Managing Commercial Bank Assets
For Greatly Improved Earnings

By Fred DeLong, Jr., 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 borrowers. 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which would make commercial banks fully competitive with thrift institutions; looks forward to substantial revision of outdated definition of liquid assets; and notes that this new development came just in time to save demand deposits from being priced out of business.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 50% of the cases the analysis disclosed opportunities to improve earnings, from a nominal amount up to 50% in one case.

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 f.r.] 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 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 figures are determined by subtracting from this yield the cost of the type of deposit. Thus what results here is simply (Continued on page 28)
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.

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

The J. S. Dillon & Sons Stores Co., Inc., Dillon is an efficient and aggressively expanding supermarket chain which recently added new outlets and upgrading its existing stores. At present it operates 58 stores, 42 in Kansas under the name Dillon Food Markets and 16 in Indiana 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, meats, produce and non-food products, as well as certain o other items of service. Approximately one-half of the stores have general merchandise departments, and all but the King Soopers have pharmacy departments operated by the company.

Warren offices and depots are located in Hutchinson, Kansas, and Denver, Colorado. To serve the store company, the company has bakeries located in Hutchinson, Wichita, Salina, Pratt, Dodge City and Lawrence, Kansas, and Denver, Colorado.

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

<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Sales (Millions)</th>
<th>Net Income (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963</td>
<td>$101.9</td>
<td>$2.12</td>
</tr>
<tr>
<td>1962</td>
<td>97.7</td>
<td>1.71</td>
</tr>
<tr>
<td>1961</td>
<td>89.6</td>
<td>1.11</td>
</tr>
<tr>
<td>1959</td>
<td>75.0</td>
<td>0.40</td>
</tr>
<tr>
<td>1958</td>
<td>$3.6</td>
<td>0.10</td>
</tr>
</tbody>
</table>

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 also 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 was purchased for stock D. G. Calhoun, Inc., which operated the 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 Stockton Building Company of Hutchinson, Kansas. Plans for the downtown, non-food building 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 $26 million. There are 2,675 shares of $100 par preferred stock and $48,000 of 4% convertible bonds.

With good prospects for continued gains in sales and earnings this year and into the long term, I believe the common stock is attractive at the current price of around $28 per share for long-term capital appreciation and readiness to handle the present $1 annual cash dividend. The Over-the-Counter Market should keep a close and thin and care should be exercised in placing orders.

HERBERT L. SEEGER
Analyst, Bacon, Stevenson & Co., New York City.


Continental Insurance Company

Much has already 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 select security markets.

Life insurance companies are generally bought as a growth vehicle—not as income producers and rightly 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 providing that 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 progress in medicine—has increased steadily over the years. In the absence of catastrophes, 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 lucrative field. In the first place, nothing has occurred or even been insured (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 and explosion. One thing that does reduce the cost of providing a damaged house or repairing a damaged car is the increase in the number of automobiles. In the latter, premiums, on the other hand, have been fixed by contract for three to five years and can't keep 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 they have—fire reserves of stock. Life insurance companies invest most of their assets in fixed income 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.

—and the author hopes it never comes to pass! 

This week's Forum Participants and Their Selections

J. S. Dillon & Sons Stores Co., Inc., New York City. Assistant Vice-President, Stern Brothers & Co., Kansas City, Mo.

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

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For many years we have specialized in
PREFERRED STOCKS

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<table>
<thead>
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<th>City</th>
<th>Phone</th>
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The COMMERCIAL and FINANCIAL CHRONICLE

PUBLISHED WEEKLY AT 22 PARK PLACE, NEW YORK 7, N. Y.

WILLIAM D. BANA COMPANY, PUBLISHER

Observations

GEORGE J. MORRISSEY, Editor

thursday, October 24, 1963

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Spencer Trade & Co.
The Upjohn Company

By Dr. Ira U. Cobligh, 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 tongue twisters—antidiabetic, tetracycline, noNobloc, progesterone, not to mention: dipyridamol, phenothaline. Whether the words are big or little, however, the products of Upjohn are significant, of the highest quality, and the company now seems to be in the throes of a renaissance in which the trend of its earnings is to be placing the accent on its first syllable.

First Plateau

This upturn is quite recent. Upjohn went public in 1958 in which year it earned $14.94 as its common stock. For the next four years earnings were almost static with peaks of $15.08 in 1959 and $15.06 in 1964. The real material action in Upjohn common was equally undramatic. The issue price ranged between $63 in 1960 and a low, in the May-June unemployment issue of 1959, to $29. The 1963 range has been between 31 and 49 and, for most of the year, the stock has 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 recent 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 to the top on the ticker like a Syntex or G. D. Searle, it may now be generating a more buoyant and antithetical market action.

Statement

Upjohn now produces an extensive line of some 335 ethical drugs, has long enjoyed a top rating for product quality, produces in 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 1,250 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 decades, the strongest corporate asset is on ethical drugs, developed and perfected by research. Upjohn has majored in antibiotics, hormones, anti-convulsants, anti-virals, drugs for cardiovascular conditions, and to reduce or control obesity. A recent study of 756 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 the laboratory program, with considerable emphasis being placed on new antihypertensive controls in product development.

Upjohn has had an excellent record for innovation and introduction of new drugs. Among these are: Orinase, a leading antidiabetic drug introduced six years ago, and now accounting for about 29% of Upjohn total sales; Procardia (annual sales over $2 million) a combination of tetracycline and phenobrocain, valuable in cases where infection has resisted other antibiotics, and Medrol an anti-inflammatory steriod with annual sales of $31 million in annual business. New products in the offing include Poveryt, a Lincomycin an antibiotic; a series of drugs for the treatment of tumors, Tricobin for certain urinary infections, and a drug designed to lower blood pressure. Bringing in interesting new products such as these to market takes time and testing, and Upjohn is the official approval of Federal Drug Administration. These impressive innovations will, however, open the new horizons of Upjohn earning power, as when they may be publicized.

Operating Efficiency

One of the factors important in a consideration of Upjohn shares is the strong operating 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 was reduced to 10.4% this year. The number of individual research efforts has been reduced and proceeds have been more intensely screened on the basis of their impact on future earning power.

Investors these days are accus¬ed of too narrowly looking at the net tax and, more a broad, comprehensive, objective tax stream. At 8.49 on the 20th of January, 1963, the earnings were $6.31 million on an annual rate. A 5% stock dividend was announced that day.

With the current rate merely covered by investment income, a further expansion of the dividend cannot be ruled out.

Continental has an impressive investment record and could be evaluated as an outstanding buying at a considerably reduced price.

Japan & Latin America

Japanese trade and investment will play an important part in the long-term economic future of Latin America.

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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%, rising for a long $354 million in 1962.

Even more important for Latin America is the growing flood of Japanese purchases. The report notes that "purchases, while growing at a slower rate, are larger: 1962 sales totaled $477 million, leaving a trade balance of $125 million in favor of Latin America.

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

"Japan will continue to depend on India for important 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

THE SECURITY I LIKE BEST

Continued from page 2

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Stauffer

Stauffer produces a large number of commercial products, ranging from chemicals and adhesives to plating and electronic products. It has been shown that the company has a strong presence in the United States and Canada, and is expanding its operations in Latin America.

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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 68 exchanges and 8 O.T.C.'s—a total of 142 and two bank members. The first head of this venture to centralize the clearance, delivery and settlement of O.T.C. issues explains unique, mechanized central clearing procedure and how 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 vast savings in time, labor, traveling and deliveries, and of increasing number of cleared securities. The New York model is now being emulated by other cities as a feasibility and practicality proof 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. While facilities for clearing such contracts have been in existence for over 40 years and have proved to be of great benefit to the financial community, central clearing has been restricted to securities listed on regulated stock exchanges where trading was conducted on a formalized basis. Over the years, suggestions have come from the financial fraternity that something be done to at least centralize the clearing of 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 "fall" situation in excess of $1.5 billion existed. The National Association of Securities Dealers, Inc. established a committee to investigate the alarming "falls" situation. However, the time the mechanics had been established for an intermediate full 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 only advisory. By George E. Riebold, then secretary to the NASD District No. 12, who has just resigned. 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 committee members making his own definite contribution.

Following a study of the feasibility of establishing over-the-counter clearing facilities, the National OTC Clearing Corporation (OTC), was incorporated in Delaware. The 45 members of the Committee became the Directors of the Corporation. The Officers and Directors are as follows:

Chairman: Carl Stolle
President: John H. Kirvin, Groce, Forgan & Co., Inc.
Executive Vice President: Carl M. Birck, President of Stock Manager of Stock Clearing Corporation of the New York Stock Exchange, was appointed to the operation of the Direct Clearing Central Delivery and Settlement Department.

Secretary-Treasurer: Howard E. Emen, former NASD Secretary National Uniform Practice Committee and Secretary to both NASD and Committee.


Early in June, 1961, NASD procedures indicated the initial stock offering to be made at all District 12 offices. Clearing was well received and raised over $600,000 in capital which enabled the Corporation to proceed with all phases of its planning.

On Aug. 15, 1962, the Corporation retained Messrs. Gilroy and Emen to lease, space, equipment and personnel.

During the month of June, 1963, the officers of Educational Seminars and briefed over 450 back office personnel of Clearing Members whose offices covered both chris and purchase sales as an aid to their operation. As a result of this fine cooperation, Clearing Members and the excellent preparatory work of the staff of the American Clearing Corporation, initial OTC operations went quite smoothly. The Corporation commenced its clearance operations on a limited basis with one full office, just about all the members on the Cleared Securities List: corporate names commencing with A, B and C. While delivery traffic between Members and Bank Members was unrestricted in the beginning, Members deliveries were restricted to Bank Members A and B. As of Sept. 30, 1963, the Corporation was clearing almost 90% of its list of 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 mechanized clearance in a compared clearance both buyer and the seller submit details of the transaction. Some of the services offered 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 to total orders (not each separately) are prepared as a result of summarizing the purchases and sales of the Clearing Company for each Clearing Member. These balance orders minimize the deliveries required to be made without regard to original contracts. Clearing Members, as a result, may deliver or receive (but never both) the net buy or sell shares of any 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 tax transfer. 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)

<table>
<thead>
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<th>Item</th>
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<tr>
<td>Total</td>
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<tr>
<td>Bank Members</td>
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<td>Stock Members</td>
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<td>Percentage of Elimination (by shares)</td>
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<tr>
<td>Percentage of Elimination (by dollar)</td>
<td>16.8%</td>
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<tr>
<td>Value</td>
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</tr>
<tr>
<td>Peg. money</td>
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</table>

While it is not easy to project full scale operation without the data from a long term full scale operation, we feel that great things are in store for the 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 sidelines until the clearance and settlement are 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. study report filed in referring to the problem of "falls" to deliver, recommending that one make more basic changes in securities clearing, handling and delivering methods be considered. Among these considerations, the report suggested the expansion of over-the-counter facilities and various means for reducing the volume of physical transfer and delivery of securities by the establishment of centralized secular facilities and clearing systems and depositories.

The "Street" has reacted most favorably to the proposed operations but 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 office clerical time, and 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 believe 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, the potential money savings prove to be an exceptional success, but the idea of several 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 only gone a small step ahead of us. Due to problems inherent in 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 eventuall provide as efficient services as provided by both New York Stock Clearing Houses under all volume conditions.

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Warner & Swasey is in the business of making machines which workers use to make better jobs for themselves, greater security for their country. Warner & Swasey Turf Lathes and Automatics cut costs, which increases the market for what they make—and that increases jobs. The more modern machines, the more everybody benefits.
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)
Atlantic City, N.J., 1981-1991 7:45 p.m. 
Brunswick Co., School, Va., 1984-1993 7:45 p.m. 
Chattanooga, Tenn., 1985-1994 11:00 a.m. 
Citizens & Co., 1990-2000 1:00 p.m. 
Lubbock, Texas, 1966-1968 2:00 p.m. 
Port of Seattle, Wash., 1984-1993 11:00 a.m.

