, Jackson & Curtis) 145,000 shares
Forst (Alex) & Sons, Inc.__**Common**
(Arnold, Wilkins & Co.) $550,000
Great Lakes Homes, Inc.__**Common**
(The Milwaukee Co.) 160,000 shares
Israel Baby Food Co., Ltd.__**Debentures**
(Brager & Co.) $190,000
Israel Baby Food Co., Ltd.__**Ordinary Shares**
(Brager & Co.) $140,000
Juniper Spur Ranch, Inc.__**Common**
(V. E. Anderson & Co.) $300,000
Ultronic Systems Corp.__**Common**
(Bache & Co.) 150,000 shares

November 5 (Tuesday)
Ramo, Inc. __**Debentures**
(First Nebraska Securities Corp.) $2,000,000

November 6 (Wednesday)
Bank Leumi le-Israel B. M.__**Ordinary Shares**
(Offering to stockholders—underwritten by Kuhn, Loeb & Co., Inc.) 6,941,250 shares
Southern Pacific Co.__**Equip. Trust Ctfs.**
(Bids 12 noon EST) $8,970,000
Union Planters Nat'l Bank (Memphis)__**Cap. Stk.**
(Offering to stockholders—underwritten by M. A. Saunders & Co., Inc.) $6,000,000

November 7 (Thursday)
Georgia Power Co.__**Bonds**
(Bids to be received) $30,000,000
Georgia Power Co.__**Preferred**
(Bids to be received) $7,000,000
Mosler Safe Co.__**Common**
(Blyth & Co., Inc.) 350,000 shares

November 8 (Friday)
Ryder System, Inc.__**Debentures**
(Offering to stockholders—underwritten by Blyth & Co., Inc.) $5,500,000

November 11 (Monday)
Aerosol Techniques, Inc.__**Common**
(Laird & Co., Corp.) 150,000 shares
Craft Master Corp.__**Common**
(Fulton, Reid & Co., Inc., and William T. Robbins & Co., Inc.) 125,000 shares
Craft Master Corp.__**Debentures**
(Fulton, Reid & Co., Inc., and William T. Robbins & Co., Inc.) $1,000,000

November 12 (Tuesday)
Chicago, Burlington & Quincy RR.__**Equip. Tr. Ctfs.**
(Bids 12 noon CST) $5,100,000

November 13 (Wednesday)
Norfolk & Western Ry.__**Equip. Trust Ctfs.**
(Bids 12 noon EST) $7,000,000
Pacific Power & Light Co.__**Common**
(Offering to stockholders—Bids 11 a.m. EST) 717,408 shares
Seaboard Air Line RR.__**Bonds**
(Bids 12 noon EST) $22,000,000
Trans World Airlines, Inc.__**Units**
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 80,962 units

November 18 (Monday)
Life Insurance Co. of Florida__**Common**
(Pierce, Wulbern, Murphey, Inc.) 400,000 shares
Missouri National Life Insur. Co.__**Capital Shares**
(Sterling, Grace & Co.) 103,500 shares
Pocono Downs, Inc.__**Units**
(Suplee, Yeatman, Mosley Co., Inc.) $4,375,000
San Morcol Pipeline, Inc.__**Units**
(Milburn, Cochran & Co., Inc., and Midland Securities Co., Inc.) $300,000

November 19 (Tuesday)
New England Power Co.__**Bonds**
(Bids 12 noon EST) $10,000,000
New England Power Co.__**Preferred**
(Bids 11 a.m. EST) $10,000,000

November 20 (Wednesday)
Bridges Investment Fund, Inc.__**Capital Shares**
(No underwriting) 200,000 shares
Union Electric Co.__**Preferred**
(Bids 12 noon EST) 200,000 shares
Union Electric Co.__**Bonds**
(Bids 11 a.m. EST) $30,000,000

November 25 (Monday)
Florida Jai Alai, Inc.__**Common**
(Consolidated Securities Corp.) $1,500,000
Natural Gas & Oil Producing Co.__**Common**
(Peter Morgan & Co.) $900,000
Security Title & Guaranty Co.__**Common**
(Offering to stockholders—underwritten by New York Hanseatic Corp.) 125,000 shares

December 3 (Tuesday)
Pacific Northwest Bell Tel. Co.__**Debentures**
(Bids 11 a.m. EST) $50,000,000

December 4 (Wednesday)
Massachusetts Electric Co.__**Bonds**
(Bids to be received) $10,000,000
New York Central RR.__**Equip. Trust Ctfs.**
(Bids 12 noon EST) $3,600,000

December 10 (Tuesday)
Northern Pacific Ry.__**Equip. Trust Ctfs.**
(Bids 12 noon EST) $4,800,000
Virginia Electric & Power Co.__**Bonds**
(Bids to be received) $30,000,000

December 11 (Wednesday)
Consolidated Edison Co. of New York__**Bonds**
(Bids 11 a.m. EST) $60-$75,000,000

January 7, 1964 (Tuesday)
Missouri Pacific RR.__**Equip. Trust Ctfs.**
(Bids 12 noon CST) $6,600,000

January 14, 1964 (Tuesday)
Narragansett Electric Co.__**Bonds**
(Bids to be received) $5,000,000

March 10, 1964 (Tuesday)
Potomac Edison Co.__**Bonds**
(Bids 10 a.m. EST) $12,000,000

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Office—2615 First National Bank Bldg., Minneapolis. **Underwriter**—None.

Missouri National Life Insurance Co. (11/18-22)
Sept. 27, 1963 filed 103,500 capital shares. **Price** — By amendment (max. $6). **Business**—Writing of life, accident and health insurance policies. **Proceeds**—For an acquisition and working capital. **Office** — 1006 Grand Ave., Kansas City, Mo. **Underwriter**—Sterling, Grace & Co., New York.

Mobile Home Parks Development Corp.
Jan. 28, 1963 filed 1,250,000 common. **Price**—$2.50. **Business**—Company plans to develop mobile homes, parks and residential and commercial real estate. **Proceeds**—For general corporate purposes. **Office**—82 Baker St., Atlanta. **Underwriter**—Overseas Investment Service, Seville, Spain.

• **Mohawk Airlines, Inc. (10/30)**
Sept. 24, 1963 filed $6,000,000 of convertible subordinated debentures due Nov. 1, 1978. **Price**—At par. **Business**—Company provides short-haul air transportation service in 50 cities in the eastern half of the United States. **Proceeds**—For loan repayment and equipment. **Address**—Oneida County Airport, Utica, N. Y. **Underwriter**—Smith, Barney & Co., Inc., New York.

Morton (B. C.) Realty Trust (10/28-31)
June 21, 1963 filed 1,000,000 shares of beneficial interest. **Price**—$10. **Business**—A real estate investment trust. **Proceeds**—For investment. **Office**—141 Milk St., Boston. **Underwriter**—B. C. Morton Funds Underwriters Co., Inc. (same address)

Mosler Safe Co. (11/7)
Oct. 16, 1963 filed 350,000 common. **Price**—By amendment. **Business**—Manufacture of safes, bank vault equipment, and mechanical and electronic security products. **Proceeds**—For selling stockholders. **Office** — 320 Park Ave., New York. **Underwriter**—Blyth & Co., Inc., N. Y.

Municipal Investment Trust Fund, Series B
April 28, 1963 filed $10,000,000 (10,000 units) of interests. **Price**—To be supplied by amendment. **Business**—The fund will invest in tax-exempt bonds of states, counties municipalities and territories of the U. S. **Proceeds**—For investment. **Sponsor** — Ira Haupt & Co., 111 Broadway, New York. **Offering**—Expected in early 1964.

National Equipment & Plastics Corp.
Sept. 28, 1961 filed 105,000 common. **Price**—$5. **Business**—Operation of a cleaning and pressing plant and affiliated stores. **Proceeds**—For debt repayment, store expansion and working capital. **Address**—Portage, Pa. **Underwriter**—Cortlandt Investing Corp., N. Y. **Note**—This registration will be withdrawn.

National Fence Manufacturing Co., Inc.
Nov. 29, 1962 filed 100,000 common. **Price**—$8.75. **Business**—Manufacture of galvanized chain link fence, welded concrete reinforcing fabric, gates and related products. **Proceeds**—For construction of a plant in Ireland, and working capital. **Office**—4301 46th St., Bladensburg, Md. **Underwriter**—Netherlands Securities Co., New York. **Note**—This registration will be withdrawn.

National Memorial Estates
Oct. 11, 1962 filed 4,750,000 common. **Price** — $1. **Business** — Company plans to engage in cemetery development and to establish and operate a life and disability insurance concern. **Proceeds**—For general corporate purposes. **Office**—13 S. Broadway, Red Lodge, Mont. **Underwriter**—Security Brokerage Co., Billings, Mont.

National Mortgage Corp., Inc.
Dec. 28, 1962 refiled $8,000,000 face amount certificates (series 20) and 300,000 common shares. **Price**—For certificates, $762; for stock, $1.15. **Business**—A mortgage loan company. **Proceeds** — For general corporate purposes. **Office** — 113 S. Hydraulic, Wichita, Kan. **Underwriter**—National Mortgage Agency, Inc., (same address). **Note**—This offering will be made only in the State of Kansas.

National Union Insurance Co. of Washington
Aug. 12, 1963 filed 64,000 common being offered for subscription by stockholders on the basis of 1.78 shares for each share held of record Oct. 14. Rights will expire Nov. 13. **Price** — $12. **Business** — Writing of fire, marine, casualty and property insurance. **Proceeds** — For general corporate purposes. **Office**—1511 K St., N. W., Washington, D. C. **Underwriters**—Ferris & Co., Washington, D. C., and McDonnell & Co., Inc., New York.

• **Natural Gas & Oil Producing Co. (11/25-29)**
Sept. 7, 1962 filed 180,000 class A common. **Price**—$5. **Business**—Production of natural gas and oil. **Proceeds**—For drilling expenses, working capital and other corporate purposes. **Office**—Tekoil Bldg., Oklahoma City **Underwriter**—Peter Morgan & Co., N. Y.

New Campbell Island Mines Ltd.
Oct. 13, 1961 filed 475,000 common, of which 400,000 are to be offered by the company and 75,000 by a stockholder. **Price**—50 cents. **Business**—Exploration, development and mining. **Proceeds**—General corporate purposes. **Office**—90 Industry St., Toronto, Canada. **Underwriter**—A. C. McPherson & Co., Toronto.

New England Power Co. (11/19)
Oct. 7, 1963 filed $10,000,000 of first mortgage bonds due Nov. 1, 1993. **Proceeds** — For loan repayment and construction. **Office**—441 Stuart St., Boston. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers-Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.-Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler-Paribas Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-White, Weld & Co. (jointly); First Boston Corp. **Bids**—Nov. 19 (12 noon EST), at above address. **Information Meeting**—Nov. 14 (11 a.m. EST) at above address.

New England Power Co. (11/19)
Oct. 7, 1963 filed 100,000 preferred (par $100). **Proceeds**—For loan repayment and construction. **Office** — 441 Stuart St., Boston. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Dean Witter & Co.-Smith, Barney & Co.-Wertheim & Co. (jointly); Equitable Securities Corp.-Kidder, Peabody & Co.-Lee Higginson Corp.-White, Weld & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc.-Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Nov. 19 (11 a.m. EST) at above address. **Information Meeting**—Nov. 14 (11 a.m. EST) at above address.

New World Fund, Inc.
Feb. 21, 1963, filed 250,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—4680 Wilshire Blvd., Los Angeles. **Underwriter** — New World Distributing Co. (same address).

Nordon Corp. Ltd.
July 29, 1963 filed 60,085 capital shares. **Price** — By amendment (max. $3.25). **Business**—Acquisition of oil and gas properties, and the production of crude oil and natural gas. **Proceeds**—For selling stockholders. **Office**—5455 Wilshire Blvd., Los Angeles. **Underwriter**—Gregory-Massari, Inc., Los Angeles. **Offering**—Indefinite.