October 25 (Monday)
Garland Co., Tex., 1963-1982 11:00 a.m. 
Jeffersonville, Ind., 1964-1990 1:00 p.m. 
Lake County S.D., No. 19, Ore., 1981-1990 1:00 p.m. 
Nevada, City S.d., Ohio, 1980-1994 1:00 p.m. 
Salinas, Calif., 1971-1990 1:00 p.m. 
Texas Technological College., 1962-1990 10:00 a.m. 

October 26 (Wednesday)
Lone Co., Ore., 1984-1991 1:00 p.m. 
Los Angeles Co. Flood Control Dist., 1985-1990 1:00 p.m. 
Ramsay County Hosp. Bldg., Minn., 1961-1993 10:00 a.m. 
Santa Barbara Parking Dist. No. 1, Calif., 1961-1980 1:00 p.m. 
Sarasota Co. County Hospital, Fla., 1963-1990 1:00 p.m. 
Washington Union Bldg., Minn., 1961-1993 1:00 p.m. 
West Ottawa S.D., Ill., 1981-1993 1:00 p.m.

October 27 (Thursday)
Austin Ind. Sch. Dist., Texas, 1981-1991 10:00 a.m. 
Colony, N.Y., 1961-1990 11:00 a.m. 
Colonial Beach, Va., 1969-1980 1:00 p.m. 
Hawaii (State of), 1980-1990 1:00 p.m. 
Lancaster, Pa., 1961-1990 11:00 a.m. 
South Carolina Higher S. D. N. J., 1963-1990 4:00 p.m. 
West Virginia State Dorm. Authority (Columbia Univ. Issue), N.Y., 1963-1990 10:00 a.m. 
Worthington, Minn., 1961-1980 1:00 p.m.

October 31 (Saturday)
Annapolis, Mass., 1960-1980 11:00 a.m. 
Baltimore, Md., 1960-1980 11:00 a.m. 
Canonsburg-Houston Jt. Auth., Pa., 1961-1990 1:00 p.m. 
East Carolina University, Greenville, N.C., 1961-1990 11:00 a.m. 
Nashville Hills S. D., Mich., 1963-1990 8:00 a.m. 
Owenboro Sch. Dist., Ky., 1961-1990 8:00 a.m.

November 1 (Monday)
Univ. of Alabama Bd. of Trustees, 1965-2003 11:00 a.m. 

November 2 (Tuesday)
Arkansas State University, Var. Bldg. Rev., Va., 1963-1990 1:00 p.m. 

November 4 (Thursday)
Corpus Christi Ind. S. D., Texas, 1965-1990 1:00 p.m. 
Harrison, N. J., 1980-2000 1:00 p.m. 
Springdale Sch. Dist., No. 50, Ark., 1961-1980 1:00 p.m.

November 5 (Friday)
Beverly Hills Library Const., Cal., 1980-1990 1:00 p.m. 
Van Dyke S. D., Mich., 1965-1980 1:00 p.m. 
Wake Co. Sch. Dist., N.C., 1963-1990 1:00 p.m.

November 6 (Wednesday)
Wyoming, Mich., 1971-2000 8:00 p.m. 

November 7 (Thursday)
Albany Port District Municipal Auth., 1979-1980 1:00 p.m. 
Bloomfield S. & Town Imps., N.J., 1961-1980 11:00 a.m. 
Bolivar Par. Sch. Dist., No. 13, La., 1964-1980 1:00 p.m. 
Cook Co., Ill., 1961-1980 1:00 p.m. 

November 12 (Tuesday)
Hampton Tp., Mich., 1960-1980 1:00 p.m. 
Maryland (State of), 1965-1980 1:00 p.m. 
St. Peter Sch. Dist. No. 888, Minn., 1960-1980 1:00 p.m.

November 13 (Wednesday)
Lake Orion Cons. S. D., Mich., 1963-1990 1:00 p.m.
$30,000,000
State of Louisiana
3.40%, 3% and 3⅛% Highway Bonds, Series C, LR

Dated October 15, 1963. Due October 15, as shown below. Principal and semi-annual interest (April 15 and October 15) payable at the office of the State Treasurer in Baton Rouge, Louisiana, or in New York, N. Y. Coupon Bonds in denomination of $5,000, registrable as to principal only or as to both principal and interest.

Interest Exempt from Federal Income Taxes under Existing Statutes and Decisions

Eligible, in our opinion, as Legal Investments for Savings Banks and Trust Funds in New York State and for Savings Banks in Massachusetts and Connecticut

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<th>AMOUNTS, MATURITIES, COUPONS AND YIELDS OR PRICE</th>
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(Yields or Price)

(Accrued interest to be added)

The above Bonds are offered, subject to prior sale before or after appearance of this advertisement, for delivery when, as and if issued and received by us and subject to the approval of legality by Messrs. Wood, King, Dawson & Logan, Attorneys, New York City.

First National City Bank
New York

Halsey, Stuart & Co., Inc.

Chemical Bank New York Trust Company

Harris Trust and Savings Bank

The First National Bank
of Memphis

Carl M. Leob, Rhodes & Co.

Eastman Dillon, Union Securities & Co.

Blair & Co., Incorporated

W. H. Morton & Co., Incorporated

Barrow, Leary & Co.

The Marine Trust Company

Hemphill, Noyes & Co.

Wood, Struthers & Co., Inc.

Shearson, Hammill & Co., Incorporated

A. G. Becker & Co., Incorporated

New York Hanseatic Corporation

Braun, Berworth & Co.

Douglas Russell & Cross

Geo. B. Gibbons & Company

Kohmeyer & Co., Incorporated

King, Quirk & Co.

Spencer Trask & Co.

J. A. Hogle & Co., Incorporated

Tucker, Anthony & R. L. Day

Kohnstamm & Co., Incorporated

Kohn, Jost & Co.

Fialon & Co., Incorporated

Hutchinson, Shackey & Co.

Schwabacher & Co.

Commerce Trust Company

R. D. White & Company

Bramhall, Fialon & Co., Inc.

Hutchinson, Shackey & Co.

Schwabacher & Co.

Dittmar & Company, Inc.

Baker, Watts & Co.

Stranahan, Harris & Company

Interstate Securities Corporation

Eddleman, Pollock & Fosdick, Inc.

Prescott & Co.

J. C. Wheat & Co.

Joseph, Mellin & Miller, Inc.

Byrd Brothers

Weil Investment Company

October 18, 1963.

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 $1.97825 net interest cost, for the $1,187,000,000 New York, New York various purpose (1964-1965) bonds. The second and only other bid, a $1.980 net interest cost, came from the account managed by the First National City Bank. A difference of 21 cents per $1,000
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 enough of the government's recommendations for a balanced economy was included in its early General Election program. It is still possible that previous statements of ambitious policies will not be carried through into practice, but that there is a chance for the economy to improve.

Booms'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 Government, in the hope of recovering its popularity, will undoubtedly step up building activity. The present rate of 6% is not expected to be increased in order to stimulate consumer demand. The Conservative program of expenditure has a distinctly inflationary flavor, especially as it is inseparable from the attempt to introduce additional tax measures. The attitude of the government is still unbalanced and the probability is high that the rate of inflation will increase in the next few months. The rate of employment is likely to be fairly high for a time, and the possibility of a boom in the next 12 months is not inconceivable.

Irving Weiss to Admit to Firm

CHICAGO, Ill.—Irving Weiss & Co., on October 21, will admit Leo Mieseler 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. Mr. Catalano, a founding partner of Jay Debow & Partners, was formerly vice president and treasurer of the firm. Prior to 1960, he served as manager of public relations for the Merrill Anderson Company, Inc. From 1952 through 1956, he was an associate editor of the American Banker.

New Issues

October 24, 1963

$118,700,000

City of New York

Serial Bonds

Dated October 1, 1963, due October 1, 1964-93, incl.

$43,200,000 3-1/2% bonds, due: $1,965,000 1964-83 and $390,000 1984-93.

$33,900,000 3-1/2% bonds, due: $3,390,000 1964-73, incl.

$4,600,000 2-1/2% bonds, due: $4,600,000 1964-66 and $8,200,000 1967-69.

Interest Exempt From Present Federal and New York State Income Taxes

Lazard Freres & Co. Bear, Brothers & Co.


Laird Freres & Co. Bear, Brothers & Co.


Lazard Freres & Co. Bear, Brothers & Co.


Lazard Freres & Co. Bear, Brothers & Co.


Lazard Freres & Co. Bear, Brothers & Co.


Lazard Freres & Co. Bear, Brothers & Co.


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Lazard Freres & Co. Bear, Brothers & Co.


Lazard Freres & Co. Bear, Brothers & Co.


Lazard Freres & Co. Bear, Brothers & Co.

Why Banks Should Not Underwrite Revenue Bonds

By C. Cheever Hardwick

The Committee for Study of Revenue Bond Financing and General Partnership, Inc., New York City

Strong opposition to commercial bank underwriter of revenue bonds has been expressed by head of study committee representing 400 investment banking firms. Mr. Hardwick has had 10 years banking and 30 years underwriting experience. In an attempt to expand the commercial underwriting business, he has brought the market or reduce financing costs, and exports long-run detrimental effects to municipalities. Moreover, Mr. Hardwick argues that an inexorable conflict of interest situation exists when the 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 1963 consisting of approximately 500 investment banking firms throughout the United States. Since formation of 9 years ago, this Committee has been studying the financial structure and history of state and municipal finance in general, and revenue bond financing in particular. I appreciate this opportunity to present the views of the Committee in opposition to HR 1963 which would permit the present banking laws to permit commercial banks to underwrite and deal as principals, what are called revenue bonds—that is, bonds issued by political bodies which are secured by specific specified and restricted revenues rather than the full faith and credit and the general taxing power of the issuer.

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

In presenting 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 permits commercial banks to underwrite revenue bonds which will lower the interest rates that must be paid by States and municipalities.

Inexorable Conflict-Interest

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 remunerate self-dealing revenue bonds, industrial bonds, corporate bonds, public utility bonds, foreign bonds or municipal bonds. The question, basically, is whether it is feasible, or desirable, to amend our present law in a manner which would condone the inseparable conflict of interest factors that are inherent in the deposit, 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 free enterprise, which is indispensable to the public interest. I am happy to have submitted to the Senate Finance Committee, and to the House Committee, the proposals of this legislation upon substantially the same grounds.

1963 is not the latest of a series of efforts on the part of a few big municipal 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 April 10, 1934. As early as 1935, an attempt was made to amend that law to permit banks to deposit, and particularly those which exercise fiduciary functions, to underwrite corporate bonds. In 1938 an attempt was made to permit banks to deposit, and particularly those which exercise fiduciary functions, to underwrite securities that they may purchase for their own investment, and in 1943, it was realized that an easier route to underwriting was being offered through the extension of underwriting privileges to revenue bonds and legislation similar to H. R. 9483 was introduced. The prospect of a direct sale of revenue bonds was subsequently introduced in 1957 and 1963 and we were far behind 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, by law, to underwrite bond financing, the interest rate that the municipalities and States pay would be lowered." It is a well-established fact that interest rates are determined not by the competitive procedures of the market or the activities of the issuer. With the interest rate that prevails at the time. I shall leave further elaboration of this function of the market to others, but I do wish to emphasize that this bill which would authorize such an extension of the underwrite and deal in revenue bonds, the bill that would permit all the features of the supply of funds available for investment in such securities. Commercial banks maintain an extensive national retail sales organizations as do private investment bankers, and since those banks are now permitted to invest in revenue bonds, they must be permitted to deal in such securities. The bill that would authorize this extension of the underwrite and deal in such securities would be an extension of the underwrite and deal in such securities that would be an extension of the underwrite and deal in such securities.