North American Investors, Inc.
Sept. 30 1963 ("Reg. A") 100,000 capital shares. **Price**—$2.50. **Business**—A broker-dealer. **Proceeds**—For working capital and expansion. **Office**—680 W. Peachtree St., N. W., Atlanta. **Underwriter**—The company.

Northwest Hydrofoil, Inc.
Sept. 3, 1963 ("Reg. A") 60,000 common. **Price** — $5. **Business** — Design, construction, sale and operation of hydrofoil vessels. **Proceeds**—For working capital, office expansion and other corporate purposes. **Office** — 428 White-Henry-Stuart Bldg., Seattle, Wash. **Underwriter**—Henry D. Tallmadge Co., Seattle.

Nuclear Science & Engineering Corp.
March 29, 1962 filed 100,000 common. **Price**—By amendment (max. $15). **Business**—Research and development on contracts using radioactive tracers; precision radioactivity measurement; production of radioactive isotopes and the furnishing of consulting and radiation measurement services. **Proceeds**—For equipment, debt repayment, expansion and working capital. **Address**—P. O Box 10901, Pittsburgh. **Underwriter**—Johnston, Lemon & Co., Washington, D. C. **Note**—This registration will be withdrawn.

Okliana Corp.
Sept. 12, 1963 filed 500,000 common and 500,000 preferred ($6 par); to be offered in units of five preferred and five common shares. **Price**—$35 per unit. **Business**—Company plans to engage in the life insurance business through the formation of two subsidiaries, or through the purchase of stock in an existing insurance company. **Proceeds**—For acquisition of above stock, loan repayment and working capital. **Office**—2201 Northwest 41st St., Oklahoma City. **Underwriter**—Equity Underwriters, Inc. (same address).

• **Old Florida Rum Co. (10/28)**
July 29, 1963 filed 225,836 common, and warrants to purchase an additional 225,836 common, to be offered for subscription by common stockholders in units of one share and one warrant, on the basis of one unit for each three shares held. **Price**—By amendment (max. $4). **Business**—Company is engaged in the production of rum and other alcoholic beverages. **Proceeds**—For working capital, loan repayment, sales promotion and equipment. **Office**—1035 N. W. 21st Terrace, Miami. **Underwriter**—Consolidated Securities Corp., Pompano Beach, Fla.

• **O'Malley Investing Corp. (10/25)**
Aug. 9, 1963 filed 300,000 common. **Price**—$10. **Business**—A real estate investment and development company. **Proceeds**—For investment. **Office**—1802 N. Central Ave., Phoenix. **Underwriter** — O'Malley Securities Co. (same address). **Note**—This statement has become effective.

Outlet Mining Co., Inc.
Feb. 28, 1962 filed 900,000 common. **Price**—$1. **Business**—Mining. **Proceeds**—For equipment and working capital. **Address**—Creede, Colo. **Underwriter**—None.

Pacific Gas & Electric Co. (10/29)
Oct. 4, 1963 filed $70,000,000 of first and refunding mortgage bonds due 1996. **Proceeds**—For loan repayment and construction. **Office**—245 Market St., San Francisco. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp. **Bids**—Oct. 29 (8:30 a.m. PST), at above address.

Pacific Mines, Inc.
July 24, 1963 filed 100,000 common. **Price**—$1.50. **Business**—Company plans to explore iron deposits on its property. **Proceeds**—For mining operations, debt repayment and operating expenses. **Office**—1218 N. Central Ave., Phoenix. **Underwriter**—None.

Pacific Power & Light Co. (11/13)
Sept. 27, 1963 filed 717,408 common to be offered for subscription by stockholders on the basis of one share for each 20 shares held of record Oct. 30, 1963. Rights will expire Dec. 5, 1963. **Proceeds**—For debt repayment. **Office**—920 S. W. Sixth Ave., Portland, Ore. **Underwriters**—(Competitive). Probable bidders: Kidder, Peabody & Co.; Blyth & Co.; Ladenburg, Thalmann & Co.; Lehman Brothers-Eastman Dillon, Union Securities & Co.-Bear, Stearns & Co.-Dean Witter & Co. (jointly). **Bids for Compensation**—Nov. 13 (11 a.m. EST) at Ebasco Services, Inc., 2 Rector St., New York. **Information Meeting**—Nov. 7 (3:30 p.m. EST) same address.

• **Pacific Southwest Airlines (10/24)**
Sept. 13, 1963 filed 79,477 common. **Price**—By amendment (max. $40). **Business**—Company provides daily air passenger service between the Los Angeles, San Francisco and San Diego metropolitan areas. **Proceeds**—For selling stockholders. **Address**—3100 Goddard Way, San Diego. **Underwriter**—E. F. Hutton & Co., Los Angeles.

People's Insurance Co.
Oct. 3, 1963 filed 100,000 common. **Price**—$10. **Business**—Company plans to engage in the writing of general liability insurance, including automobile, property damage and personal injury. **Proceeds**—To increase capital and surplus. **Office**—307 Lenox Ave., New York. **Underwriter**—None.

• **Pocono Downs, Inc. (11/18-22)**
Sept. 10, 1963 filed $2,500,000 of 6½% subordinated sinking fund debentures due 1978, 375,000 common and 250,000 warrants to purchase additional common, to be offered in units consisting of one $100 debenture, 15 shares and warrants to purchase an additional 10 shares. **Price**—$175 per unit. **Business**—Company plans to operate a harness racing track in Luzerne County, Pa. **Proceeds**—For construction, and loan repayment. **Address** — 504 First National Bank Bldg., Wilkes-Barre, Pa. **Underwriter**—Suplee, Yeatman, Mosley Co., Inc., Philadelphia.

Princeton Research Lands, Inc.
March 28, 1963 filed 40,000 common. **Price**—$25. **Business**—Purchase and sale of real property, chiefly unimproved land. **Proceeds**—For debt repayment, and acquisition of additional properties. **Office**—195 Nassau St., Princeton, N. J. **Underwriter**—None.

Provident Stock Fund, Inc.
April 11, 1963 filed 1,000,000 common. **Price**—Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—316 North Fifth St., Bismarck, N. D. **Underwriter** — Provident Management Co. (same address).

Quality National Corp.
Sept. 16, 1963 filed 200,000 class A common. **Price** — $5. **Business**—Company plans to form a subsidiary life insurance company. **Proceeds**—For general corporate purposes. **Office**—2904 Georgian Court, Lincoln, Neb. **Underwriter**—None.

Racon Inc.
Oct. 3, 1963 filed 1,250,000 common. **Price**—$1. **Business**—Company plans to manufacture fluorocarbons for sale to refrigerant wholesalers, the aerosol industry and other users. **Proceeds** — For construction of a new plant and working capital. **Office**—11 North Jackson St., Houston. **Underwriter**—None.

• **Ramo Inc. (11/5)**
Sept. 16 1963 filed $2,000,000 of 6¼% subord. sinking fund debens. Due Oct. 1, 1975. **Price**—At par. **Business**—Company processes domestic and imported nutmeats for sale to food distributors, supermarket chains and other wholesale outlets. **Proceeds**—For construction of a new plant, and working capital. **Address**—84th St., and West Dodge Rd., Omaha, Nebr. **Underwriter**—First Nebraska Securities Corp., Lincoln, Nebr.

Rassco Plantations Ltd.
Aug. 27, 1963 filed 400,000 ordinary shares. **Price**—By amendment (max. $3.166). **Business** — Company cultivates, processes and markets citrus fruits in Israel. **Proceeds**—For selling stockholder. **Address**—Tel-Aviv, Israel. **Underwriter**—Rassco of Delaware, Inc., New York.

Recreation Industries, Inc.
Nov. 23, 1962 ("Reg. A") 75,000 common. **Price** — $2 **Business**—Sale of travel and entertainment. **Proceeds**—For capital investment, and working capital. **Office**—411 West 7th St., Los Angeles. **Underwriter**—Costello, Russotto & Co., Beverly Hills, Calif. **Offering**—Indefinite.

Research Capital Corp.
Sept. 3, 1963 filed 400,000 common. **Price**—$12.50. **Business**—A small business investment company. **Proceeds**—For investment. **Office**—2909 Bay-to-Bay, Tampa. **Underwriter**—Hensberry & Co., St. Petersburg, Fla.

Resort Corp. of Missouri
Nov. 27, 1962 filed 125,000 class A common and three-year warrants to purchase 1,250 class A shares to be offered in units consisting of four shares and one warrant. **Price**—$32 per unit. **Business**—Company will erect and operate a luxury hotel and resort facilities, and sell 80 acres of land for home sites. **Proceeds**—For construction. **Office**—3615 Olive St., St. Louis. **Underwriter** — R. L. Warren Co., St. Louis. **Offering**—Indefinite.

Retirement Foundation, Inc.
April 8, 1963 filed 100,000 memberships in the Foundation. **Price**—$10 per membership. **Business**—Company will operate retirement centers for the use of rent-free private homes and apartments by members upon their retirement. **Proceeds**—For working capital, construction and other corporate purposes. **Office**—235 Lockerman St., Dover, Del. **Underwriter**—John D. Ferguson, Dover, Del. **Offering**—Indefinite.

San Morcol Pipeline, Inc. (11/18-22)
Sept. 27, 1963 ("Reg. A") $300,000 of 6½% subordinated debentures due Nov. 1, 1983, and 45,000 common to be offered in units of $500 face amount of debentures and 75 shares. **Price** — $500. **Business**—Construction of an eight inch natural gas transmission pipeline for the cities of Las Vegas, Wagon Mount, Springer, and Maxwell, N. M. **Proceeds** — For construction. **Office** — 219 Shelby St., Santa Fe, N. M. **Underwriters** — Milburn, Cochran & Co., Inc., Wichita, Kan., and Midland Securities Co., Inc., Kansas City, Mo.

• **Security Title & Guaranty Co. (11/25-29)**
Oct. 7, 1963 filed 125,000 common to be offered for subscription by stockholders on a share-for-share basis. **Price**—By amendment (max. $7.50). **Business**—Company examines and insures titles to real property. **Proceeds**—For general corporate purposes. **Office**—17 E. 45th St., New York. **Underwriter** — New York Hanseatic Corp., New York.

Selective Financial Corp.
Feb. 28, 1962 filed 500,000 common, of which 405,000 are to be offered for subscription by holders of the A, B and C stock of Selective Life Insurance Co., an affiliate, on the basis of 4 company shares for each class A or B share and two-thirds share for each class C share of Selective Life held. Remaining 94,822 and any unsubscribed shares will be offered publicly. **Price**—To public $6; to stockholders, $5. **Business**—Company plans to engage in the consumer finance, mortgage, general finance and related businesses. **Proceeds**—For general corporate purposes. **Office**—830 N. Central Ave., Phoenix. **Underwriter**—None.

Shaker Properties
Oct. 19, 1962 filed 215,000 shares of beneficial interest. **Price**—$15. **Business**—A real estate investment trust. **Proceeds**—For investment and working capital. **Office**—1956 Union Commerce Bldg., Cleveland, Ohio. **Underwriter**—McDonald & Co., Cleveland. **Offering**—Indefinite.

Squire For Men, Inc.
July 9, 1963 ("Reg. A") $135,000 of 8% convertible debentures due 1969. **Price**—At par ($100). **Business**—Manufacture and sale of custom hair pieces. **Proceeds**—For new products and working capital. **Office**—328 S Beverly Dr., Beverly Hills, Calif. **Underwriter**—Samuel B. Franklin & Co., Los Angeles.