Ait to Incomparability

It has been stated that the first 10 years of my business career from 1953 through 1963 were spent in the employment of the securities of one of the large New York commercial banks—one of those same big banks, incidentally, that are presently trying so hard to expand their scope of direct dealings with municipalities. I have, therefore, had an opportunity to observe and participate in the development of business, and thus have some personal knowledge of the abuses and conflicts of interest which can and did take place before the present banking laws. I have had, in addition, the benefit of some 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 of 1933 were that such provisions of the Act are 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 very much having said, in effect, that the conditions which prevailed in the securities market at the time of the enactment of the Glass-Steagall 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, particularly in times of profit, the realization of the security of the individual banks will be subject to the same pressures that misled their predecessors in the 1920's and that they will probably find it cheaper and easier to use the same means and the same ends to achieve the same results as the banks of the early 1900's and that they will probably find it cheaper and easier to use the same means and the same ends to achieve the same results as it was in the 1900's. I make it possible for them to do so by the simple expedient of shielding and indemnifying any of the individuals who are presently responsible for the same abuses of commercial banking. Many of them I consider to be among my best friends and I do not think that we can safely assume that their successors will not be as capable of deposing the character on which upon which it would be necessary for us to rely for the future to be able to prevent the past abuses that occurred in that area.

Taken Exception to Saxon's

In the interests of completing—and in some instances correct—some of the statements that were made by the Chairman of the Committee on June 25, last, I would like to make a few additional comments in the interests of correcting some of the statements that were made by the Chairman of the Committee on June 25, last.
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 may be profitably underwritten." However, 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 any competition between a primary and a secondary issue.

I am Delmont K. Pfeffer, a senior vice-president of First National City Bank, which has substantial experience in those banks parallel my own: namely, Ralph Leach, senior vice-president of Morgan Guaranty Trust Company, and John W. delclufhia, 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 5045, 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 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 which must be profitably underwritten. As the primary and principal source of state and local loans, banks are the logical source to perform this function.

As a result, the term "general obligation" no longer has its previously defined or established meaning. The fiscal facts are quite different from those prevailing in 1933; at that time state and local governments combined derived 97% of their revenue from property taxes; today the proportion is 37%.

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 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 criticsightly took a lack, 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 opportunity to invest in the bonds issued underwritten by the banks administered such accounts. There have been no complaints to this effect in all the years that banks have underwritten billions of general obligation bonds.

Cities 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 by an understanding of the breadth and scope of the secondary market for municipal bonds. Trust officers do not regard their investment choices as the exclusive decision of municipal authorities; their requirements originate through regular review of customers' accounts. And in the day-to-day market inventories, there is never an 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 readily held and frequently traded, assuring a continuing flow through the market. Furthermore, the trend of new issue volume is very steadily upward, to more than $3 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 5045.

---Supplemental statement by Mr. Pfeffer before the Banking and Currency Committee of the House of Representa-


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 buy sell 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 1530 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., 211 East Camelback Road, has been changed to Benner, Smith & Dick, Inc.

Iowa Beef Packers, Inc.

New Issue

$3,172,000

6% Subordinated Sinking Fund Debentures

Series B, due October 1, 1978

with Common Stock Purchase Warrants

Price 100%

New Issue

Not a New Issue

50,000 Shares Common Stock

($1.50 Par Value)

Price $17.50 Per Share

Copies of the Prospectus may be obtained from each of the undersigned and others as may lawfully offer these securities in the respective States.

New York Securities Co.

Dominick & Dominick

Incorporated

E. F. Hutton & Company Inc.

Reynolds & Co., Inc.

First Nebraska Securities

Corporation

Hayden, Stone & Co.

Paine, Webber, Jackson & Curtis

Shearson, Hammill & Co.
A Nursery of Tyranny, Corruption, and Delusion

By Walter E. Spahr, Executive Vice-President Economists' National Committee on Monetary Policy. John de Graaf, President; E. M. Conover, Jr., Secretary. New York University.

Exhibit to which irredeemable currency diabolically serves to secure benevolent government, debase public and private morality, and encourage delusions regarding the fundamental soundness of its economic structure is, probely well known monetary economist. Gilted as black marks which have occurred since we left a redeemable domestic currency, is in favor of the proposition of a new chace to forget the fundamentals concerning currency manipulation. Dr. Spahr warns that a high level of statism is required to re-produce the effects of irredeemable currency of its level if we are to avoid providing the world with another illusory illustration of what happens to a country which does not read, understand, and reflect upon the evils of irredeemable currency.

Miraube Stated a Fundamental Truth

In his classic Fiat Money, Inflation, and Deflation, Andrew D. White, joint founder and first president of Cornell University, quoted Miraube as saying in 1879 that irredeemable currency is "a nursery of tyranny, corruption and delusions—veritable banes of authoritarianism."

The history of irredeemable currency attests the accuracy of the Miraube statement.

Tendency to Ignore That

That history also reveals a common tendency of nations to ignore the fundamental truth stated so well by Miraube. It is, in general, ignored in this country today. Many of our literature and many speech makers attempt to prove that the adoption of irredeemable currency on the part of the government of the United States in 1861 was a short-lived experiment that had no effect on the economic conditions of the United States.

The Government Stated the Spread of Corruption

The manner in which the corrupting influence of irredeemable currency has spread throughout our political, economic, social, and educational institutions is little analyzed and apparently is poorly understood.

The act of infringing an irredeemable currency on a people is an act of tyranny, and the government of the currency which results in both public and private affairs; of the present distribution of wealth, a luxuriant campus, and a governmental—managed economy. It is in the case that these developments did not emerge in this country with the introduction of irredeemable currency in 1833 is in general passed over as though it did not exist.

The Government Started the Spread of Corruption

When the government started the spread of corruption, the irredeemable currency had spread throughout the entire country's economy, and the result was a financial panic and a large increase in unemployment. The government began to use the currency as a means of controlling the economy, and by 1837, the currency was in widespread use. The government also began to use the currency as a means of promoting the interests of certain individuals and businesses, and this led to widespread corruption.

The Impetus Provided by Our Central Government

When our national government was forced to continue the use of the non-redeemable currency, it was announcing that the sound currency then in existence was being replaced by a currency that was devalued and debased. The government was doing this in order to avoid the costs of bringing the currency back into circulation. The government was also doing this in order to avoid the costs of bringing the currency back into circulation."}

The History of This Variety of Social Decay

Even though the use of irredeemable currency is only one of the many causes of social decay, it may be useful to present a few examples of it in order to illustrate the diversity and complexity of this phenomenon. In the United States, for example, the government has used the currency as a means of promoting the interests of certain individuals and businesses, and this has led to widespread corruption. The government has also used the currency as a means of promoting the interests of certain countries, and this has led to widespread foreign policy decisions. The government has also used the currency as a means of promoting the interests of certain ethnic groups, and this has led to widespread ethnic conflict. The government has also used the currency as a means of promoting the interests of certain religious groups, and this has led to widespread religious conflict. The government has also used the currency as a means of promoting the interests of certain political groups, and this has led to widespread political conflict.

Texas Eastern Transmission Corp. Debents Sold

Public offering of $40,000,000 of Debentures by Texas Eastern Transmission Corp. 5% debentures due Oct. 1, 1983, is being made by an underwriting group headed by First Boston Corp., Inc., New York. The debentures are priced at par and expected to be fully subscribed.

5. Of the net proceeds to the company, approximately $16,000,000 is expected to be retained to retire outstanding revolving credit notes and approximately $9,000,000 will be used to fund a corporate 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, 1986 will retire approximately 20% of the debentures prior to maturity. For a period of two years, the company's sinking fund is not refundable at an interest cost to the company of less than 1% but otherwise redeemable at the option of the company on 30 days notice at prices ranging from 100 basis points to 105% of face value. The 10-year bonds are rated A by Standard & Poor's, La Gloria Oil & Gas Co. Inc., New York, for redemption of certain of its outstanding indebtedness. The balance will be used in connection with the company's construction programs.

Lenn Conover Ads

Delta Gas, Dallas, and Stantech, both of which have been added to the staff of Lenn 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 salesman as real philanthropists—public benefactors—because he is a creator of 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 mutual fund market, Mr. Wiesenberger charges salesmen with having a “golden opportunity” to sell a product “needed desperately by the great mass of people.” The巉era that these investment plan buyers will be certain to stick through thick and thin with this his capital building plan without cutting back. Further, he claims it to be his duty to all 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 in New York witnessed a 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 a bull on the U.S. economy, I am a bull on the stock market, I am certainly a bull on the mutual fund industry.

Nineteen hundred and sixty-three is a year that will, I think, go down as one of the major turning points in the history. It was the year that the cold war began to subside. “Peace is Bullish,” we were told, andilee it is still bullish.

We pointed out 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 gains 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, which are usually used or scrapped, thus there will be war or some way will be found to avoid war and that is a more increasing costly arms race.”

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

Peace is Bullish

I regard the breakout of peace not as bearish but as bullish. It may cause some dislocation and hurt some industries and some companies, but there will be minutes and trivial compared to the big gains that will correspondingly be made. 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 breakout 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 whom are over 40 years of age) are unaware of anything but a war-like environment.

We believe in our economy because, as I see it, all the ingredients making for prosperity as we know it today and the imbalances making for a period of recession or depression have yet made a change. We believe the industry after industry find demand catching up with capacity more and more corporations and industries, are finding their efforts to combat the rising cost squeeze to be more and more successful. Labor relations are approaching a degree of tranquility and equity not seen in nearly 50 years, and the problem of automation and the processes of automation are proceeding relentlessly, competition for labor. For example, for example, in 1972, the Treasury Department revealed that the number of mutual funds had risen to 17,545, a 40% increase over 1970. This was the year that the mutual fund industry had its greatest growth of the decade, a year in which the entire market recovered to new highs after the market crash of 1974.

Many of our clients, both private and public, have now invested in mutual funds as a way to diversify their portfolios and to gain exposure to a wide range of investments. Mutual funds offer diversification, which can help investors manage risk and potentially reduce volatility. They also provide access to a wide range of investment options, allowing investors to allocate their money across various asset classes. The growth of the mutual fund industry has been significant in recent years, with assets under management increasing significantly. This growth has been driven by factors such as the rising popularity of index funds, the widespread adoption of retirement savings plans, and the increased use of mutual funds by individuals and institutions.

In summary, the mutual fund industry has experienced a period of growth and diversification, allowing investors to benefit from the benefits of a wide range of investments. This growth has been driven by factors such as the rising popularity of index funds and the widespread adoption of retirement savings plans. As the industry continues to evolve, it is likely to remain a key player in the financial marketplace, offering investors a range of investment options and helping to manage risk and potentially reduce volatility.
Factors Assuring Growth Of Mutual Fund Industry

Consolidated from pages 14 and 15.


Government intrusion into the market place disrupts, wastes and, despite massive spending, contributes nothing to progress according to the author.

Investors have pointed out how free market decisions-making and profit rewarding incentives made possible investments which otherwise might not have occurred. The Federal Reserve Bank of St. Louis, in its Electric Power and Energy Programs, ponders the fact that the government cannot improve on the free market system of allocation.

The Federal Market Alone Allocates Resources Best!

Reynolds, Richard P.


Wen Products

Stock Offered

Hayden, Stone & Co., Inc., New York, a leading investment writing group, has announced a secondary offering of 255,000 common shares at a price of $40 per share. The offering was underwritten by Salomon Brothers.

The shares are being sold for the account of the President and the Board of Directors of the company. The sale marks the second public offering of the company's stock.

The company, organized in 1955, manufacturers and sells electri- city, and other similar equipment and devices for home use.

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

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Twohy Joins Wainwright and Ramsey

LOUIS 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. 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 finance 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 issues totaling $3,070,000,000 principal amount, and 15 water issues totaling a value of $139,000,000. His position placed him in charge of all financial, accounting and auditing transactions for this billion dollar utility with gross annual revenues of $115,000,000 and an operating and capital budget of $50,000,000. He directed a staff of over 1,200 persons.

Twohy, with the Los Angeles department Mr. Twohy pioneered in the application of tabulating and bookkeeping methods, budgetary control and other accounting practices.

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

In addition to his 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 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 previously associated with the Kidder organization for 12 years, and previously had been in charge of the American Brokers Corp. in Chicago.

Robt. Hill Opens

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

This announcement is not an offer of securities for sale or a solicitation of an offer to purchase.

New Issue

October 25, 1963

Texas Eastern Transmission Corporation

5% Debentures due October 1, 1983

Price 100% plus accrued interest from October 1, 1963

Dillon, Read & Co. Inc., Incorporated

The First Boston Corporation

Kuhn, Loeb & Co.

Blyth & Co., Inc.

Eastman Dillon, Union Securities & Co.