Stein Roe & Farnham Foreign Fund, Inc.
July 1, 1963 filed 1,000,000 capital shares. **Price**—Net asset value. **Business**—Company was recently formed and will succeed to New York Capital Fund, Ltd., a Canadian corporation. It will provide investors a means of investing in Canada, Western Europe and other foreign areas. **Proceeds**—For investment. **Office**—135 S. LaSalle St., Chicago. **Underwriter**—None.

● **Subscription Television, Inc. (10/28-31)**
Aug. 22, 1963 filed 1,900,000 common. **Price**—$12. **Business**—Company plans to establish and operate a subscription television system in the Los Angeles and San Francisco metropolitan areas. **Proceeds**—To complete developmental work, and establish the initial system. **Address**—Room 2600, One Wall St., New York. **Underwriter**—William R. Staats & Co., Los Angeles.

Supreme Life Insurance Co. of America
Sept. 30, 1963 filed 42,089 common to be offered for subscription by stockholders on the basis of one share for each three shares held. **Price**—$30. **Business**—Sale of life, health and accident insurance in 12 states and the District of Columbia. **Proceeds** — For debt repayment, and working capital. **Office**—3501 S. Parkway, Chicago. **Underwriter**—None.

Sutro Mortgage Investment Trust
Feb. 1, 1963 filed 30,000 shares of beneficial interest. **Price**—$100. **Business** — A real estate investment trust. **Proceeds**—For investment. **Office**—4900 Wilshire Blvd. Los Angeles. **Underwriter**—None.

Teaching Machines, Inc.
April 1, 1963 filed 150,000 common. **Price**—$5 **Business**—Company develops and sells teaching machines exclusively for Grolier Inc. **Proceeds**—For loan repayment and other corporate purposes. **Office**—221 San Pedro N. E. Albuquerque. **Underwriter**—S. D. Fuller & Co. New York. **Offering**—Expected in March, 1964.

Tecumseh Investment Co., Inc.
Jan. 21, 1963 filed 48,500 common. **Price**—$100. **Business**—A holding company which plans to organize a life insurance company. **Proceeds**—For investment in U. S. Government Bonds and in new subsidiary. **Office**—801 Lafayette Life Bldg., Lafayette, Ind. **Underwriter**—Amosand Inc. (same address).

Texas Plastics, Inc.
July 27, 1962 filed 313,108 common. **Price**—$3.50. **Business**—Operation of a plant producing plastic film and packaging products. **Proceeds**—For working capital. **Address**—Elsa, Texas. **Underwriter**—To be named. **Offering**—Indefinite.

● **Tonka Toys, Inc. (10/28)**
Sept. 23, 1963 filed 179,500 common, of which 129,500 are to be offered by company and 50,000 by certain stockholders. **Price**—By amendment (max. $28). **Business**—Company manufactures various types of toy trucks and other related plastic toys and accessories. **Proceeds**—For acquisition, working capital and other corporate purposes. **Address**—Mound, Mich. **Underwriters**—Bache & Co., New York and J. M. Dain & Co., Inc., Minneapolis.

Top Dollar Stores, Inc.
May 1, 1962 filed 200,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders. **Price**—$6. **Business**—Operation of a chain of self-service retail stores selling clothing, housewares, etc. **Proceeds**—For expansion, equipment and working capital. **Office**—2220 Florida Ave., Jasper, Ala. **Underwriter**—Van Alstyne, Noel & Co., New York. **Offering**—Temporarily postponed.

Transarizona Resources, Inc.
May 28, 1962 filed 500,000 capital shares. **Price**—$1.50. **Business**—Exploration, development and production of the Lake Shore copper deposit near Casa Grande, Ariz. **Proceeds**—For equipment, exploration and working capital. **Office**—201 E. 4th St., Casa Grande, Ariz. **Underwriter**—None.

Transpacific Group, Inc.
July 26, 1963 filed 155,000 common. **Price**—By amendment (max. $15). **Business**—An insurance holding company. **Proceeds**—For expansion. **Office**—520 S. W. 6th Ave., Portland, Ore. **Underwriter**—None.

Trans World Life Insurance Co.
July 31, 1963 filed 465,000 common. **Price**—By amendment (max. $5). **Business**—Company plans to sell general life and disability insurance policies. **Proceeds**—To increase capital and surplus. **Office**—609 Sutter St., San Francisco. **Underwriter**—Alex. Brown & Sons, Baltimore. **Offering**—Indefinite.

Ultronic Systems Corp. (11/4-8)
Sept. 25, 1963 filed 150,000 common. **Price**—By amendment (max. $12). **Business**—Manufacture of electronic securities and commodities quotation systems. **Proceeds**—For loan repayment, and other corporate purposes. **Office**—7300 N. Crescent Blvd., Pennsauken, N. J. **Underwriter**—Bache & Co., New York.

Unified Mutual Shares, Inc.
Aug. 22, 1963 filed 750,000 capital shares. **Price** — Net asset value plus 8½%. **Business**—A new mutual fund. **Proceeds**—For investment. **Address**—207 Guaranty Bldg., Indianapolis. **Distributor** — Unified Underwriters, Inc., (same address).

Unimed, Inc.
Sept. 3, 1963 filed $300,000 of 5½% convertible subordinated notes due 1973. **Price**—At par. **Business**—Development and manufacture of ethical drugs and pharmaceuticals. **Proceeds**—For marketing of existing products, and research and development on new preparations. **Address**—Route 202, Morristown, N. J. **Underwriter**—None.

United Investors Corp. (Minn.)
July 29, 1963 filed $500,000 of 6% convertible debentures due 1973 to be offered for subscription by stockholders on an unlimited basis. **Price** — At par. **Business**—A holding company for United Investors Fund Corp. (a broker-dealer which sells mutual funds) and United Capital Life Insurance Co. of Minnesota. **Proceeds**—To increase capital and surplus of United Capital Life Insurance Co. of Minnesota. **Address**—1300 First National Bank Bldg., Minneapolis. **Underwriter**—None.

U. S. Controls, Inc.
Aug. 8, 1963 filed $210,000 of 6¾% debentures due 1973 and warrants to purchase 31,500 shares to be offered for public sale in units of one $100 debentures and 15 warrants. **Price**—$100 per unit. **Business**—Development and manufacture of heating equipment and automatic control systems. **Proceeds**—For inventory, sales promotion, note prepayment and working capital. **Office** — 410 Fourth Ave., Brooklyn, N. Y. **Underwriter**—M. H. Meyerson & Co., Inc., New York. **Offering**—Expected in November.

United Variable Annuities Fund, Inc.
April 11, 1961 filed 2,500,000 shares of stock. **Price**—$10 per share. **Business**—A new mutual fund. **Proceeds**—For investment. **Office**—20 W. 9th Street, Kansas City, Mo. **Underwriter**—Waddell & Reed, Inc., Kansas City, Mo.

Urethane of Texas, Inc.
Feb. 14, 1962 filed 250,000 class A and 250,000 common to be offered in units of one share of each class. **Price**—$5.05 per unit. **Business**—Manufacture of urethane foams. **Proceeds**—For equipment, working capital, leasehold expenses and other corporate purposes. **Office**—2300 Republic National Bank Bldg., Dallas. **Underwriter**—First Nebraska Securities Corp., Lincoln, Neb. **Offering**—Indefinitely postponed.

Valley Investors, Inc.
Jan. 23, 1963, filed 328,858 common. **Price**—$1. **Business**—A new mutual fund. **Proceeds**—For investment. **Address**—Sidney, Mont. **Underwriter**—To be named.

● **Warwick Fund**
June 17, 1963 filed 300,000 units of participation in the Fund to be offered in exchange for certain acceptable securities on the basis of one unit for each $100 of deposited securities. **Business** — A new exchange type mutual fund which plans to continue indefinitely to exchange its units for additional contributions of securities, and to seek long term growth of capital and income. **Office** — 3001 Philadelphia Pike, Claymont, Del. **Distributor**—Wellington Co., Inc., Philadelphia. **Note**—This statement was withdrawn.

Waterman Steamship Corp.
Aug. 29, 1961 filed 1,743,000 common. **Price**—By amendment. **Business**—The carrying of liner-type cargoes. **Proceeds**—For the purchase of vessels, and working capital. **Office**—71 Saint Joseph St., Mobile, Ala. **Underwriter**—Shields & Co., Inc., N. Y. **Note**—This registration will be withdrawn.

Western Steel, Inc.
Jan. 17, 1963 ("Reg. A") 245,000 common. **Price**—$1. **Business**—Company plans to erect a mill to produce certain types of iron by the new "Taylor Process." **Proceeds**—For plant construction and general corporate purposes. **Address**—Suite 412-413 Hynds Bldg., Cheyenne, Wyo. **Underwriter**—C. B. Hoke Agency, Cheyenne, Wyo. **Note**—The SEC has issued an order temporarily suspending this issue.

Western Transmission Corp.
Sept. 16, 1963 filed 1,162,537 capital shares to be offered for subscription by holders of the capital stock and 6% convertible subordinated debentures due 1977 of U. S. Natural Gas Corp., on the basis of one share of Western Transmission for each U. S. Natural share held. **Price**—$1. **Business**—Company plans to operate a natural gas gathering system in the south central part of Wyoming. The gas to be sold initially, will be purchased from U. S. Natural, which has agreed to guarantee the payment of all expenses approved by U. S. Natural for the company's organization, financing and other start-up costs. **Proceeds**—For construction, working capital, and other corporate purposes. **Office** — 1907 Chamber of Commerce Bldg., Houston. **Underwriter**—None.

William Penn Racing Association
March 8, 1963 filed $1,000,000 of 6½% sinking fund debentures due 1978 and 100,000 class A non-voting common shares to be offered in units of one $100 debenture and 10 shares. **Price**—$220 per unit. **Business**—Company has been licensed to conduct harness racing with parimutuel betting. **Proceeds**—For debt repayment and working capital. **Office**—3 Penn Center Plaza, Philadelphia. **Underwriter**—Stroud & Co., Inc., Philadelphia. **Offering**—Indefinite.

Winslow Electronics, Inc.
Dec. 28, 1961 filed 125,000 common. **Price**—$4. **Business**—Design and manufacture of precision electrical and electronic measuring devices and test equipment. **Proceeds**—For debt repayment and other corporate purposes. **Office**—1005 First Ave., Asbury Park, N. J. **Underwriter**—To be named.

Wyomont Petroleum Co.
May 10, 1963 ("Reg. A") 120,000 common. **Price**—$2.50. **Business**—Production and sale of petroleum products. **Proceeds**—For debt repayment, construction and working capital. **Address**—P. O. Box 670, Thermopolis, Wyo. **Underwriter**—Northwest Investors Service, Inc., Billings, Mont. **Note**—The SEC has issued an order temporarily suspending this letter.

Young Industries, Inc.
Sept. 30, 1963 filed 100,000 class A common and warrants to purchase an additional 50,000 class A shares, to be offered in units of 50 shares and warrants to purchase 25 shares. **Price**—$501.25 per unit. **Business**—Commercial development of real estate, primarily shopping centers, in Kentucky, Indiana, Ohio and Tennessee. **Proceeds**—For debt repayment and property acquisitions. **Office**—508 West Jefferson St., Louisville, Ky. **Underwriter**—None.

Issues Filed With SEC This Week

★ **Harvard Realty Corp.**
Oct. 17, 1963 ("Reg. A") 75,000 common. **Price** — $4. **Business**—Company is engaged in general real estate and insurance in the St. Petersburg area. **Proceeds** — For debt repayment, sales promotion, expansion and working capital. **Office**—5000-102nd Ave., N., Pinellas Park, Fla. **Underwriter**—None.

★ **LMAF Mortgage & Acceptance Corp.**
Oct. 18, 1963 ("Reg. A") 75,000 class A common. **Price**—$4. **Business**—A real estate mortgage company. **Proceeds**—For working capital. **Office** — 7404 Upshur St., West Lanham, Md. **Underwriter**—None.