Glore, Forgan & Co.

Goldman, Sachs & Co.

Harriman Kipling & Co.

Kidder, Peabody & Co.

Lazard Freres & Co.

Lehman Brothers

Merrill Lynch, Pierce, Fenner & Smith

Smith, Barney & Co.

Stone & Webster Securities Corporation

White, Weld & Co.

Dillen, Read & Co. Inc.

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Eastman Dillon, Union Securities & Co.

Glore, Forgan & Co.
The State of TRADE and INDUSTRY

Both domestic and foreign metal tool orders for last month eased a heartening 44% above that for August, according to the National Machine Tool Builders’ Association.

Their findings, released today, show the 15,900,000 total August August, booked foreign orders totaled 4,800,000, and of these, 102% above the $1,700,000 total of August and a 453% increase over the $500,000 total of September 1962. Foreign orders for the first nine months of 1961, orders for metal forming type of machine tools totaled $147, 250,000; up 32% above the $19,400,000 total of the same period of 1961. Foreign orders for the 1962 period— an increase of 28%. 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 Dips Slightly Below 1962 Week’s Volume

Bank clearings in the latest statement declined slightly below the year-ago week. They were, however, 12% above last year’s total of $33,480,000. Preliminary figures compiled by the Chronicle, based on top-al ready advice from ten chief cities of the country, indicate that October 19, clearings of foreign orders were down 0.6% from those of the corresponding week last year.

Our preliminary totals were $33,156,302,961 against $33,449,421,084 for the same week in 1962.

For the first eight weeks of 1962, net new orders to the 1961 period, totaling 21,600,000, or 15% higher than the $19,850,000 total for August and 5% higher than the $17,500,000 total for September 1962. Domestic orders during the month of September, however, totaled only $18,000,000. This was 7% less than the $18,150,000 total for August and 71% above the $5,950,000 in net new orders booked in September, 1962. Foreign orders experienced a sharp increase in September, more than offsetting the domestic decline. Foreign orders totaled $4,800,000 and for one of 1963 above the $1,700,000 total of August and a 453% increase over the $500,000 total of September 1962.

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Year’s Cumulative Orders to Date

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The Market... And You
BY WALLACE STREETE

Between profit-taking and new rumblings of trouble between the government and the steel companies, stock prices, after a period of over price increases, the stock market had some rough going this week after it had closed above the 750 line for the first time in history. That pattern has been seen in some of the interim readings late in September and had given the listless brokers little 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 prob-

ing uncharted peaks. Apart from the fact that commission producers decry talk of all time highs as serving to scare away would-be customers, the fact is that it is a simple chore to refinance a good portion of an exceptionally high market.

What Hills?

Even the components of the indus-
trial average tell varying stories, ranging, sometimes, from a price which has a price tag currently of less than $1,000 a share, to others like Alcoa, American Can, Bethlehem Steel, Good year, International Paper and Union Carbide which posted their historic highs between 1956 and 1957. The wonder workers of this average this year have been the three oil company component,

the Standard Oil Company of New York, the Texaco, Inc., and the Harvester and Sears, Roebuck which is far from being even a major player with an 18-year high.

Steel Industry's Woes

The steel's troubles stemmed from disclosure that information about the recent selective price increases in the industry is being presented to a Federal grand jury.

The questioner of the Administration and the steel industry more than a year ago helped trigger the market break of May, 1952.

As far as the earnings reports emanating from the steel companies are concerned, they have made a killing and are making a killing 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 new high lists. The stock has long since doubled its year's low and, seemingly, indicating it was intent in tripling its price before long.

The stock was available under 100 when it first came to listed trading in 1951, and retreated under that line again through the break last year. It didn't stay in that price bracket for long, however, and this week reached above 350. The last stock split was in 1900, a 4-for-1 split, and if the issue is obvious is in the forefront of the lineup of current stock split candidates.

With only about 31 million shares outstanding and something like 15,000 holders, many of whom undoubtedly are content to sit and


earnings showings in the future. This was largely based on a new guiding hand in the top management post of a new executive, Stuart Sanders. He headed up Norfolk & Western after switching to the Eastern carrying the division 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 financial stability.

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. Plate-Wahab merger, a preliminary examiner's approval, still to be acted on by the ICC, was conditioned on Pennsy disposing of N. & W's holdings.

In all, the road has made little more than stand still since 1938. Revenues have been static, earnings poor and operating economies offset by rising costs. There seems to be little for Pennsy's fortune to show better in its future than rise in price.

(Rice is presented as those of the author only.)

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

Alan H. Rice effective November 1st has been named a vice president of D. B. Marron & Co., Incorporated, 63 Wall Street, New York City, members of the New York and American exchanges.

Mr. Rice is president of Irving J. Rice & Co. Incorporated of St. Paul, Minn.

The Investment Bankers Association of America, Inc., a standing committee submitted to the House Committee on Public Works strongly urges a bill appropriating an additional appropriation of $800 million to be allocated under the Public Works Acceleration Act of 1962. The Association's opposition was based on the fact that Presi
dent Kennedy has put top priority on the tax reduction bill as the best method to stimulate the economy, and that Congress. O'Mara Joins

Garvin, Bantel

LOS ANGELES, Calif. — Thomas G. O'Mara has joined Garvin, Bantel & Co., and will augment the Federal Funds desk of the firm's California office, 505 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.

Chicago Musical Instrument Co.

Common Stock

(Par Value $1.00 Per Share)

<table>
<thead>
<tr>
<th>Name</th>
<th>Shares Outstanding</th>
<th>Price $25 Per Share</th>
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<tbody>
<tr>
<td>Smith, Barney &amp; Co.</td>
<td>190,000 Shares</td>
<td></td>
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<tr>
<td>Blyth &amp; Co., Inc.</td>
<td>Eastman Dillon, Union Securities &amp; Co.</td>
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<td>Goldman, Sachs &amp; Co.</td>
<td>Hornblower &amp; Weeks</td>
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<td>Lehman Brothers</td>
<td>Kidd, Peabody &amp; Co.</td>
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<tr>
<td>PAINE, WEBBER, JACKSON &amp; CURTIS</td>
<td>Merrill Lynch, Pierce, Fenner &amp; Smith</td>
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<td>Dean Witter &amp; Co.</td>
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This announcement constitutes neither an offer to sell nor a solicitation of an offer to buy these securities. The offering is made only by the Prospectuses, copies of which may be obtained in any state from the undersigned or may lawfully offer or sell these securities in such state.
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 large change firm. The man who gave the talk has been a producer of over 400 salesmen for the firm’s home markets and for his region. A number of the ideas he passed on to us. You can always learn from other people’s mistakes.

It is about time that the opportunity to obtain ideas from salesmen who have proven their worth in actual practice.

There are many techniques that can be used to improve your sales performance. Some of the most effective are:

1. **Exposure**
   - Keep your clients posted with information, even if it is bad, or indifferent. When the market goes against you, they will be in a better position to make decisions.

2. **Diversification**
   - Do not put all your eggs in one basket. This means having a variety of products or services available to your clients.

3. **Bail-outs**
   - In times of crisis, it is important to have a backup plan. This could be in the form of a contingency fund or a relationship with another company.

4. **Opportunity Time**
   - Statement time is opportunity time for the customer. If you can show that your product or service is the best available in the market, you will be in a better position to sell.

5. **Tightening Reserve Policy**
   - The demand for funds will continue to increase for the balance of the year due to the end-of-year and Christmas needs of the customers. These will be intensified by the Federal Reserve and the Central Banks providing the reserves, so that there is no shortage of credit as long as the economy is sound. This is the reason why you will have to be on your toes and ready to provide the funds that the market needs.

6. **Household Finance**
   - Debentures sold.

Lee Higginson Corp. and White, Weld & Co., New York, and William Blair & Co., Chicago, as joint bookrunners, have announced the public offering of an issue of $100,000,000 4% debentures due 1961. The debentures priced at 98-44 and accrued interest, offering circular. Order-

7. **Chicago Analysts to Hear E. W. Engstrom**

CHICAGO, III. — Elmer W. Engstrom, president of the Radio Corporation of America, will be the subject of the October 31st meeting of the Investment Analysts Society of Chicago to be held in the Illinois Room of the La Salle Hotel.

8. **Customers Brokers**

The Association of Customers Brokers will hold an educational meeting October 24th at the New York Stock Exchange. Ben Heineman, chairman of the board of Chicago & Northwestern Railway Co., will be the speaker. The meeting will be held at 15 William Street. Speak-

9. **Forms King Securities**

Jack W. Kaplan is conducting a securities business from offices at 68-47 163rd Street under the firm name of King Securities.

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The Commercial and Financial Chronicle — Thursday, October 24, 1963
There is a growing demand for gas service for farms and industries located beyond the mains of cities. Pyrofax, with distribution in 28 states, Canada and Bermuda, a major marketer of "bottled" LPGas, is meeting this demand. Texas Eastern acquired the 41-year-old Pyrofax Gas Corporation as another step in the company's program of related diversification. In addition to being the nation's leading pipeliner of energy, we now have the opportunity of keeping the 500,000 Pyrofax customers happy. Texas Eastern Transmission Corporation, Houston, Texas.

Texas Eastern: pipeliners of energy
MUTUAL FUNDS
BY JOSEPH C. POTTER

To the panhandle New Yorker who rarely leaves his island, this city not only is a world center of finance but also a crossroads of the universe around which revolves an aggregation of religious bodies in which, in the main, the sects are as vast. But they're divided into sects which are not as vast, as far as a wordy account is concerned.

Fundmen always have known better, since their mission traditions are more complete, that all things eventually depend upon previous preparation.

...while the rebound in net asset value per share, to $4.29 at the close of the latest year from $3.76 a year earlier, indicates that there have been relatively few transactions in the year, as the FIF says, the people of the fundmen is aimed at investment.

The Funds Report

Broad Street Investing Corp. reports that at Sept. 30 net assets amounted to a record $383,615,235, up $60 million from a year earlier, and asset per share were put at $14.35, against $14.09 three months earlier and $13.73 at the start of the year.

Chemical Fund announcement that on Sept. 30 net assets were $772.2 million, up $22.2 million from a year earlier and $259.5 million on June 30, 1963. Net asset value per share on Sept. 30, compared with $8.93 a year earlier and $11.07 at the middle of this year.

Diversified Investment Fund report at Sept. 30, totalled $112,381,929, up from the $109,901,430 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 the end of the quarter, against $9.28 three months earlier and $8.54 at the start of the fiscal year.

Dim mixture Fund announcement that it had total net assets of $41,963,329, equal to $11.07 a share, on Sept. 30. At June 30 assets were $41,111,017, equal to $12.26 a share. At the close of 1962, assets totaled $36,386,302, or $20.23 a share.

General American Investors Co., Inc., announced that its net assets totaled $65,903,847, or $31.85 per share of common stock. Net assets per share were $32.54 a year earlier, compared to $28.66 a share.

Net operating income, excluding net gains on sales of investments, of Investors Diversified Services Fund increased 6% in the first nine months of 1963 and amounted to $16,450,462, or $9.38 a share, against $8.84 a share, for the same 1962 period.

Net gains of 18 cents per share from sales of investments were realized, compared with $3.59 in the comparable 1962 period.

Institutional Investors Mutual Fund reports that at Sept. 30, the end of the quarter, the fund's net assets amounted to $101,077,099, equal to $25.50 a share, against $24.98 a share three months earlier.

Lazard Fund announced that at Sept. 30 net assets totaled $108,316,092, equal to $27.34 a share at the end of the first quarter of 1963.

National Investors Corp. reports that asset value per share was $17.64 at the end of the quarter, against $15.17 three months earlier and $13.86 at the start of the year. Net asset value per share was $12.49 at Sept. 30, 1962. Net assets increased to a record $56,650,032, a 13-month gain of about $5 million.

Tri-Continental Corp. reports as asset per share common per share at Sept. 30, $37.79, or $37.15 three months earlier and $30.07 at Dec. 31, 1962. Twelve months earlier, asset per share was $36.47. Total net investment at Sept. 30 were $479,441,501, up $34,126,249, in the last three months, and $186,054 greater than the $431,255,897 at the start of the year.