★ **Massachusetts Electric Co. (12/4)**
Oct. 21, 1963 filed $10,000,000 of first mortgage bonds, series H, due Dec. 1, 1993. **Proceeds**—For loan repayment. **Office**—441 Stuart St., Boston. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co.; Kidder, Peabody & Co.; Blyth & Co.-White, Weld & Co. (jointly). **Bids**—Dec. 4 (11 a.m. EST) at above address. **Information Meeting**—Nov. 27 (11 a.m. EST) at above address.

★ **Mid-Continent Telephone Corp.**
Oct. 17, 1963 filed 150,000 common. **Price**—By amendment. **Business**—Through subsidiaries, the company provides telephone service to 104 communities in Ohio. **Proceeds**—For loan repayment. **Office**—363 Third St., Elyria, O. **Underwriter**—The Ohio Co., Columbus. **Offering**—Expected in mid-November.

★ **Peerless Insurance Co.**
Oct. 18, 1963 filed 565,218 capital shares to be offered for subscription by stockholders on the basis of one new share for each share held of record Oct. 3. **Price**—$8. **Business**—Company writes various types of insurance including accident and health insurance, automobile insurance, workmen's compensatoin insurance and property damage insurance. **Proceeds**—For investment. **Office**—62 Maple Ave., Keene, N. H. **Underwriter**—None.

★ **Riviere Realty Trust**
Oct. 22, 1963 filed 2,000 shares of beneficial interest. **Price**—$1,000. **Business**—Company plans to operate as a real estate investment trust. **Proceeds**—For investment. **Office**—1832 M St., N. W., Washington, D. C. **Underwriter**—Riviere, Marsh & Berens Securities Corp., Washington, D. C.

★ **Russ Togs, Inc.**
Oct. 23, 1963 filed 141,035 class A shares. **Price** — By amendment. **Business** — Production of popular-priced sportswear for girls and children. **Proceeds**—For selling stockholders. **Office**—1372 Broadway, New York. **Underwriter**—Shearson, Hammill & Co., New York. **Offering**—Expected in early December.

★ **SI Handling Systems, Inc.**
Oct. 14, 1963 ("Reg. A") 12,760 common. **Price**—$11.50. **Business**—Engineering and manufacturing of materials handling systems. **Proceeds**—For a new plant, equipment, new products, debt repayment and working capital. **Office**—Belview Rd., Phillipsburg, N. J. **Underwriter**—None.

★ **Trans World Airlines, Inc. (11/13)**
Oct. 17, 1963 filed $80,962,000 of outstanding 6½% subordinated income debentures due June 1, 1978, and warrants to purchase 2,185,974 common shares to be offered in units of $1,000 face amount of debentures and warrants to purchase 27 shares. **Price**—By amendment (max. $1,300 per unit). **Business** — Company provides world-wide air transportation services. **Proceeds**—For selling debenture holder, Hughes Tool Co. **Office**—380 Madison Ave., New York. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

★ **Union Electric Co. (11/20)**
Oct. 21, 1963 filed $30,000,000 of first mortgage bonds due 1993. **Proceeds**—For debt repayment, construction, and

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other corporate purposes. **Office**—315 N. 12th Blvd., St. Louis. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers-Blyth & Co., Inc.-Eastman Dillon, Union Securities & Co.-Bear, Stearns & Co. (jointly); Salomon Brothers & Hutzler; White, Weld & Co.-Shields & Co. (jointly); First Boston Corp. **Bids**—Nov. 20 (11 a.m. EST) at Bankers Trust Co., 16 Wall St., New York. **Information Meeting**—Nov. 18 (11 a.m. EST), same address.

★ Union Electric Co. (11/20)
Oct. 21, 1963 filed 200,000 preferred ($100 par). **Proceeds**—For debt repayment, construction and other corporate purposes. **Office**—315 N. 12th Blvd., St. Louis. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.-White, Weld & Co.-Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-Lehman Brothers (jointly); Blyth & Co.-Eastman Dillon, Union Securities & Co.-Salomon Brothers & Hutzler (jointly). **Bids**—Nov. 20 (12 noon EST) at Bankers Trust Co., 16 Wall St., New York. **Information Meeting**—Nov. 18 (11 a.m. EST), same address.

Effective Registrations

The following registration statements were declared effective this week by the SEC. Offering details, where available, will be carried in the Monday issue of the "Chronicle."

American-Israel World's Fair Corp.
$500,000 of 7% subordinated participating debentures due Dec. 31, 1965 offered at par plus accrued interest from Oct. 1, by H. S. Caplin & Co., New York.

Chicago Musical Instrument Co.
190,000 common offered at $25 per share by Smith, Barney & Co., Inc., New York.

Denny's Restaurants, Inc.
167,000 common of which 111,110 shares were offered for the company and 55,890 for for certain stockholders at $10 per share, by Dempsey-Tegeler & Co., Inc., St. Louis.

General Artists Corp.
150,000 common offered at $7 per share by Burnham & Co., New York.

Gulf States Utilities Co.
100,000 shares of $4.52 dividend preferred stock offered at $101.57 per share plus accrued interest from Sept. 15, by Stone & Webster Securities Corp., New York.

Household Finance Corp.
$100,000,000 of 4½% debentures due July 1, 1991 offered at 98.44% plus accrued interest, to yield 4.60%, by Lee Higginson Corp., New York.

Insurance Securities Corp.
400,000 common offered at $2 per share by White, Weld & Co., Inc., and Kidder, Peabody & Co., Inc., New York.

Iowa Beef Packers, Inc.
$3,172,000 6% subordinated sinking fund debentures, series B, due 1978 (with warrants) and 50,000 common offered at par and $17.50 per share respectively, by New York Securities Co., New York, and First Nebraska Securities Corp., Lincoln.

Meridan Fund Inc.
500,000 capital shares offered at an initial price of $11.01 plus a 5% sales charge by Centennial Management & Research Corp., Denver.

Otter Tail Power Co.
$7,000,000 of 4⅝% first mortgage bonds due Nov. 1, 1993 offered at 101.50% plus accrued interest, to yield 4.53%, by Halsey, Stuart & Co. Inc., New York.

Public Service Electric & Gas Co.
$40,000,000 of 4⅝% debentures due Oct. 1, 1983 offered at 102% plus accrued interest, to yield 4.47%, by Halsey, Stuart & Co. Inc., New York.

Redman Industries, Inc.
$1,200,000 of 6% convertible subordinated debentures due 1975, and 204,000 common offered in units of one $100 debenture and 17 shares at $172.25 per unit, by Eppler, Guerin & Turner, Inc., Dallas.

Texas Eastern Transmission Corp.
$40,000,000 of 5% debentures due Oct. 1, 1983 offered at par plus accrued interest by Dillon, Read & Co., Inc., New York.

Wen Products, Inc.
205,000 common offered at $9 per share by Hayden, Stone & Co., New York.

Prospective Offerings

Associated Truck Lines, Inc.
Sept. 18, 1963 it was reported that 110,000 common shares of Associated will be sold publicly, of which 40,000 will be sold for the company and 70,000 for certain stockholders. **Business** — Company is a short haul motor common carrier operating in Michigan, Ohio, Indiana and Illinois. **Proceeds**—To retire outstanding 6% cumulative preferred stock. **Office** — 15 Andre St., S. E., Grand Rapids, Mich. **Underwriter** — Hornblower & Weeks, New York. **Offering**—Indefinitely postponed.

Bank of the Southwest N. A. (Houston)
Oct. 16, 1963 it was reported that stockholders had approved a 2-for-1 split and the offering of 100,000 $10 par shares to stockholders on the basis of one new share for each 20 held of record Oct. 15. Rights will expire Jan. 6, 1964. **Price**—$45. **Proceeds**—To increase capital funds. **Office**—900 Travis St., Houston, Tex. **Underwriter**—None.

Bethlehem Steel Co.
Feb. 26, 1963, Arthur B. Homer, Chairman, announced that the company will embark on a $750,000,000 capital improvement program to be completed by 1965. He said that approximately two-thirds of the financing for the program will be generated internally and the balance secured externally. Mr. Homer added that this would not be required until at least 1964. **Office**—25 Broadway, New York. **Underwriters**—To be named. The last public sale of securities in May, 1955, was handled by Kuhn, Loeb & Co., and Smith, Barney & Co., New York.

Canon Camera Co.
June 26, 1963 it was reported that the company plans to sell $5,000,000 of convertible bonds in the U. S. **Business**—Manufacture of cameras and other photographic equipment. **Proceeds**—For expansion. **Address**—Tokyo, Japan. **Underwriter**—Yamaichi Securities Co. of New York, Inc.

Central Illinois Public Service Co.
On Oct. 2, 1963, it was reported that the company plans to sell $20,000,000 of bonds in the third quarter of 1964. **Office**—607 East Adams St., Springfield, Ill. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Blyth & Co.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Halsey, Stuart & Co. Inc.; Eastman Dillon, Union Securities & Co. - Equitable Securities Corp. (jointly); Lehman Brothers-Bear, Stearns & Co. (jointly); White, Weld & Co.

Chicago Burlington & Quincy RR (11/12)
Oct. 7, 1963 the company announced plans to sell $5,100,000 of 1-15 year equipment trust certificates. **Office**—547 W. Jackson Blvd., Chicago. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co., Inc. **Bids**—Nov. 12 (12 noon CST) at above address.

Columbia Gas System, Inc.
Aug. 27, 1963 the company stated that it plans to sell $25,000,000 of debentures to raise money for construction. **Office** — 120 E. 41st St., New York. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.-First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.-White, Weld & Co. (jointly); Halsey, Stuart & Co. Inc.; Blyth & Co.-Lehman Brothers-Salomon Brothers & Hutzler. **Offering** —-Indefinitely postponed.

★ Commercial Bank of North America (N. Y.) (10/30)
Oct. 23, 1963 it was reported that stockholders are to vote Oct. 30 on increasing the authorized $5 par capital stock to provide for sale of 45,617 additional shares to stockholders on the basis of one new share for each 17 held of record Oct. 30. Rights will expire Nov. 14. **Price**—$30. **Proceeds**—To increase capital funds. **Office**—116 Fifth Ave., New York. **Underwriter**—Francis I. duPont & Co., New York.

Communications Satellite Corp.
Oct. 7, 1963 it was reported that a registration statement will be filed in December covering about $200,000,000 of this firm's common stock to be issued in two series. Series I will be sold to the public, firms that produce space exploration equipment and other non-communications concerns. Series II will be issued to FCC-approved communications common carriers. **Price**—Maximum of $100 per share. **Business**—Congress has authorized the company to provide satellites and ground facilities for the international transmission of telephone, telegraph, television and other communications. **Office**—3029 Klingle Rd., N. W., Washington, D. C. **Underwriters**—To be named. **Offering**—Expected in early 1964.

Connecticut Yankee Atomic Power Co.
April 23, 1963 it was reported that the 12 utilities which jointly own this new firm, have petitioned the SEC for exemption from the Public Utility Holding Company Act to permit the negotiated sale of $55,000,000 of the firm's bonds. The request has been opposed by a major underwriter who wants the bonds to be sold at competitive bidding. **Business**—Company was formed in December, 1962, to own and operate a 500,000 kw. atomic power plant at Haddam Neck, Conn. **Proceeds**—For construction of the $70-$80,000,000 plant. **Office**—441 Stuart St., Boston. **Underwriters**—To be named.

Consolidated Edison Co. of New York (12/11)
Sept. 17, 1963 the company stated that it plans to sell $60-$75,000,000 of bonds in December. **Proceeds**—For construction. **Address**—4 Irving Place, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; First Boston Corp. **Bids**—Expected Dec. 11 (11 a.m. EST), at above address.