Value Line Fund report that at Sept. 30. 12 assets were $12,172,540, or $77.89, a year earlier, compared with $51.8, a year earlier.

Value Line Special Situations Fund reports that at Sept. 30, assets were $18,329,484, or $43.18 a share, against $15,704,014, or $26.44 a share, a year earlier.

Value Line Income Fund reports that at Sept. 30, assets were $57,876,411, or $57.37 a share, compared with $39,470,674, or $47.74 a share, 12 months earlier.

Whitehall Fund reports that at Sept. 30, net asset value per share was $10.84. Net asset value was $10.69 at the end of the quarter, or $11.27 at the start of the year and the $13.27 at June 30, 1962. Net assets of $13,567,018 represented a new high, up from the $12,350,272 a year earlier.

Andersen & Co. & Co. To Admit Partner

Andersen & Co. & Co. Broad Street, New York City, members of the American Bar Association, have agreed that Frank E. Deloit will be admitted to full partnership.

Joins F. L. Salomon

Sylvia Chaitowitz has been associated with F. L. Salomon & Co., Inc., New York, and will be a member of the New York Stock Exchange, as representative.

Hertz, Neumark Office

NEWARK, N.J. — Hertz, Neumark & Co., will open its Newark branch office at 25 Academy St., with Henry Warner and Morton Seidler, as resident partners, in charge.

FROM WASHINGTON... Ahead of the News
BY CARLISLE BARGERON

Senator Barry Goldwater, Republican nominee for President, was suddenly put into a position similar to that of Senator Al Gore, Tennessee Democrat, when he was said to have considered running for the presidency.

Senator Goldwater's aides said that he had been considering running for the presidency for some time, but that he had decided to run in 1964.

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As We See It

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 explicitly and realistically condemned by the opposition. The country must at all events 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 can conceivably ever be a government that well be more fully a neo-Keynesian worshiper of staggering budgetary deficits as a means of promoting prosperity and a growth in industry and trade.

It is, of course, not enough for the opposition within or without the President’s party to condemn the Administration and accept programs for pushing this idea to full realization. If we are not to go on indefinitely to have staggering deficits in the public conduct we must either resign ourselves to even heavier taxes than now overburden us all, or else we must take a hand. In short, course, heavier taxes are hardly appealing to anyone, certainly not the politician. And if we are to propose new legislation in the Congress, it will not do merely to talk about lowering taxes. 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-worded 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 "unavoidable." We have entirely too much of this essentially politician's tendency to suppose that this, that, and the other is impossible. The public must be permitted to subsidize or 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 controlled by the Department of Commerce 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 intelligently and substantially 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 anything we can do 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 indication 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 no nonsense Federal spending and— God save the mark—over $1 billion in state and local spending. Our reply 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 items are "unavoidable"—such, for example, as interest on mounting debt or obligations already incurred. It is a matter of 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, some of the programs of regulation and control of the activities of the citizens of the country are, of course, perfectly available with little or no difficulty. And, let it not for a moment be forgotten that there are very large and growing contingencies of the Federal Government which simply do not reveal themselves in ordinary budgetary figures, or any other figures now given in official statements. Of the real difficulty 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, I1.—Emmett R. Holy¬ field, registered representative, Dun¬ port, Ill., was elected president of Stock Brokers’ Association of Chicago for the 1964-65 year. He succeeds Edward E. Chrobot, an associate of Leh¬ man Brothers.

Other new officers of the organization, which includes 200 representatives of 60 Chicago area investment banking and broker¬ age firms, are vice president Don¬ ald M. Bache, of St. Louis; treasurer, Francis J. duPont & Co., secretary Robert A. Riley, retail sales manager, Mer¬ cants’ National Bank; and Edward A. Bache, John W. N. A. Buyers of the Bell Telephone Company, Philadelphia., will do¬ guest speaker at a luncheon meeting of The Investment Asso¬ ciation of the Old City Trust Co., which will be held in the Computer Center it is expected that this Bank will be able to compete most favorably in the consumer and installment 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 a potentially interesting bank. Also, the yield as indicated, is well above that of the average for the Dow-Jones 30 industrial stocks. Further long-term favorable dividend returns for investors likely, particularly in view of the earnings outlook for 1964.
Philadelphia Electric Company

Philadelphia Electric Company, with revenues of $307 million per year, serves 1.7 million customers in the metropolitanPhiladelphia area, which includes the adjacent territory with electricity, gas, and steam. Power is also supplied through the Pennsylvania Railroad, the Reading Company, Philadelphia Transportation Company, and the Suburban Transportation. Revenues are about 62% electric, 15% gas, and 23% steam. The company's revenues are about 35% residential, 20% commercial, 18% industrial, and 17% miscellaneous. A Sep-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 labs. The company's four leading companies in the computer, electronics, space, biological, and scientific labs are in the midst of an urban re-development program similar to those of some other large cities.

System generating capability approximately 3,577,000 kw net with a load demand of 2,800,000 kw. A 240,000 kw plant will be started next year, and in 1966 the initial 200,000 kw unit of a new pumpedstorage plant will be in operation. 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 coordinated peak power installations.

Construction expenditures last year reached a record high, and for the five years 1965-67 are budgeted at $478 million or an average of nearly $159 million per year. About half of the required funds will be generated internally. The equity ratio is estimated at 38% (including a small issue of common stock). It appears unlikely that any flotation financing will be required for some time.

Philadelphia Electric has joined 17 other electric utility companies to a $330 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 60-mile grid of 690,000-volt transmission lines which will tie together the major systems in the Eastern Middle Atlantic area. This grid will provide transmission of economical power to load centers in the West. The new transmission lines will also make possible the flow of large amounts of power between the East and the West. The transmission network and the first generating plant for this grid were put into service in 1967.

Philadelphia Electric has improved its performance through construction of large new generating plants in 1962 and the 1963 average load was 1,710,000 kw, compared with 1,210,000 for Consolidated Edison, 12,209 for Duquesne Light, and 11,700 kw for Pennsylvania Power & Light. The company's 1963 net income was $7,291,000 on revenues of $120,000,000. This was 5% higher than 1962 and 13% higher than 1961.

Chicago Musical Instrument Co., Common Offered

Public offering of 100,000 common shares of Chicago Musical Instrument Co., an underwriting group headed by Smith, Barney & Co., Inc., New York, was priced at $30 per share. The stock is priced at a price.

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 from the common stock offering will be used to eliminate the Linekwood executive office and the balance to take care of the proceeds, together with other outstanding obligations, all in the interest 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. The company's credit facilities are now reduced to $3,000,000 from $10,000,000.

"The 43-year-old company is both a manufacturer and a distributor of musical instruments in the United States. Chicago Musical Instrument occupies a unique position in the industry, in that it is the only company in the United States to produce all types of musical instruments, from the smallest to the largest. The company is the only company in the world to have a branch in every major city.

The company's principal products include Lowrey electronic organs, Story & Clark pianos, and Enoch and Enoch electric guitars and electronic amplifiers. Olde band instruments, the Cordwaxer, a new instrument, is a combination of a musical instrument and a musical instrument. The company's capabilities are such that it can produce anything from a simple instrument to a complex instrument, and from the smallest to the largest.

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National Bank of Wichita Falls, with an initial capitalization of $1,000,000.

The Comptroller of the Currency, James J. Saxon on Oct. 18 ap-
proved the application for an interior office in Revelstoke, Id., to operate the assets and as-sume the liabilities of the Bank of Revelstoke, Idaho, effective on or after Oct. 25.

The Comptroller of the Currency, James J. Saxon on Oct. 18 ap-
proved the application of D. C. Metro Bank, Bozeman, Mont., to purchase the assets and assume the liabilities of the Four Corners Bank, Hazelton, Idaho, effective on or after Oct. 25.

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Attend the Convention At Colorado Springs

SECTION TWO of today's CHRONICLE is devoted to editorial and public coverage of the 20th Annual Convention of the National Security Traders Association at Colorado Springs, Colo. Below is a list of those who attended the Convention:

ABELOW, HERBERT R.* Mitchell & Company Co. Denver
ALEXANDER, JACK H.* Turner & Farmer & Co. Los Angeles, Cal.
ALMON, ROBERT A. Walker, Boston & Wagger Denver, Texas
ALTMAN, EDWARD F. Stone, Altman & Company, Inc. Denver
ANDERSON, ALFRED W. Everline & Turner & Dallas, Texas
ANGEL, GEORGE H.* Chas. W. Scranton & Co. New Haven, Conn.
ARBURD, JOHN* David A. Noyes & Co. Chicago, III.
BARCROOK, CARROLL H.* Piper, Jaffray & Hopwood Minneapolis, Minn.
BADER, JACK* G. A. Saxon & Co., Inc. New York City
BARTER, B. John* Lee Higginson Corporation New York City
BATEMAN, HOMER J. Pacific Northwest Company Seattle, Wash.
BAYER, JACK P. A. G. Edwards & Sons St. Louis, Mo.
BEALE, VERNE* Quinn & Co. Chicago, III., and New Mexico
BECK, EDWIN L. Commercial & Financial New York City
BEDEE, JAMES L.* Wm. R. Staats & Co. New York City
BERTSCH, A. WILLIAM G. A. Saxon & Co., Inc. New York City

*Donates Mr. & Mrs.

CAYNE, MORTON A.*-Ledger, Harrow Co., Cleveland
GROBBEL, EDGAR A.* Supple, Yeaman, Mosley Co., Incorporated, Philadelphia
COLEMAN, C. MERRITT Allen & Company New York City
COLLINS, F. W., JR.* Merrill Lynch, Pierce, Fenner & Smith Incorporated, Chicago
COLLINS, WILLIAM Boettcher and Company Pueblo, Colo.
COWELL, SAMUEL F. W. H. Hutton & Co. New York City
CRUTTENDEN, JAMES R.* Cruttenden & Co., Inc. New York City
CUMMINGS, FRANK X. Bear, Stearns & Co. New York City
CURRY, THOMAS L.* Stone & Webster Securities Corporation, New York City
DAINES, FRANK* Hayden, Stone & Co., Inc. New York City
DANIELSON, DOUGLAS BOOTH & Company Dallas, Texas
DOUGLASS, DON C. Dunn & Company New York City
DUNN, GAMBOL J.* Dunn & Taylor Company, New York City
DUVA, SAMUEL* First National Bank of Denver, Colo.
DUDLEY, RALPH R.* Dominick & Dominick Chicago, Ill.
EBBLE, GEORGE J. N. Russell & Co., Inc. Cleveland
ELKAN, EDWARD* Cowen & Company New York City
ELLISON, JOHN H., JR.* Burnham & Company Chicago, Ill.
ELWELL, WILLIAM C.* Loewi & Company, Incorporated Clayton Securities Corporation Cincinnati, Ohio
FISHER, CHARLES F. Goodbody & Company New York City
BIRKENMAYER, WILSON C. Birkenmayer & Company Co. Denver
BLACK, LAWRENCE S. Black & Co., Inc. Portland, Ore.
BOEHMEL, ERWIN W. Investment Bankers Association of America, Washington, D. C.
BOHREH, FRED CHILES & Co. Omaha, Neb.
BRACKEN, DANIEL S.* United Funds, Inc. Kansas City, Mo.
BREAMBLY, 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.* Ulster & Systems Corp. New York City
BROWNE, LEO E.* Axel & Co. New York City
BROWNING, JEFF* Goodbody & Company New York City
BRUCK, H. MITCHELL* Stein Bros. & Hoyes Baltimore, Md.
BRUNJES, GEORGE J.* Frances H. du Pont & Co. New York City
BULLIS, PETER T.* The First Boston Corporation New York City
BULLIS, LEO W.* First Boston Corporation New York City
BULL, FRANK H.* Hickey & Co. New York City
BURKE, DAVID J.* Hunt Ellis & Simmon Cleveland, Ohio
BURNS, GEORGE* Fraz-Schmelze & Co. Los Angeles, Cal.
BURNS, WALTER L.* Baumgardner, Downing & Co. New York City
BUTLER, E.*
CARBERRY, T. F.* Edwards & Hardy Hemstead, N. Y.
GOODFELLOW, RICHARD F. J. A. Hogle & Co. Los Angeles
GOWEN, SCOVIL M.* Goldman, Sachs & Co. New York City
GRANT, CHARLES, JR.* Hinton Jones Grant Seattle, Wash.
GRAY, ALFRED R.* Goodbody & Co. New York City
GREENE, ARNOLD* Birkenmayer & Company Denver, Colo.
GREGORY, WM. H. Gregory & Sons New York City
GRIFFIN, KENNETH* Hayden, Stone & Co., Inc. New York City
HAYN, CHARLES W. Scherck, Hirtz & Co. St. Louis, Mo.
HAYN, DANIEL C.* Biddle, Bishop & Pollock & Fodick Houston, Texas
HEIL, WILFRED* New York Hanseatic Corporation, New York City
HEIRTH, JOHN H.* Dempsey-Tegeler & Co., Inc. Los Angeles, Cal.
HILGER, D. M.* Rauscher, Pierce & Co. Inc. Dallas, Texas
HILL, JAMES A.* Birkenmayer and Company Denver, Colo.
HODGSON, J. E.* Howard, Leslie J., Jr. New York City
HOLLINGSWORTH, BARRY* Westheimer & Company Cincinnati, Ohio
HUNTER, WELLS & JAMES, JR.* Welling & Hunter Associates Jersey City, N. J.
HUTTON, JOE E.* Equitable Securities Corporation Nashville, Tenn.
JACKER, JOHN M.* W. C. Pittfield & Co., Inc. New York City
JACKER, R. M.* E. I. Zornig & Co. St. Louis, Mo.
JACONE, FRANK T.* E. F. Hutton & Co., Inc. New York City
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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 peak in the rising personal debt burden. The total personal debt of $232 billion of which $168 billion, or close to 75%, were revolving balances. The rest, the most part consisted of installment debt.