Consolidated Foods Corp.
Oct. 10, 1963 it was reported that the company plans to offer publicly from 102,000 to 350,000 common shares, following the acquisition of Booth Fisheries Corp., on Jan. 15, 1964. **Business**—Consolidated is engaged in the manufacture of a wide line of food products and the operation of three retail food chains and one retail drug store. **Proceeds** — For acquisition of Booth Fisheries. **Office** — 135 So. LaSalle St., Chicago. **Underwriters**—Kuhn, Loeb & Co., Inc., and Lehman Brothers, N. Y.

Consumers Power Co.
Oct. 7, 1963 the company stated that it had postponed until Mid-1964 its plans to raise additional capital. Earlier, the company said that it planned to sell $20,000,000 of debentures. No decision has been reached on the type or amount of securities to be sold in 1964. **Office** — 212 West Michigan Ave., Jackson, Mich. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.-Shields & Co. (jointly); Harriman Ripley & Co. Inc.-First Boston Corp. (jointly); Morgan Stanley & Co., Salomon Brothers & Hutzler-Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Control Data Corp.
Sept. 16, 1963 it was reported that the company plans the sale of $25,000,000 or more of securities sometime in 1964. A company spokesman stated that the timing and type of issue, will depend on market conditions at the time. **Office** — 8100 34th Ave., South, Minneapolis. **Underwriter**—To be named. The last sale of debentures on Aug. 28, 1962 was handled by Dean Witter & Co., Chicago.

Duke Power Co.
Sept. 17, 1963 it was reported that the company has tentative plans to issue $50,000,000 of first mortgage bonds in the second quarter of 1964. **Office** — 30 Rockefeller Plaza, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.; Morgan Stanley & Co.; Stone & Webster Securities Corp.

★ Ford Motor Co.
Oct. 23, 1963 it was reported that a registration statement will be filed on or about Nov. 1, covering 4,000,000 common shares to be sold in late November by The Ford Foundation. **Address**—American Road, Dearborn, Mich. **Underwriters** — First Boston Corp.; Blyth & Co.; Goldman, Sachs & Co.; Kuhn, Loeb & Co., Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith Inc.; White, Weld & Co., Inc.; Dean Witter & Co., and Lazard Freres & Co.

General Aniline & Film Corp.
April 3, 1963 Attorney General Robert F. Kennedy announced that the Justice Department had reached an out-of-court agreement with Interhandel, a Swiss holding company, designed to settle the 20-year old dispute over control of the 540,894 class A and 2,050,000 class B shares of General Aniline seized by the U. S. Government in 1942 as a German asset. The stock represents 98% of the voting control of the company. Mr. Kennedy said that if General Aniline should be sold for $200 million, the Government would receive about $140 million and Interhandel about $60 million. The settlement terms, recently approved by Interhandel stockholders, also must be approved by the U. S. District Court at Washington, D. C. **Business**—Company is a leading domestic producer of dyestuffs, chemicals and photographic materials. **Office**—111 W. 50th St., New York. **Underwriters**—(Competitive). Probable bidders: Blyth & Co.-First Boston Corp. (jointly); Lehman Brothers-Kuhn, Loeb & Co.-Glore, Forgan & Co. (jointly); Bache & Co.

Hartford Electric Light Co.
April 30, 1963 the company announced plans to sell $15,-$20,000,000 of securities in 1964 to help finance its $26,000,000 construction program. **Office**—176 Cumberland Ave., Wethersfield, Conn. **Underwriters** — First Boston Corp., New York; Putnam & Co., Hartford; Chas. W. Scranton & Co., New Haven.

International Milling Co.
July 8, 1963 the company announced that it expects to file a registration statement covering its first public offering of common stock. The sale will include both a primary and a secondary distribution. **Business**—Company is one of the world's largest flour millers with operations in five countries. **Proceeds**—For expansion, research and debt repayment. **Address** — 1200 Investors Bldg., Minneapolis. **Underwriter** — Kidder, Peabody & Co., Inc., New York.

Iowa Power & Light Co.
Jan. 16, 1963 it was reported that the company plans to sell $10,000,000 of bonds in the last half of 1964. **Office**—823 Walnut St., Des Moines. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; White, Weld & Co.; Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.; Lehman Brothers; Blyth & Co.

Irving Air Chute Co., Inc.
Sept. 11, 1963 it was reported that the company plans to file a registration statement shortly covering $1,810,000 of 6% convertible debentures due 1975 to be offered for subscription by stockholders. **Office**—1315 Versailles

Rd., Lexington, Ky. **Underwriter**—S. D. Fuller Co., New York.

Japan (Government of)
May 1, 1963 it was reported that the Government plans to sell an additional $35,000,000 of external loan bonds in the U. S. during the fiscal year ending March 31, 1964 It is expected that the majority would be sold by Dec 31, 1963. **Underwriter**—First Boston Corp., New York.

Kansas City Power & Light Co.
Oct. 16, 1963 it was reported that the company plans to sell $18-$20,000,000 of first mortgage bonds in January 1965. **Address** — 1330 Baltimore Ave., Kansas City, Mo. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.-First Boston Corp. (jointly); Lehman Brothers-Bear, Stearns & Co. (jointly); Equitable Securities Corp. - Eastman Dillon, Union Securities & Co. (jointly); White, Weld & Co.-Shields & Co. (jointly).

Kentucky Utilities Co.
On Oct. 2, 1963, it was reported that the company plans to sell $8-10,000,000 of bonds in the third quarter of 1964. **Office** — 20 South Limestone St., Lexington, Ky. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.-White, Weld & Co., Inc. (jointly); Eastman Dillon, Union Securities Corp.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Lanvin-Charles of the Ritz, Inc.
Sept. 30, 1963 it was reported that following the proposed merger of Lanvin-Parfums and Charles of the Ritz, to be voted on by stockholders Nov. 14, E. L. Cournand, President, and certain other Lanvin stockholders plan to offer publicly 800,000 common shares. **Business**—Company is the U. S. distributor of Lanvin perfumes and other fragrances, as well as cosmetic and toiletry products. **Office**—767 Fifth Ave., New York. **Underwriters**—Goldman, Sachs & Co., and White, Weld & Co., Inc., New York. **Offering**—Expected in late December.

Long Island Lighting Co.
Aug. 29, 1963 the company announced plans to issue $25-to-$30,000,000 of first mortgage bonds in each of the years 1964 to 1968 inclusive, to help finance its $285,000,000 5-year construction program. **Office** — 250 Old Country Rd., Mineola, N. Y. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.-First Boston Corp. (jointly); W. C. Langley & Co.

Louisiana Power & Light Co.
Oct. 16, 1963 it was reported that this subsidiary of Middle South Utilities, Inc., plans to issue $25,000,000 of bonds in second quarter of 1964. **Proceeds**—For construction. **Office**—142 Delaronde St., New Orleans. **Underwriters**—(Competitive). Probable bidders: Merrill Lynch, Pierce, Fenner & Smith Inc.-Kidder, Peabody & Co.-Harriman Ripley & Co., Inc. (jointly); White, Weld & Co.-Blyth & Co., Inc.-Shields & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.-Glore, Forgan & Co. (jointly); Salomon Brothers & Hutzler-Eastman Dillon, Union Securities & Co. - Equitable Securities Corp. (jointly).

Merrill Lynch, Pierce, Fenner & Smith Inc.
Aug. 19, 1963, Michael W. McCarthy, Chairman, stated that the company has held informal discussions with the staff of the New York Stock Exchange as to the feasibility of "going public." He added that, "when the time is appropriate," Merrill Lynch will request the governors to recommend that member firms approve the required changes in the Exchange's constitution to permit this. Industry sources believe that the move is several years away. **Business**—Company is the largest brokerage house in the U. S. with 139 domestic offices and over 2,300 account executives. **Office**—70 Pine St., New York.

Mexico (Government of)
July 16, 1963 following the public offering of $40,000,000 of external bonds, it was reported that the Government is authorized to sell an additional $65,000,000 of bonds in the U. S. and abroad. **Underwriters—Kuhn,** Loeb & Co., Inc., and First Boston Corp., N. Y.

★ Missouri Pacific RR (1/7/64)
Oct. 22, 1963 it was reported that this road plans to sell $6,600,000 of 1-15 year equipment trust certificates. **Address**—Missouri Pacific Bldg., St. Louis. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Expected Jan. 7, 1964 (12 noon CST), at above address.

★ Naragansett Electric Co. (1/14/64)
Oct. 22, 1962 it was reported that this subsidiary of New England Electric System plans to issue $5,000,000 of first mortgage bonds, series F, due 1994. **Office**—15 Westminster St., Providence, R. I. **Underwriters**—(Competitive). Probable bidders: White, Weld & Co.; Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler-Lehman Brothers-Goldman, Sachs & Co. (jointly). **Bids**—Expected Jan. 14, 1964.

New York Central RR (12/4)
Oct. 7, 1963 the company announced plans to offer $3,600,000 of 1-15 year equipment trust certificates. **Office**—466 Lexington Ave., New York. **Underwriters**—(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co., Inc. **Bids**—Dec. 4 (12 noon EST), at above address.

New York State Electric & Gas Corp.
April 3, 1963 it was reported that the company plans to sell $20,000,000 of debt securities to finance its construction program for 1964 and 1965. **Office**—108 East Green St., Ithaca, New York. **Underwriters** — (Competitive). Probable bidders: Kidder, Peabody & Co. - Salomon Brothers & Hutzler (jointly); First Boston Corp.-Glore, Forgan & Co. (jointly); Halsey, Stuart & Co.; Harriman Ripley & Co.; Blyth & Co.

Norfolk & Western Ry. (11/13)
Oct. 1, 1963 it was reported that this road plans to sell approximately $7,000,000 of 1-15 year equipment trust certificates in November. **Office** — 8 N. Jefferson St., Roanoke, Va. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Brothers & Hutzler. **Bids**—Expected Nov. 13 (12 noon EST) at the company's Philadelphia office.

Northern Pacific Ry. (12/10)
July 2, 1963 it was reported that this road plans to sell about $4,800,000 of equipment trust certificates in December. **Office**—120 Broadway, New York. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler. **Bids**—Expected Dec. 10 (12 noon EST).

Northern States Power Co. (Minn.)
May 14, 1963 it was reported that the company plans to offer about 771,110 additional shares to stockholders on a 1-for-20 basis in 1964, to raise an estimated $25,000,000 **Office**—15 South Fifth St., Minneapolis. **Underwriter**—To be named. The last rights offering in July 1959 was underwritten by Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Northwest Natural Gas Co.
Sept. 25, 1963 the company announced tentative plans to sell 50,000 shares of preferred in early 1964. **Proceeds**—To refund 50,000 shares of outstanding 5.75% preferred. **Office**—735 S. W. Morrison, Portland, Ore. **Underwriter**—Lehman Brothers, New York.

Otter Tail Power Co.
Oct. 16, 1963 it was reported that the company plans to sell 30,000 shares of $100 par preferred stock in the first quarter of 1964. **Office**—215 So. Cascade St., Fergus Falls, Minn. **Underwriter**—To be named. The last sale of preferred on March 8, 1950 was handled by Glore, Forgan & Co., New York and Kalman & Co., Inc., St. Paul.

Pacific Northwest Bell Telephone Co.
Aug. 27, 1963 the company announced plans to offer stockholders the right to subscribe for additional common in mid-November. The number of shares, price and the ratio to shares held will be announced later. **Business**—Furnishing of telephone service in Washington, Oregon and Idaho. **Proceeds**—To reimburse the company's treasury for construction expenditures. **Office** — 1200 Third Ave., Seattle. **Underwriter**—None.

Pacific Northwest Bell Telephone Co. (12/3)
Aug. 27, 1963 the company announced plans to sell $50,000,000 of debentures due Dec. 1, 2000. **Proceeds**—To repay $48,700,000 debt due Pacific Telephone & Telegraph Co., former parent. **Office** — 1200 Third Ave., Seattle. **Underwriters**—(Competitive) Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc. **Bids**—Dec. 3 (11 a.m. EST) at 195 Broadway, New York. **Information Meeting**—Nov. 26 (2:30 p.m.), same address.