The Institute pointed out that "the American people are now paying a fifth of their personal income in the form of installment and interest charges on their mortgages and other debt. We have built up over the last decade a half to buy homes, cars and the variety of things that indicate our increasing dependence on credit and our 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 publication by the U. S. Department of Commerce. It is expected that their will be a further increase as the personal tax bill (Federal, State and local combined), and next to food, the shelter is the biggest single charge on the individual and family budget.

Consumer Credit Role

"Close to four-fifths of debt payments represent interest and principal. Total personal debt retirement last year added up to nearly $52 billion and consisted of $471 billion of payments on consumer credit alone at net over $11 billion of nonfarm home mortgage repayment. Interest charges added up to something over $16 billion."

"The magnitude attained by overall debt retirement reflects the record size of personal borrowing, which added up to just under $195 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 installment loans."

"Significant is the increase in debt retirement in new mortgages on personal homes that were in force at the end of last year, while outstanding debt retirement on savings insurance provide general protection for mortgage and other debt.

Influences in Growth

"The initial impetus to personal debt expansion came from the fact that the end of hostilities in Korea and the birth of a new outlook on housing and consumption that resulted in an extraordinarily high position after record were not "saved" and "starved" for homes and consumer goods. In more recent years other factors have come into play to maintain the consumer spending and borrowing pace, particularly the persisting growth and upgrading of income for millions of families, the rapid expansion in manufactured goods and household formation, and the proliferation of "Buy Now—Pay Later" plans.

"In keeping with this trend, the annual dollar figure for personal debt payments is the primary indication of the people's spendable income coming up steadily. Back in 1946 personal debt was at an abnormally low level of just over $1 billion, and the year's repayment and interest charges were only $10 billion or less than 1% of the people's spendable income dollar.

However, personal debt have increased steadily, and interest had crossed $45 billion annually, or 16% of the people's spendable income dollar with the outstanding debt up to over $127 billion. The 1962 figures is expected to be just under 20% of the personal spendable income dollar, with the rate of increase slowing down from the earlier years of the postwar period.

The Postwar Trend

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Disposable Personal Income</th>
<th>Total Debt</th>
<th>Service</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946</td>
<td>$11.2</td>
<td>$37.7</td>
<td>14.9</td>
<td>0.37</td>
</tr>
<tr>
<td>1950</td>
<td>$25.2</td>
<td>$50.8</td>
<td>11.9</td>
<td>0.40</td>
</tr>
<tr>
<td>1955</td>
<td>$29.6</td>
<td>$62.5</td>
<td>12.9</td>
<td>0.34</td>
</tr>
<tr>
<td>1960</td>
<td>$39.8</td>
<td>$83.8</td>
<td>14.9</td>
<td>0.40</td>
</tr>
<tr>
<td>1962</td>
<td>$46.8</td>
<td>$96.1</td>
<td>14.9</td>
<td>0.40</td>
</tr>
</tbody>
</table>

"Whether or to what extent people may have exceeded the threshold in their willingness to borrow and to commit an increasing proportion of their income to payments for interest on debt is a most important question. However, it is a fact that the overwhelming majority of American families have an excellent record of credit worthiness by meeting their obligations on time. And of major importance, too, is the great increase in the people's financial resources over recent years and the extraordinary expansion of private and public programs that will help the individual and family to meet the economic shocks of illness, retirement, illness, disability and unemployment.

Big Rise in Savings

"Accumulated long-term savings, for example in the form of savings bonds are now more than $370 billion and total of $1.5 trillion, 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 reached the $49 billion mark annually."

"An insight into some of the factors that have been pushing up both consumer and personal debt is provided by the latest annual Survey of Consumer Finances of the Board of Governors of the Federal Reserve System. The highest frequency of borrowing on installment plans was found among young married couples in the early stages of their career cycle in the years from 1947 to 1951 and in period of persons with children at home, and increased more noticeably in the middle incomes.

As to the home mortgage debt, the recent surge in mortgage loans is the result of the current survey early last year over three out of every five homes were fully mortgaged, about half the families involved having interest and amortization payments of 20-40% of income or more."

*Donates Mr. & Mrs. ...
Life Company Investing
And the Investment Banker

Continued from page 3

between the insurance company buyer and the investment banker (with a bank, in this situation) was to hold in strict confidence the information which would enable the insurance company buyer to obtain a realistic advance authorization from the Federal Reserve Board and should permit the investment banker to do a better job of satisfying the information needs of the insurance company's officers, whether it should be for group account or individual account purposes. Only the managing underwriter is in a position to efficiently utilize the technical details of handling a substantial order.

(3) Insurance companies should also be in a position to recommend to new corporate issuers publicly at competitive bidding as in the case of negotiated issues. We believe an exchange of presale ideas between insurance company buyers and investment bankers of the competing groups is desirable, including the reflection of any changes in the market or competitive bidding date approaches. However, the same competitive issues may be involved, 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, as in the case of offerings, any extensive and least in recent years, have had the greatest opportunity to serve life insurance companies.

As you know, the basis for the exemption in the securities act of 1933 is a demonstration of the volume of private financing, that is a privately placed security is effectively off the books of the underwriting companies, who have the ability and experience to make a complete investigation of the securities being offered and to judge their investment properties.

In a transaction of this type, the investment banker acts as agent for the issuer to underwrite and arrange the soliciting of the securities being offered and to arrange the financing, to attract and underwrite the liability, but merely time the risk and effort of key personnel, and to see that an attempt to complete the financing successfully; we are usually engaged to assist in the preparation of a fixed fee, which is entirely contingent on the ability to arrange the financing, to attract the underwriters.

(A) Investigation

Despite the fact that the investment banker is acting as agent for the issuer to underwrite and arrange the soliciting of the securities being offered and to arrange the financing, to attract and underwrite the liability, but merely time the risk and effort of key personnel, and to see that an attempt to complete the financing successfully; we are usually engaged to assist in the preparation of a fixed fee, which is entirely contingent on the ability to arrange the financing, to attract the underwriters.

(B) Offering Memorandum

The comprehensive information obtained by the investment banker is usually summarized in a memorandum which is to be used by the underwriters when they are to determine whether the underwriting company's account and its securities being offered and to judge their investment properties.

In a transaction of this type, the investment banker acts as agent for the issuer to underwrite and arrange the soliciting of the securities being offered and to arrange the financing, to attract and underwrite the liability, but merely time the risk and effort of key personnel, and to see that an attempt to complete the financing successfully; we are usually engaged to assist in the preparation of a fixed fee, which is entirely contingent on the ability to arrange the financing, to attract the underwriters.

(C) Terms and Provisions

I now turn to the considerable difference of opinion among insurance company buyers as to the exact form and content of the underwriting agreement which an underwriter and an insurance company buyer should participate in the making of, the detailed terms and provisions of a privately placed obligation. From some companies' opinions, I think it would be unwise for an insurance company buyer to present an underwriting agreement which an underwriter and an insurance company buyer should participate in the making of, the detailed terms and provisions of a privately placed obligation. From some companies' opinions, I think it would be unwise for an insurance company buyer to present an underwriting agreement which an underwriter and an insurance company buyer should participate in the making of, the detailed terms and provisions of a privately placed obligation. From some companies' opinions, I think it would be unwise for an insurance company buyer to present an underwriting agreement which an underwriter and an insurance company buyer should participate in the making of, the detailed terms and provisions of a privately placed obligation. From some companies' opinions, I think it would be unwise for an insurance company buyer to present an underwriting agreement which an underwriter and an insurance company buyer should participate in the making of, the detailed terms and provisions of a privately placed obligation. From some companies' opinions, I think it would be unwise for an insurance company buyer to present an underwriting agreement which an underwriter and an insurance company buyer should participate in the making of, the detailed terms and provisions of a privately placed obligation. From some companies' opinions, I think it would be unwise for an insurance company buyer to present an underwriting agreement which an underwriter and an insurance company buyer should participate in the making of, the detailed terms and provisions of a privately placed obligation. From some companies' opinions, I think it would be unwise for an insurance company buyer to present an underwriting agreement which an underwriter and an insurance company buyer should participate in the making of, the detailed terms and provisions of a privately placed obligation. From some companies' opinions, I think it would be unwise for an insurance company buyer to present an underwriting agreement which an underwriter and an insurance company buyer should participate in the making of, the detailed terms and provisions of a privately placed obligation. From some companies' opinions, I think it would be unwise for an insurance company buyer to present an underwriting agreement which an underwriter and an insurance company buyer should participate in the making of, the detailed terms and provisions of a privately placed obligation. From some companies' opinions, I think it would be unwise for an insurance company buyer to present an underwriting agreement which an underwriter and an insurance company buyer should participate in the making of, the detailed terms and provisions of a
In connection with the transaction in a smooth and expert manner.

Since the long and complex matters on his investment banker to work closely with them 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, it is impractical to suggest the names of two or three such firms to the largest purchasers; after the law firm has agreed on a particular firm, we will close the transaction with all of the other purchasers.

In the case of companies which have sought to make offerings through the private placement of long-term obligations (such as public utility companies to special finance companies), it is important that the special counsel representing the purchasers be an experienced and nationally known firm, which will insist on the same treatment as the purchasers of several issues of senior notes of a large finance company to a company by the purchase of a series of a new issue which is completely unfamiliar with the company's operations or with the provisions of the note agreements relating to the various classes of outstanding debt.

We find that life insurance companies are generally very cooperative and willing to give the company's executive officer a special counsel for the issue, and in several cases, the company has obtained approval of the special counsel for the purchasers in connection with the offering of all of the outstanding series of bonds.

In the case of the new series, however, despite the fact that the special counsel insisted on having a new firm serve as special counsel. Uncertainties are involved in the special counsel in this field. As a result, what should be a relatively simple task of drawing up a purchase agreement and a supplemental indenture is now forming into a major project which consumed untold hours of time of the company's legal staff, the company's general counsel, and members of our organization. After the deal was closed, the company requested we make certain changes in one of its securities to this particular issue.

Incidentally, this inexperienced counsel submitted a request to us to consider the purchase of a company in an amount three times as large as the company had paid in any of its previous transactions. In fixing the settlement dates on private placements, we endeavor to allow a longer period for completing all of the legal details. However, in the case of large issues involving large purchasers, our time schedule is sometimes seriously affected by the failure of certain participants to submit their comments on drafts of legal documentation to us in a timely manner. I realize that your legal departments are usually responsible for these delays rather than your investment departments; however, the legal department managers can be helpful in correcting this situation.