Pacific Telephone & Telegraph Co.
June 19, 1963 the company stated that it will need $650 million of new money in the years 1964 through 1966 to help finance its $1.3 billion construction program. This means that the company must sell about $217 million of securities a year, it was stated. **Office**—140 New Montgomery St., San Francisco. **Underwriters**—To be named. The last issue of debentures on Feb. 16, 1960 was underwritten by Halsey, Stuart & Co. Inc. One other bid on the issue was tendered by Morgan Stanley & Co.

Pennsylvania Power & Light Co.
March 18, 1963 the company stated that it expects to sell $75,000,000 of bonds in the period 1963 through 1967. **Proceeds** — For construction and the retirement of $8,000,000 of maturing bonds. **Office**—9th and Hamilton Sts., Allentown, Pa. **Underwriters**—To be named. The last sale of bonds on Nov. 29, 1961 was won at competitive bidding by White, Weld & Co., and Kidder, Peabody & Co. Other bidders were Halsey, Stuart & Co. Inc.; First Boston Corp.-Drexel & Co. (jointly).

Philadelphia Electric Co.
Sept. 18, 1963 it was reported that the company is considering the sale of $50,000,000 of first mortgage bonds in mid-1964. **Office** — 1000 Chestnut St., Philadelphia. **Underwriters**—(Competitive). Probable bidders: Morgan Stanley & Co.-Drexel & Co. (jointly); Halsey, Stuart & Co. Inc.; First Boston Corp.; White, Weld & Co.

Potomac Edison Co. (3/10/64)
Oct. 16, 1963 it was reported that this subsidiary of Allegheny Power System, Inc., plans to sell $12-$15,000,000 of first mortgage bonds due 1994. **Office**—200 East Patrick St., Frederick, Md. **Underwriters**—(Competitive). Probable bidders: W. C. Langley & Co.-First Boston Corp. (jointly); Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; White, Weld & Co.-Shields & Co. (jointly); Lehman Brothers-Eastman Dillon, Union Securities & Co.-Harriman Ripley & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly). **Bids**—March 10, 1964 (10 a.m. EST) at 320 Park Ave., New York.

Potomac Electric Power Co.
July 30, 1963 the company stated that it will need $50,000,000 of new money in 1964 for its construction program and expects to do permanent financing in the early part of the year. However, it has not determined the amount or type of security to be offered. **Office**—929 E St., N. W., Washington, D. C. **Underwriters**—To be named. On Feb. 19, 1963 the company sold $50,000,000 of bonds to Dillon, Read & Co., Inc.; Lehman Bros., Eastman Dillon, Union Securities & Co., Stone & Webster Securities Corp., and Johnston, Lemon & Co. Other bidders on the issue were Kidder, Peabody & Co.—Merrill Lynch, Pierce, Fenner & Smith, Inc.—White, Weld & Co.—Salomon Bros. & Hutzler (jointly); First Boston Corp.; Halsey, Stuart & Co.

Public Service Co. of Colorado
June 4, 1963 it was reported that the company plans to sell $35,000,000 of 30-year first mortgage bonds in April, 1964. **Proceeds**—For construction. **Office**—900 15th St., Denver, Colo. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Harriman, Ripley & Co., Inc.-Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc.-Dean Witter & Co. (jointly); First Boston Corp.; Lehman Brothers-Kidder, Peabody & Co.-White, Weld & Co. (jointly); Blyth & Co., Inc.-Smith, Barney & Co. (jointly).

Rayette, Inc.
Oct. 7, 1963 it was reported that this firm plans to sell about $10,000,000 of securities in January. The type or terms of the offering have not yet been decided. **Business**—Manufacture of cosmetics, supplies and equipment for beauty salons. **Office** — 261 East Fifth St., St. Paul, Minn. **Underwriter**—Allen & Co., New York.

Rochester Telephone Co.
May 7, 1963 the company announced plans to sell $16,000,000 of debentures in the first quarter of 1964, but may do so earlier if market conditions are favorable. **Proceeds** — For construction. **Office** — 10 Franklin St., Rochester, N. Y. **Underwriters**—(Competitive). Probable bidders: First Boston Corp.; Eastman Dillon, Union Securities & Co.-Kidder, Peabody & Co. (jointly); Kuhn, Loeb & Co.; Halsey, Stuart & Co. Inc.

● Ryder System, Inc. (11/8)
Oct. 22, 1963 it was reported that the company had applied to the ICC for permission to issue a maximum of $5,500,000 of convertible subordinated debentures due 1983 to be offered to stockholders on the basis of $100 of debentures for each 40 common shares held of record Nov. 8. Rights will expire Nov. 22. **Business**—A holding company engaged in the fields of motor freight carrying, equipment leasing and manufacturing. **Office**—2701 So. Bayshore Drive, Miami, Fla. **Underwriter**—Blyth & Co., Inc., New York.

San Diego Gas & Electric Co.
Sept. 10, 1963 it was reported that the company is considering the sale of about $20,000,000 of debt securities in mid-1964. **Office**—861 Sixth Ave., San Diego, Calif. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp.-Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Lehman Brothers-Salomon Brothers & Hutzler (jointly).

Seaboard Air Line RR. (11/13)
Sept. 24, 1963 the company announced that it plans to sell $22,000,000 of first mortgage bonds due 1988 at competitive bidding in November. **Proceeds**—For loan repayment and working capital. **Office**—3600 W. Broad St., Richmond, Va. **Underwriters** — (Competitive). Probable bidders: Kuhn, Loeb & Co.-White, Weld & Co. (jointly); First Boston Corp.; Eastman Dillon, Union Securities & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); Halsey, Stuart & Co. Inc. **Bids**—Nov. 13 (12 noon EST) at office of Wilkie, Farr, Gallagher, Walton & FitzGibbon, One Chase Manhattan Bank, New York.

Sears, Roebuck & Co.
Feb. 19, 1963, Allstate Enterprises, Inc., subsidiary, announced that it had delayed its plans to form a new mutual fund until it received clarification of an SEC ruling which "has been construed by some to mean that registered investment companies could not purchase Sears' stock or would be required to divest themselves of it, if Sears' itself owned a mutual fund." Earlier, Allstate said that the fund would be in operation late in 1963 on a "very small scale," and would be started on a state-by-state basis as approval was granted. **Office**—925 So. Homan Ave., Chicago. **Distributor**—Allstate Enterprises, Inc., Chicago.

Southern California Edison Co.
Aug. 21, 1963 it was reported that the company plans to sell $50,000,000 of first mortgage bonds in the first quarter of 1964. **Office**—601 West Fifth St., Los Angeles. **Underwriters** — (Competitive). Probable bidders: Halsey, Stuart & Co. Inc.; First Boston Corp.-Dean Witter & Co. (jointly); Blyth & Co.-Lehman Brothers-Merrill Lynch, Pierce, Fenner & Smith Inc.-Salomon Brothers & Hutzler (jointly).

Southern Co.
Aug. 12, 1963 the company stated that it is considering the sale of $35 to $40,000,000 of common stock early in 1964 to help finance its $570,000,000 construction program. **Office**—1330 West Peachtree St., N. W., Atlanta, Ga. **Underwriters**—To be named. The last sale of common on Feb. 15, 1961 was made to a group headed by Eastman Dillon, Union Securities & Co., Blyth & Co., and Equitable Securities Corp. Other bidders were: First Boston Corp.-Lehman Brothers (jointly); Morgan Stanley & Co.-Kidder, Peabody & Co.-Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly).

Southern Counties Gas Co. of Calif.
Jan. 2, 1963 it was reported that this subsidiary of Pacific Lighting Corp., plans to sell $27,000,000 of first mortgage bonds in the fourth quarter. **Address**—P. O. Box 2736, Terminal Annex, Los Angeles 54, Calif. **Underwriters**—(Competitive) Probable bidders: White, Weld & Co.; Blyth & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Halsey, Stuart & Co. Inc.; First Boston Corp.

Southern Pacific Co. (11/6)
Oct. 15, 1963 it was reported that this company plans to sell $8,970,000 of 1-15 year equipment trust certificates. **Office**—165 Broadway, New York. **Underwriters**—(Competitive). Porbable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids—Nov. 6** (12 noon EST), at above address.

Southern Railway Co. (10/29)
Aug. 5, 1963, the company announced plans to sell $6,420,000 of equipment trust certificates in October. This is the second instalment of a proposed $12,840,000 offering. **Office** — 70 Pine St., New York. **Underwriters**—

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(Competitive). Probable bidders: Salomon Brothers & Hutzler; Halsey, Stuart & Co. Inc. **Bids**—Oct. 29 (12 noon EDST) at 70 Pine St., New York.

Southwestern Public Service Co.
Oct. 6, 1963 it was reported that the company plans to issue approximately $15,000,000 of first mortgage bonds in the first quarter of 1964. **Office**—720 Mercantile Dallas Bldg., Dallas, Tex. **Underwriter**—Dillon, Read & Co., Inc., New York.

Tokyo (City of)
May 1, 1963 it was reported that the Diet had authorized the sale of $20,000,000 City of Tokyo bonds in the U. S during the fiscal year ending March 31, 1964. **Underwriter**—To be named. The last issue of Tokyo bonds in March, 1927, was handled by Kuhn, Loeb & Co. **Offering**—Indefinite.

★ **Trans World Airlines, Inc.**
Oct. 21, 1963 the company announced that it may offer stockholders, sometime after mid-January 1964, the right to subscribe for up to $8,500,000 of 5¾% convertible subordinated debentures due Oct. 1, 1983. Hughes Tool Co., holder of 78% of the company's outstanding stock would not subscribe for these debentures, but would purchase an additional $30,000,000 principal amount of the issue. **Proceeds**—To help finance the purchase of 12 Boeing jet aircraft. **Office**—380 Madison Ave., New York. **Underwriter**—None.

Transcontinental Gas Pipe Line Corp.
Sept. 25, 1963 the company announced that it plans to sell $50-$55,000,000 of first mortgage bonds and possibly some preferred in the first half of 1964. **Business**—Transmission of natural gas. **Proceeds**—For loan repayment. **Office**—3100 Travis St., Houston, Texas. **Underwriters**—White, Weld & Co., and Stone & Webster Securities Corp., New York.

● **Union Planters National Bank (Memphis) (11/6)**
Oct. 23, 1963 it was reported that stockholders are to vote Nov. 6 on increasing the authorized $10 par capital stock to provide for sale of 150,000 additional shares to stockholders on the basis of one new share for each 7⅓ shares held of record Nov. 6. Rights will expire Nov. 27. **Price**—$40. **Proceeds**—To increase capital funds. **Office**—61 Madison Ave., Memphis. **Underwriter**—M. A. Saunders & Co., Inc., Memphis.

Utah Power & Light Co.
July 2, 1963 it was reported that this utility plans to sell about $20,000,000 of bonds and $10,000,000 of preferred stock in the second quarter of 1964. **Office**—1407 West North Temple St., Salt Lake City. **Underwriters**—(Competitive). Probable bidders (bonds): Salomon Bros. & Hutzler; Halsey, Stuart & Co., Inc.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc (jointly); White, Weld & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.-Blyth & Co (jointly); Eastman Dillon, Union Securities & Co.-Smith, Barney & Co. (jointly); Lehman Brothers-Bear, Stearns & Co. (jointly). (Preferred Stock) White, Weld & Co.-Stone & Webster Securities Corp. (jointly); First Boston Corp.-Blyth & Co. (jointly); Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co.-Smith, Barney & Co.-Salomon Brothers & Hutzler (jointly); Lehman Brothers.