(F) Follow Up Services

In the event that future investment banking terms should endeavor to keep in close touch with corporate clients for whom they have sought private placements, by doing so, they are not only able to keep institutional investors informed of future developments in the issuer's affairs, but it will also enable the investment banker to develop a sound program for future financing and, in the event the company is expanding or requiring outside financing, business requires changes in the terms of outstanding obligations, or in some necessary amendments. Institutional investors should be sure to call on the investment banker when the company presents a particular issue to investors for substantial information concerning the issuer during the life of the obligations held by the bank. This follows the issue, which the investment banker renders to the lending institution, and generally take a much more favorable attitude toward such proposals.

Likewise, commercial banks are interested in the company's obligations when they offer on their extended term loans, particularly with respect to the volatility of interest rates, which in most cases permit almost complete freedom at any time without premium. Repayment schedules of bank term loans should contain substantial "balloon" payments at maturity.

It is my considered opinion that, in the event underwriters are willing 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.

In an address by Mr. Studebaker before a meeting of the Securities Exchange Convention, Chicago, Ill., Oct. 15, 1962.

CROWELL, WEDDEN

LOUIS ANGLES, Calif.—Crowell, Wedden & Co., 629 South Spring Street, has filed a notice of an inquiry with the Pacific Coast Stock Exchange, which have also become members of the New York Stock Exchange. Floyd B. C. Hamill, with the acquisition of a membership by Warren H. Crowell, Edward C. Wedwood, Edmund M. Adams, Howard A. Barton, Robert W. Martin and Edwin E. Morgan.

HARRISON, III.—Harris, Upham & Co. has started a branch office at 219 West Church Street under the management of William L. H. Lee.

STATE OF TRADE AND INDUSTRY

Continued from page 16 as the industry went to a 122,383,646 tonnage peak and is still gaining.

The Frasor agency said the car count for last week rose about 20,000 units, or 1.12%., from 173,306 cars made last week, the increase was fixed at 175,306 cars.

Ward's said General Motors Corp., employed nine plants in overtime last Saturday completing 19,939,911 assembly, overrunning the same week in 1961, the 4,107,198 cars made a single week last year.

Ford Motor Co. press of all its plants, overtime last Saturday, completed 19,522,918 cars, a 1,85% increase over the same week last year.

Elsewhere in the industry, Ward's said, production is planned at 175,306 cars.

Week's net output of 2,967 cars or six-tenths of 1% above the preceding week.

Transportation reports an increase of 3,257 cars or 4.7% above the corresponding week in 1962 and index 7.8% above the corresponding week in 1961.

Rail Carloadings Continue to Grow Over Year-Age Week

Loading of revenue freight in the week ended Oct. 19, totaled 653,306 cars, the Association of American Railroads announced Sunday. This was a new high for the year, 15,547 cars or six-tenths of 1% above the preceding week.

Traffic reports an increase of 27,315 cars or 4.7% above the corresponding week in 1962 and index 10.2% above the corresponding week in 1961.

Traffic reports a growth of 1,019 cars or 1.8% above the corresponding week in 1961.

Traffic reports an increase of 27,315 cars or 4.7% above the corresponding week in 1962 and index 10.2% above the corresponding week in 1961.

Carloadings generated by carloadings in the week ended Oct. 19, 1962, are estimated at approximately 14.2 billion, an increase of 9.2% over the corresponding week of 1961 and 10.4% over 1962.

The SI class I. U. S. broad systems originating piggyback traffic reported loading 17,009 cars with one or more rail vehicles in the week ended Oct. 19, 1962., 2,497 cars or 14.6% above the corresponding week in 1962 and 6.2% above the corresponding week in 1961.

Cumulative piggyback loadings in the first 41 weeks of the year totaled 101,317 cars for an increase of 72,973 cars or 13.5% over the same period in 1961, and 64,210 cars or 38.4% above the corresponding period in 1961.

Truck Tonnage 3% Ahead Year-Age Week

Interstate truck tonnage in the week ended Oct. 13, was 6% above the corresponding week of 1962.

The American Trucking Associations said loadings rose 3.3% below the volume for the corresponding week of 1962.

For the corresponding week truck tonnage has shown a 7% gain over the year-on-year basis, particularly at the eastern terminal area, which reflects the observance of the religious holy day, which depressed volume in some OTE areas at this time a year ago.

These findings were based on the reported truck tonnage in 141 major intercity haul points monitored by the ATA Department of Research and Transportation. The report reflects tonnage handled at more than 400 truck terminals of common carriers throughout the country.

The terminal survey for last week showed increased tonnage from a year ago at 22 localities, with 11 points reflecting decreases in loads relative to the same period a year ago. Minneapolis - St. Paul, Minn., and Denver, Colo., were among the large gains, with the latter city's terminals showed increases of 10% or more, while only two points showed decreases in excess of this amount.

Compared with the immediately preceding week, intercity tonnage in metropolitan areas registered increased loads, while 27 areas reported decreases. It was noted that the Columbus Day holiday fell on Saturday, the effects of which are reflected in the week-in-week findings since the pattern of generally declining tonnage was continued, which is consistent with the expected decrease 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 215,069,000 board feet in the week ended Oct, 12, according to the latest report from the regional lumber associations. Output was up from the previous week, but was below the latest week-to-week change. Compared with 1962 levels production was off 5.2%, shipments were up 7.9% and new orders rose 8.7%.

Following are the figures in thousands of board feet for the weeks indicated:

Week's lumber output: Off 5.2% From 1962: Rate But Up 5% From Last Week

In the amount of electric energy for the week ended Oct. 19, 1962, electric energy output for the week ended October, 5, 1962, was 472,917,441 kwh, and 4,974 cars or 16.4% above the corresponding week in 1962 and 6.2% above the corresponding week in 1961.

Electric Output Shows 6.2% Gain Over 1962 Week

The amount of electric energy data is more light and power industry for the week ended Saturday, Oct. 19, was released by the Edison Electric Institute. Output was 472,917,441 kwh, an increase of 17,250,000 kwh. and 4,974 cars or 16.4% above the corresponding week in 1962 and 6.2% above the corresponding week in 1961.

A survey by the Institute revealed this past summer's peak load generation of 192.5 million kilowatt-hours above that for the summer of 1962, and 192.5 million kwh. In 1963 is projected at 922.9 bil.
Managing Bank Assets for Greatly Improved Earnings

Continued from page 28

—by the ratio is computed and subtracted from the statistical evaluations of banks. This just does not make sense.

For the past two years we felt it necessary to carry a cash-Government ratio at least as high as 5% to 10% of the largest banks. In addition, we insisted on maintaining a high rating on the government’s liquidity in order to be able to arrange $25 million and Gov- ernments for all deposits. But 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 deposits, that the average of those we had then carried only 21% in cash and Governments. We decided to conduct our deposits as a separate function, and reduced our deposits. We have since paid maximum interest rates, have grown faster than our competitors, have made much more money than we did before the change. Ironically, investment bankers have not shorted our deposit rates at the same time, with the result that we shortened maturities of the deposit portfolio, and our ratings on the corporate charts have been higher than ever.

Municipals As Liquid Assets

We feel that certain assets other than just liquid—convertible into cash with little or no loss—such as is.

We have over $150 million high grade municipalities maturing within 12 months, and they are certainly within the definition of liquid assets. In addition, other smaller municipal deals are available. Some of these are actually—bankers' acceptances, call loans and Fed- eral Home Loan Bank certificates of participation. For example, we are a substantial investor in these certificates of participation. We are also a substantial investor in these certificates of participation. We have been involved in both New York and New England issues.

The Municipal Association of America is following a separate function. These savings institutions have a similar chart on their own. It also shows that savings institutions have a similar chart on their own. It also shows that yields for municipal associations are higher than the yields for the savings institutions.

B. A. Armstrong Opens

SAN FRANCISCO, Calif.—Ben- jamin A. Armstrong opened the new offices of his firm at 1901 Valley Street.

Catskill Mt. Securities

HUNTER, N. Y.—Monroe Solodar is engaging in a securities busi- ness with a new firm name of Catskill Mountains Security Co. He was formerly with B. Wm. Johnston & Co. and Hill Darrington & Co.

STATE OF TRADE and INDUSTRY

Continued from page 27

Business Failures Reach 18-Week Peak in Latest Week

In a steep increase, industrial and financial failures resurged to 303 in the week ended Oct. 17 from 257 in the previous week reported Dun & Bradstreet, Inc. Although at the highest level since June 14, current activity was lower than the 332 occurring in the comparable week last year and fell 86% below the 2,360 level of 1938. Despite this downturn from comparable tolls in past two weeks, business conditions continued to exceed the pre-war level, this week running 63% above 277 in 1939.

Most of the week’s climb took place among cases with liabilities under $100,000, which totalled 268 to 218 a week earlier but stayed about the same as last year. In the similar week, there was little change in failures involving loans and notes. The number of these cases climbed 35 to 35 in 9 in the preceding week and a week earlier.

The toll among retailers rebounded to 137 from 117 last week but remained 24% lower than the 123 in 1939. Among service concerns to 37 from 26. No change appeared in manufacturers, although this total is up 17 in the comparable week last year. The toll among retailers and construction contractors suffered noticeably fewer failures this year and declined 35% from the 275 cases in other industry and trade groups pushed ahead of 1932 levels.

Despite the continuing high level of total failures, the volume of individual failures was not as high as in earlier weeks. Of the 303 cases reported, 95 were reported, slipping from 40 in the preceding week and 61 in the comparable 1939 week.

Business Failures Decline for Fourth Consecutive Month

In the fourth consecutive month of decline, business failures shrank 7% for the nationwide total. The current slowdown, stronger than usual, hit the manufacturing industry this month. The current slowdown, stronger than usual, hit the manufacturing industry this month. The current slowdown, stronger than usual, hit the manufacturing industry this month. The current slowdown, stronger than usual, hit the manufacturing industry this month.
mand deposits. In many banks such deposits form a major part of the total and do not warrant a separate allocation; in these cases the whole of the funds are included in the same group as demand deposits. Capital funds are permanent, and to the extent that any such funds are required to make loans, they may be invested in long-term assets.

**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 Amys 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 Amys Ames and the inaugural address by the incoming President, David J. Harris, of Dillon, Read & Co., other sessions and meetings will also hear from the following guest speakers during the week: William R. Gruenberg, Chairman, and Dingus Dillon, Secretary of the Treasury; George D. Woods, President, International Bank for Reconstruction and Development.

The opening session of the Convention, Dec. 2 will feature a panel discussion on the Special Study of Securities Markets conducted by the SEC and developments arising from it. Chairman Carr 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 their 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 booking 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 them. In any case, it will be necessary to assign rooms.

Indicated preferences as between the two hotels will be followed to the extent possible, but it will 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, but any duplication 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 $18 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 bedroom, living room, and kitchen. Each sitting room contains a day bed, so an apartment can comfortably accommodate three persons if desired. Rates will be $25 per day for double occupancy and $30 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. P. & F. Railroad between Washington and Richmond, and the Baltimore & Ohio between Richmond and Hollywood. The schedules will be as follows:

**Going Schedule**

<table>
<thead>
<tr>
<th>Destination</th>
<th>Departure Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>L.V. New York</td>
<td>Saturday, Nov. 30</td>
</tr>
<tr>
<td>L.V. Newark</td>
<td>9:45 A.M.</td>
</tr>
<tr>
<td>L.V. New Phila.</td>
<td>10:00 P.M.</td>
</tr>
<tr>
<td>L.V. 30th St. Phila.</td>
<td>11:08 A.M.</td>
</tr>
<tr>
<td>L.V. Baltimore</td>
<td>12:38 P.M.</td>
</tr>
<tr>
<td>L.V. Washington</td>
<td>1:30 P.M.</td>
</tr>
<tr>
<td>L.V. Richmond</td>
<td>4:10 P.M.</td>
</tr>
<tr>
<td>L.V. Hollywood</td>
<td>Sunday, Dec. 1</td>
</tr>
</tbody>
</table>

**Return Schedule**

<table>
<thead>
<tr>
<th>Destination</th>
<th>Departure Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>L.V. Hollywood</td>
<td>Friday, Dec. 6</td>
</tr>
<tr>
<td>L.V. Richmond</td>
<td>Saturday, Dec. 7</td>
</tr>
<tr>
<td>L.V. Washington</td>
<td>12:38 P.M.</td>
</tr>
<tr>
<td>L.V. New Phila.</td>
<td>2:09 P.M.</td>
</tr>
<tr>
<td>L.V. North Phila.</td>
<td>3:35 P.M.</td>
</tr>
<tr>
<td>L.V. New York</td>
<td>3:45 P.M.</td>
</tr>
</tbody>
</table>

Return service will also be available via the same route at irregular intervals but not less frequently than every 24 hours, 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 Company, of which Edward V. Egan, President, is Chairman, To supply such passengers with bags indicating their hotel room numbers. Holders of such slips should present them to any 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 television service will enable the Pullman passengers with baggage tags filled out with their names, and hotel room numbers which should be attached to each piece of baggage, to be picked up at the Hotel Hollywood Beach, without having to leave their cars.