Valley Gas Co.
Aug. 28, 1963 it was reported that the SEC had scheduled a hearing for Oct. 10 on a plan under which Blackstone Valley Gas & Electric Co., would sell its entire 400,000 shares holdings of Valley Gas to stockholders of Blackstone and Eastern Utilities Associates, the latter' parent. **Price**—At book value ($11.15 per share on Apr. 30, 1963). **Business** — Company was formed by Blackstone to take over its gas properties. **Proceeds**—To the selling stockholder, Blackstone Valley Gas. **Address**—Pawtucket, R. I. **Underwriters**—(Competitive). Probable bidders: Kidder, Peabody & Co.; Stone & Webster Securities Corp.

Virginia Electric & Power Co. (12/10)
July 30, 1963 the company announced plans to sell $30,000,000 of securities, probably first mortgage bonds, in December. **Address**—Seventh and Franklin Sts., Richmond. **Underwriters**—(Competitive). Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler—Goldman, Sachs & Co. (jointly); Eastman Dillon, Union Securities & Co.—Merrill Lynch, Pierce, Fenner & Smith Inc.—Lehman Bros. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. **Bids** — Expected Dec. 10. **Information Meeting**—Dec. 5 (11 a.m. EST) at One Chase Manhattan Paza, New York.

TAX-EXEMPT BOND MARKET

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separated the winning from the second bid.

Associated with the Chase Manhattan Bank in this underwriting are Chemical Bank New York Trust Co., Manufacturers Hanover Trust Co., Lehman Bros., Blyth & Co., Barr Brothers & Co., R. W. Pressprich & Co., Merrill Lynch, Pierce, Fenner & Smith, Goldman, Sachs & Co. and Bear, Stearns & Co.

Reoffered to yield from 2.00% to 3.50% for 2¾s, 3.10s and 3.40s, commercial bank demand has been good for the shorter maturity bonds as approximately 60% of the bonds were sold during the initial order period.

California Authority Awards $75 Million Issue

This week's final notable sale involved $75,000,000 California Toll Bridge Authority, Carquinez Strait Bridges, Refunding Toll Bridge revenue serial (1964-1979) and (1992) term bonds. The account managed by *Blyth & Co., The First Boston Corp.* and *Harriman Ripley & Co.* was the successful bidder for this issue at a net interest cost of 3.62%. The second and only other bid, a 3.646% net interest cost, was submitted by the F. S. Smithers & Co. group.

Other major members of the winning account include Salomon Brothers & Hutzler, Smith, Barney & Co., Kidder, Peabody & Co., C. J. Devine & Co., John Nuveen & Co., R. W. Pressprich & Co., Shields & Co., B. J. Van Ingen & Co., Weeden & Co., Dean Witter & Co., J. Barth & Co., Hayden, Stone & Co., E. F. Hutton & Co., W. H. Morton & Co., Schwabacher & Co., Wm. R. Staats & Co. and R. S. Dickson & Co.

The serial bonds were reoffered to yield from 2.00% in 1964 to 3.30% in 1979 for various coupons and the $44,510,000 term bonds, carrying a 3⅝% coupon, were reoffered at a dollar price of 99½ to yield 3.65%. No balance is available as we go to press due to time differences between east and west coasts.

Oklahoma Turnpike Issue Being Readied for Market

It was reported that on Wednesday, Oct. 23, the Oklahoma Supreme Court approved the Oklahoma Turnpike Authority's plan for financing the first leg of the State's Eastern Turnpike by a $31,000,000 revenue bond issue. The manager of the Turnpike Authority said the Authority had filed an application with the Supreme Court, Sept. 19, under a state law which requires court approval of turnpike financing plans.

The Authority is to meet early next week when underwriters are expected to sign a formal contract for purchase of the bonds. The underwriting group is managed by *Merrill Lynch, Pierce, Fenner & Smith Inc., Allen & Co., John Nuveen & Co., White, Weld & Co.* and *B. J. Van Ingen & Co.*

Confusion in the Ranks

As we close this weekly monologue on the municipal bond market, there appears to be more confusion as between dealers, banks and investors than at any time in recent months. Important underwriters refrain from making bids while other dealers double and treble their commitments. The fact that last week's issues sell only at cut prices seems to make little difference to those making this week's bids. Scattered interest in new issues totaling only a fraction of the volume daily looms at the criterion for bids as dealers desperately attempt to buy that first issue to be a genuine sell-out in months.

Central States Group of IBA Receives Nominations

James E. Snyder

Robert I. Kelley

John J. Markham

CHICAGO, Ill.—James E. Snyder, partner, Francis I. duPont & Co., was nominated for Chairman of the Central States Group of the Investment Bankers Association of America. Other nominees are: Vice-Chairman, Robert I. Kelley, Vice-President and Director of Harriman Ripley & Co., Inc.; Secretary-Treasurer: John J. Markham, partner, Hornblower & Weeks.

Francis R. Schanck, Jr., partner of Bacon, Whipple & Co., was named to serve a one year term as a member of the Executive Committee. Also, nominated for three year terms as members of the Executive Committee were Harry Brown, Salomon Bros. & Hutzler; Scott Davis, Ralph W. Davis & Co.; and William L. Ostrander, The First Boston Corp.

Nomination of the slate is tantamount to election. The Central States Group of the I.B.A. is holding its election meeting today, October 24.

S & L Assn. Head Would Mortgage Home's Contents

A top spokesman for the business recently expressed hope that the nation's savings and loan associations soon will be permitted to offer the American family a complete financing plan for the purchase of its home and all essential furnishings and appliances.

Norman Strunk

Speaking at the opening session of the United States Savings and Loan League's 11th annual Investments and Lending Clinic in Chicago, Ill., Norman Strunk, the national trade organization's executive vice-president, said:

"In order for savings and loan associations to compete more effectively in their own basic home mortgage lending field in the future, it will be very desirable for these institutions to obtain and use widely the power to provide a complete mortgage package to cover both the cost of the home itself and the basic items necessary to modern living such as appliances, carpeting, draperies and major furniture.

"It will be far better for the average home buyer to obtain the additional money needed to make a house a home from a single source and fitted into his budget intelligently rather than use a variety of financing sources," he added.

Add to—Convenience Rather Than Debt

Strunk predicted that while such consumer financing may never be a very large part of total savings and loan lending volume, it will be an important additional convenience which associations can offer in marketing their basic home financing services to millions of families.

He said, "Residential mortgage lending is by far the greatest private credit market in the nation, and savings and loan associations have many advantages in competing within this market, including the greatest know-how, fastest service and most liberal lending powers.

"There is no doubt that associations across the nation can continue to increase their present domination of the home mortgage field, and in a few years may provide more than half of the total home mortgage volume."

But the savings and loan executive pointed out that commercial banks in future years are likely to provide the greatest competition to associations for home mortgage loans, and he noted that commercial banks are presently able to finance the young couple's new furniture as well as their house.

"Therefore, we need to match and improve upon their services in this area," he said.

Expand Apartment and Commercial Property Loans

Strunk also forecast that savings and loan associations in the coming years will generally broaden their investment activities to supplement their basic single family lending by making more loans on apartments and in various commercial properties.

He said that in addition to moving up their share of home mortgage recordings from the present 46% to more than 50% in a few years, and eventually to 60%, associations can expect to increase their present 15% share of all other real estate loans to perhaps 30% before the end of this decade.

"All of this," Strunk said, "is based on the premise that we can continue to successfully meet all of our competition in these investment fields by constantly expanding and updating our own lending services to insure their maximum acceptance by the general public."

Why Banks Should Not Underwrite Revenue Bonds

Continued from page 10

that the injection of the commercial banks into the secondary trading markets for such securities would change that picture in the slightest.

Second, Mr. Saxon's prepared statement dealt at some length with Regulation 9 and the examination procedures of his Office relative to purchases of bonds by the trust departments of National Banks. He also elaborated on this subject in the ensuing question period. In none of that testimony, however, nor in any of the other testimony so far submitted to this Committee, do I find reference to any mechanism whereby a trust account administered by the trust department of an underwriting bank can purchase bonds of an issue that might be advantageous to that account in the event that the bank involved is an underwriter of those bonds, without breaching those protective provisions to which the testimony has referred. A pamphlet entitled "The Case for Commercial Bank Underwriting of Public Revenue Bonds" issued under date of June, 1963, by one, John K. Langum, Economic Consultant, on behalf of the American Municipal Association and a group of banks with underwriting departments, neatly sidesteps this inherent conflict of interest factor by stating that:

". . . on such occasions, the banks have been able to make such acquisitions from primary offerings for their trust accounts in a proper and unassailable manner."

This is a nice broad statement in respect to acquisitions by trust accounts in a "proper and unassailable manner," but it would appear that some elaboration as to the methods and means involved might be in order. If some new mechanics or devices have been developed in this regard to provide a satisfactory solution to situations such as that to which I have just referred that comply with the provisions of Regulation 9, I respectfully suggest that they should be legally defined so that all who are affected may be guided accordingly.

There are a number of other pertinent areas of Mr. Saxon's testimony that we believe should be clarified, such as the element of risk to small banks that is posed by this proposed legislation, the methods by which his examiners will measure the risks which presumably would determine the eligibility of certain revenue bond issues for bank underwriting prior to the sale of those bonds, etc. However, I realize that my allotted time is limited and I shall, therefore, confine myself to one additional statement of Mr. Saxon as follows:

". . . If this bill cannot be justified on the ground of reduction of cost to the issuer, and therefore to the issuer's taxpayer through competition, then, in our opinion, it should not pass."

On this note, Mr. Chairman, I request your permission for Dr. Fox to present testimony which I believe should do much to resolve any further speculation in that quarter.

I think you will agree after you have heard the testimony of Dr. Fox that the possible public benefits that can be derived from the authorization of commercial banks to underwrite and deal in revenue bonds are of minor if any significance. However, as I stated earlier, the Study Committee which I represent feels strongly that this is an issue which should not in any event be decided in the light of peripheral considerations. The real question before the Congress in its assessment of H.R. 5845 is whether or not we should turn back the clock—whether we should let down the bars and proceed along the road that leads back to the abuses that resulted from the interrelationships of commercial banking and dealing in securities that prevailed in the 1920s and early 1930s. We believe this is a course that none of us can afford to follow.

*Testimony by Mr. Hardwick submitted to the House Committee on Banking and Currency, U. S. Congress, Washington, D. C., Oct. 10, 1963.

Iowa Beef Packers Debentures, Common Sold

New York Securities Co., New York, and First Nebraska Securities Corp., Lincoln, Neb., as joint managers of the underwriting group, have announced a public offering of $3,172,000 Iowa Beef Packers, Inc. 6% subordinated sinking fund debentures, series B, due 1978, with common stock purchase warrants, as well as 50,000 shares of common stock.

Each $1,000 sinking fund debentures, to be accompanied by a nondetachable warrant entitling the owner to purchase 25 shares of common stock at an initial price of $20 per share, is priced at 100%. The common shares offered are being sold for the account of two officers of the company and are priced at $17.50 per share. These shares represent a portion of the selling stockholders' equity.

The proceeds from the sale of the debentures will be applied by the company to construction and addition of a pork processing plant at Perry, Iowa, the purchase of equipment presently leased and retirement of certain long-term debt. Proceeds from the exercise of common stock warrants will be used for general corporate purposes.

The company owns and operates beef packing plants at Denison and Fort Dodge, Iowa and a pork packing plant at Perry, Iowa. The company's beef products are sold to approximaetly 125 meat jobbers, wholesalers and grocery chains, principally in the eastern half of the United States, and almost all of its pork products are processed for another meat-packing company, pursuant to a contract.

The debentures are subject to redemption through the operation of a sinking fund at 100%. They are also subject to optional redemption at prices ranging from 106% to 100½%.

With Roulston & Co.

CLEVELAND, Ohio—Lathrop F. Duncan is now affiliated with Roulston & Company, 1010 Euclid Avenue, members of the Midwest Stock Exchange.

Interstate Secs. Branch

MONTGOMERY, Ala.—Interstate Securities Corporation has opened a branch office at 207 Montgomery Street under the management of Fred D. Harrell.

Leedy, Wheeler Office

MELBOURNE, Fla. — Leedy, Wheeler & Alleman, Inc. has opened a branch office at 328 New Haven Avenue under the direction of Kyle E. Lockeby, Jr.

Schaffner Branch

DENVER, Colo. — James N. Schaffner & Co. has opened a branch office at 231 Clayton Street. James N. Schaffner will direct the operation of the new office.

With Suburban Secs.

CLEVELAND, Ohio—Leo J. Jalovec is now with Suburban Securities Co., 732 East 200th Street.

New York City Bonds Being Publicly Offered

On Oct. 23 the City of New York sold at competitive sale $118,700,000 of various purpose bonds, due Oct. 1, 1964 through 1993, to an underwriting group managed by The Chase Manhattan Bank.

The group's bid of 100.2499999 for 3.40%, 3.10% and 2¾% coupons set an annual net interest cost of 3.19782.

On reoffering the obligations were priced to yield from 2% in 1964 to 3.50 in 1993.

Associates of The Chase Manhattan Bank in this offering include:

Chemical Bank New York Trust Co.; Manufacturers Hanover Trust Co.; Lehman Brothers; Blyth & Co., Inc.; Lazard Freres & Co.; Barr Brothers & Co.; R. W. Pressprich & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Goldman, Sachs & Co.; Bear, Stearns & Co.; The Northern Trust Co.; Harris Trust & Savings Bank; Equitable Securities Corp.; The Philadelphia National Bank; Hornblower & Weeks; Carl M. Loeb, Rhoades & Co.; Ladenburg, Thalmann & Co.; Wertheim & Co.; Glore, Forgan & Co.; B. J. Van Ingen & Co., Inc.; John Nuveen & Co., Inc.;

First National Bank in Dallas; Paribas Corp.; Weeden & Co., Inc.; Hallgarten & Co.; The First Western Bank & Trust Co., Los Angeles; Bache & Co.; Blair & Co., Inc.; The Connecticut Bank & Trust Co., Hartford; Fahnestock & Co.; Federation Bank & Trust Co.; Hemphill, Noyes & Co.; The Marine Trust Co. of Western New York; F. S. Moseley & Co.; Wm. E. Pollock & Co., Inc.; Swiss American Corp.

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C.—Gradually but emphatically there has become more than casual interest in an approaching Southern governorship race in this "off" election year. There is a paramount reason for this interest.

The White House, and both the Democratic and Republican party leaders in Washington and across the nation, will be watching the outcome of the Mississippi governorship election next month.

Some of the top Washington correspondents are either in the state or are getting ready to visit it to feel the pulse of these strongly independent people.

Perhaps there is no state in the Union where there is so much anti-Kennedy Administration feeling as there is in Mississippi today among the white citizenry. Unfortunately for all concerned, some of the opposition is personal political hatred for President Kennedy and Attorney General Robert F. Kennedy in particular.

This does not mean of course that President Kennedy does not have supporters from a percentage of white voters and probably 99.9% of the Negro voters in Mississippi.

Goldwater Straw

Only a handful of states are electing a governor this year. The reason that Washington is watching the Mississippi election with marked interest is the belief that the outcome may throw some light on the strength of Senator Barry Goldwater, the apparent front runner for the Republican nomination, in the South.

There is no question that Senator Goldwater has a big following, not only in Mississippi but all over the South.

However, the Mississippi election between the Democratic nominee, Paul B. Johnson, Jr., Hattiesburg attorney, and son of the late governor and one-time member of Congress, and Rubell Phillips, Jackson attorney, the Republican candidate and former Democrat, very easily may be misconstrued and misinterpreted.

Mr. Phillips is regarded as a high grade citizen and a vote getting candidate. There is no question he will get more votes than any four candidates for governor on the Republican ticket have gotten since the Reconstruction Era, which as many historians agree, was a Tragic Era in our country's history.

Viewpoint of the "Pros"

The anti-Kennedy Mississippi Congressional delegation, a highly conservative delegation that often votes with the Republicans, have been in the state in behalf of the candidacy of Mr. Johnson, the incumbent lieutenant-governor.

What do these old "pros" say about the election? They agree on one thing. It may be succinctly summarized in this manner:

If there is a big vote turnout, Mr. Johnson will win "big." If there is a small vote turnout, Mr. Johnson will win "little."

It should be borne in mind when the general election speculations are made that Mr. Johnson had made four previous statewide campaigns in Mississippi for either the governorship or the United States Senate. This is the first time he has become the nominee for governor.

Mr. Johnson won over former Governor J. P. Coleman by the biggest vote ever chalked up in a Democratic primary run-off election for chief executive in the old Magnolia State.

Why did he win by a landslide? As Lieutenant-Governor he stood beside Governor Ross R. Barnett in the sad, bitter, and bloodshed days that marked the integration of Negro James Meredith in the University of Mississippi, a year ago this month.

For this reason, among others, Mississippi is not yet ready to elect Mr. Phillips, and his Gulfport, Miss., running mate, Stanford Morse, both of whom are running as "Goldwater Republicans."

GOP Optimistic

There are 82 counties in Mississippi. The election machinery is controlled—lock, stock and barrel—by the Democrats—"Mississippi Democrats" — and not National Democrats. They are not about ready to help elect a Republican chief executive because it would or could mean GOP opposition in their counties in the future.

Nevertheless, it appears the Republicans in Mississippi — and many of them are young people and college graduates—are confident they are going to make a tremendous showing. Many of them are confident that there will be an upset and their standard bearers will become the winners.

Probably the population of Mississippi—white and Negro—is composed of more native born citizens than in any state. The 1940 decennial census for the first time showed that the white race outnumbered the Negro race.

Ever since the depression years of the 1930's, the Negro population of Mississippi has been gradually declining, and the white population has been increasing.

43% Negro Population

Despite the gradual decline for decades, Mississippi's Negro population remains the highest from a percentage standpoint of any state. It is about 43%. The out migration of the Negro race has been a healthy one for members of the race and the state.

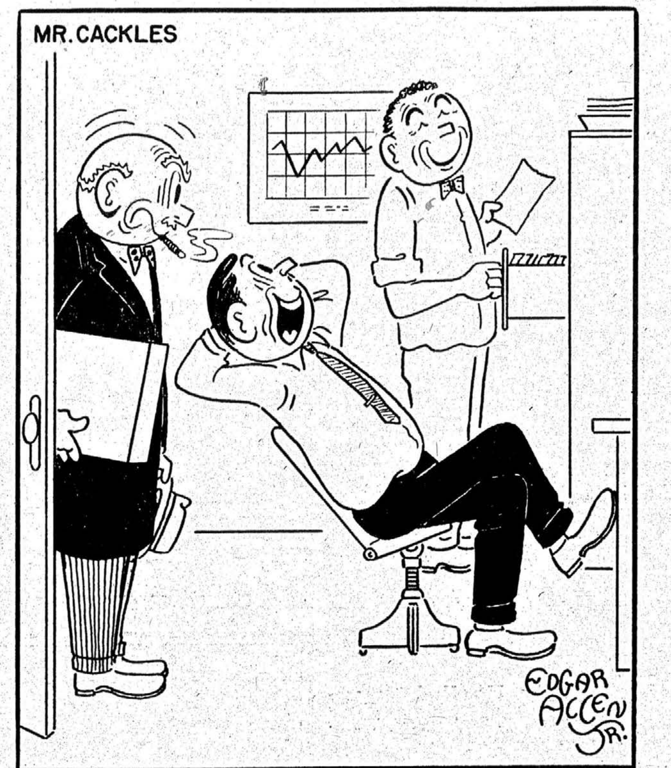
When the big cotton raising industry became more and more mechanized, there became less and less work on the cotton farms for thousands of Negro families. As a result, they have been migrating to the Northern cities, and some Southern cities, by the tens of thousands.

The Negro race is still predominant in some of the Delta counties where the land is table-top flat and the rich top soil is deeper than perhaps any other place in this country.

Many of the Negroes remaining in their native state are voting. Certainly there has been white opposition to their voting in some counties. Nearly all of the Negro voters are Democrats and will support the National Democratic party. A small percentage of the Negroes are professional and business people, and some of them are large land owners, and a few are millionaires.

Who will the Mississippi Negro voters support in the approaching election? They have no enthusiasm for either candidate. In next year's presidential election, it is likely that President Kennedy as the Democratic nominee will get the solid Negro vote, not only in Mississippi but over the South.

[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.]



"I don't know why Mr. Cackles bothered to go out to rent a costume for a Halloween Party—with his pumpkin head, he's a natural!"

COMING EVENTS

IN INVESTMENT FIELD

Nov. 13-15, 1963 (Chicago, Ill.)
American Bankers Association First National Automation Conference at the La Salle Hotel.

Nov. 20, 1963 (New York City)
Association of Stock Exchange Firms Annual Meeting of members for election of new officers and governors; Governors' Dinner at the University Club.

Dec. 1-6, 1963 (Hollywood Beach, Fla.)
Investment Bankers Association of America Annual Convention at the Hollywood Beach Hotel.
CHRONICLE's Special Pictorial Supplement Dec. 19.

Dec. 2-3, 1963 (New York City)
National Association of Mutual Savings Banks 17th Mid-Year meeting at the Commodore Hotel.

April 8-9-10, 1964 (Houston, Tex.)
Texas Group Investment Bankers Association Annual Convention at the Shamrock Hilton Hotel.
CHRONICLE's Special Pictorial Section April 30.

Apr. 22-23-24, 1964 (St. Louis, Mo.)
St. Louis Municipal Dealers spring party at the Chase Park Plaza Hotel and Glen Echo Country Club.

May 16-24, 1964 (New York City)
National Association of Mutual Savings Banks 44th Annual Meeting at the Commodore Hotel.

Oct. 12-16, 1964 (Coronado Beach, Calif.)
National Security Traders Association Annual Convention at the Del Coronado Hotel.

Dec. 7-8, 1964 (New York City)
National Association of Mutual Savings Banks 18th Annual Mid-Year meeting at the Commodore Hotel.

May 17-18-19, 1965 (Washington, D. C.)
National Association of Mutual Savings Banks 45th Annual meeting at the Washington Hilton Hotel.

May 16-17-18, 1966 (Philadelphia, Pa.)
National Association of Mutual Savings Banks 46th Annual meeting at the BellevueStratford Hotel.

May 22-23-24, 1967 (Boston, Mass.)
National Association of Mutual Savings Banks 47th Annual meeting at the Hotel America.

Fiduciary Planning Opens

GREAT NECK, N. Y.—William J. Maundrell-Seager is engaging in a securities business from offices at 338 Northern Boulevard under the firm name of Fiduciary Planning Company.

Form Fin. Associates

BERKELEY, Calif.—Stuart A. Samson and Jerome H. Denham have formed Financial Planning Associates, with offices at 3150 Scenic Avenue, to engage in a securities business.

With Sampair, Egan

ST. PAUL, Minn. — Paul D. Heleniak has become connected with Sampair and Egan, Inc., Degree of Honor Building.

With Carolina Inv.

RALEIGH, N. C. — Harvey G. Langston, Jr. has been added to the staff of Carolina Investors Corporation, 120 South Salisbury Street.

New Mathews Branch

GREENSBORO, N. C.—Edward E. Mathews Co., Inc. has opened a branch office at 908 West Wendover Avenue under the management of A. L. Thompson, Jr.

Joins First Columbus

COLUMBUS, Ohio—Warren F. Bruce has become connected with The First Columbus Corporation, 52 East Gay Street, members of the Midwest and Cincinnati Stock Exchanges.