**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:

<table>
<thead>
<tr>
<th>Destination</th>
<th>Departure Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>L.V. St. Louis</td>
<td>Saturday, November 30</td>
</tr>
<tr>
<td>L.V. Hollywood</td>
<td>Sunday, December 1</td>
</tr>
<tr>
<td>L.V. Richmond</td>
<td>7:30 P.M.</td>
</tr>
</tbody>
</table>

A reservation for one in such a car should be made through Harry Thiel, Stillo, Nicolaus & Company, 314 N. Broadway, St. Louis, Mo., One-way Pullman fares from St. Louis will be $36.00 for a double room, $23.00 for a single.

**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 held in the Hollywood Beach Hotel on Sunday, Tuesday, and Thursday, and at the Diplomat on Monday and Wednesday. It is hoped that these parties will be well attended, and that all pullman passengers will be scheduled which will detract from the general parties. To that end, no such parties will be permitted in public rooms, nor will barhops or waiters be furnished for parties in rooms and suites between 6 and 8 p.m.

Meals may be taken at either hotel. While reservations will not be required, it is recommended that 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, and this desk will be open from 9:00 a.m. each day from Sunday through Thursday. Arrangements for the Diplomat can also be made at that desk, or through the Maître d'Hôtel at the hotel. These arrangements will also be made for the Hollywood Beach Hotel for those who do not have dinner engagements and would like to join others at the table.

The steak dinner for the entertainers 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.
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:

### BANK DEBTORS BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

<table>
<thead>
<tr>
<th>Name of Reserve Bank</th>
<th>Total Debtors</th>
<th>Total Debtors</th>
<th>June 30</th>
<th>July 30</th>
</tr>
</thead>
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Securities Now in Registration

NOTE—Registration statements filed with the SEC since the last issue of the "Chroni-
cale." The first entry is the control number of this section "Securities Now in Registra-
tion." Dates shown in parentheses alongside the company's name, and in the index, re-
flect the expectations of the underwriter but are not necessarily accurate dates.

Also shown under the caption "Effective Registrations" are those issues which became
effective this week and were offered publicly.

* * *

Aerosol Techniques, Inc. (11/11-15)
Department store, plant improvement, income which $80,000 are to be offered by company and 70,000 by certain stockholders. Price—75c by amendment. (max. $25). Business—Manufacture of various types of aerosol products. Proceeds—For acquisition, equipment, debt repayment and working capital. Address—Saran Group Corp., Corning, Under-

Airways, Inc. (11/14-8)

Airway Hotels, Inc. (11/13-6)

Allen Electric & Equipment Co. (11/1-8)
Sept. 27, 1963 filed supplementary debentures due 1976; also 100,000 common to be offered for subscription by subscribers on the basis of one share for each $100 debenture held. Price—$3. Business—Manufacture of equipment and tools used in servicing automobiles. Proceeds—For debt repayment, equipment additions, and working capital. Address—211 N. La Salle St., Chicago, Underwriter—Bancroft Helicopter Corp.

Brockton Edison Co. (10/29)

Brookston Edison Co. (10/29)

Budweiser Beer, Inc. (11/1-8)
Sept. 24, 1963 filed 2,385,000 of which 1,593,000 are to be offered by stockholders. Price—$3 by amendment. Proceeds—For expansion, working capital and equipment. Address—1901 Chestnut St., Philadelphia, Underwriter—Dempsey-Tegether & Co., Inc., St. Louis.

Butcher Fashions, Inc. (11/1-8)
Sept. 24, 1963 filed $2,000,000 of 6% sinking fund subordinated debentures due 1976; also 100,000 common to be offered for subscription by subscribers on the basis of one share for each $100 debenture held. Price—$3 to $3.50. Business—Manufacture of clothing and related products, with an emphasis on women's misses' and junior sportswear, including uniforms. Proceeds—For debt repayment and working capital. Address—939 Main St., Winsted, Conn. Underwriter—Morgan Stanley & Co., Inc., New York.

Caliper Life Insurance Co. of New York (11/20)
March 26, 1963 filed 40,000 capital shares to be offered for subscription by stockholders on the basis of one share for each $100 of face value of each policy held. Proceeds—For expansion, particularly the operation of a separate annuity department. Address—315 Madison Ave., N.Y. Underwriter—Brown, Alexander & Sons, Atlanta.

Citadel Life Insurance Co. of Missouri (11/1-8)
March 7, 1963 filed 6,000,000 common to be offered for subscription by stockholders. Price—$1.50 by amendment. Proceeds—For working capital and to reduce amount of policy reserve in the policy redemption trust. Address—182 East Third St., Covington, Ky. Underwriter—Hostetter, Bowman & Co., Cincinnati.

Colorado Imperial Mining Co. (11/1-8)

Commercial Food Industries, Inc. (10/30)
Sept. 20, 1963 filed $1,700,000 of 6 1/2% sinking fund con-

Carlin Products Corp. (10/8)
Oct. 9, 1963 filed 304,200 common to be offered for subscription by stockholders on the basis of one share for each five held. Price—By amendment (max. $3.36). Proceeds—For debt repayment, working capital, and other corporate purposes. Address—740 74th St., Denver, Colo. Underwriter—None.

Carson Cottages, Inc. (10/30)

Cheesecake Factory of America (10/25)

Chesnut Hill Industries, Inc. (11/1-8)
Nov. 11, 1963 filed 225,000 common. A portion of which will be offered by the company and 75,000 by certain stockholders. Proceeds—For working capital; purchase of equipment, sundries and raw materials. Address—211 N. La Salle St., Chicago. Underwriter—Clayton Securities Co., Inc., New York.

Citadel Life Insurance Co. of New York
March 26, 1963 filed 40,000 capital shares to be offered for subscription by stockholders on the basis of two shares for each policy held. Proceeds—For expansion, particularly the operation of a separate annuity department. Address—315 Madison Ave., N.Y. Underwriter—Brown, Alexander & Sons, Atlanta.

Common Market Fund, Inc. (11/1-8)
March 7, 1963 filed 2,000,000 capital shares. Price—$1.50 by amendment. Proceeds—For expansion, particularly the operation of a separate fund for real estate. Address—400 Aurora Ave., Seattle, Wash. Underwriter—None.

Continental Reserve Corp.
May 25, 1963 filed 50,000 5% convertible debentures due 1974; also 125,000 common to be offered for subscription by stockholders. Price—By amendment (max. $31 for common). Business—Manufacture of paper by by-products. Proceeds—For investment, sales promotion, and other corporate purposes. Address—400 Aurora Ave, Seattle, Wash. Underwriter—None.

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October 24 (Thursday)  
Railroad & Banking Co. of Georgia...Debentures  
Common Stock—Preferred Stock  
Pacific States Roofing Co., Inc., Baltimore, Md., Common  
Pacific States Roofing Co., Inc., New York, Common  
O'Malley Investing Corp., Chicago, III., Common  
Old Florida Farm Co., Inc., New York, Common  
New Jersey Bell Telephone Co., Inc., New York, Common  
Subscribers Telephones, Inc., New York, Common  
October 29 (Tuesday)  
Brockton Edison Co., Inc., Common  
Preferred Stock  
Brockton Edison Co., Inc., New York, Common  
Bonds  
Pacific Gas & Electric Co., Inc., New York, Common  
Preferred Stock  
Southern Ry., Ohio, Common  
Equity Trust Co., Inc., New York, Common  
October 30 (Wednesday)  
Brewer (C. & C.), Ltd., Common  
(Offering to stockholders—underwritten by Brist & Co. & Charles, E. & A., underwriters)  
Capital Food Industries, Inc., Debentures  
(United States Government)  
Commercial Bank of North America (N. Y.), Stock  
Capital Stock  
Mid-West National Life Insurance Co., Common  
Mohawk Airlines, Inc., Common  
Debentures  
Smith, Barney & Co., Inc.  
October 31 (Thursday)  
General Motors Acceptance Corp., Debentures  
(Morgan Stanley & Co.)  
$150,000,000  
November 1 (Friday)  
Intero State Telephone Co., Inc., Common  
(Offering to stockholders—underwritten by Brist & Co. & Charles, E. & A., underwriters)  
November 4 (Monday)  
Allen Electric & Equipment Co., Inc., Debentures  
(Dempsey-Tygar & Co., Inc.)  
$1,200,000  
November 6 (Wednesday)  
Allain's Electric Company  
Common  
Allain's Electric Company, Preferred Stock  
Allain's Electric Company (&Bond)  
Allain's Electric Company, $100,000,000  
November 7 (Thursday)  
Georgia Power Co., Inc., Debentures  
(Atlanta, Ga.)  
Bonds  
November 8 (Friday)  
Ryder System, Inc., Debentures  
(Atlanta, Ga.)  
Bonds  
November 9 (Saturday)  
General Electric Co., High Grade Bonds  
(Chicago, Ill.)  
$100,000,000  
November 10 (Monday)  
American National Bank & Trust Co., Debentures  
(United States Government)  
Central Credit Corp., Debentures  
(Chicago, Ill.)  
Bonds  
November 11 (Tuesday)  
Aerosol Techniques, Inc., Debentures  
(Chicago, Ill.)  
Bonds  
Craft Master Corp., Debentures  
(Chicago, Ill.)  
Bonds  
November 12 (Wednesday)  
Chicago, Burlington & Quincy R.R., Equip. Trs.  
(Chicago, Ill.)  
$100,000,000  
November 13 (Wednesday)  
Nordenskiold & Western Ltd., Equip. Trs.  
(Chicago, Ill.)  
$100,000,000  
November 15 (Friday)  
Joseph & Company, Debentures  
(Dempsey-Tygar & Co., Inc.)  
$1,200,000  
November 16 (Saturday)  
International Harvester Co., Debentures  
(Chicago, Ill.)  
Bonds  
November 18 (Monday)  
Life Insurance Co. of Florida  
Common  
Missouri National Life Ins. Co., Common  
Pocoo Downs, Inc., Common  
San Marco Pipeline Co., Common  
November 19 (Tuesday)  
New England Power Co., Debentures  
(Chicago, Ill.)  
Bonds  
November 20 (Wednesday)  
Bridges Investment Fund, Inc., Debentures  
(Chicago, Ill.)  
Bonds  
Union Electric Co., Debentures  
(Chicago, Ill.)  
Bonds  
November 21 (Thursday)  
Florida Jai Alai, Inc., Debentures  
(Chicago, Ill.)  
Bonds  
November 22 (Friday)  
Natural Gas & Oil Producing Co., Debentures  
(Chicago, Ill.)  
Bonds  
Security Title & Guaranty Co., Inc., Debentures  
(Chicago, Ill.)  
Bonds  
December 3 (Tuesday)  
Pacific Northwest Bank, Debentures  
(Chicago, Ill.)  
Bonds  
December 4 (Wednesday)  
Massachusetts Electric Co., Debentures  
(Chicago, Ill.)  
Bonds  
New York Central R.R., Equip. Trs.  
(Chicago, Ill.)  
$100,000,000  
December 10 (Tuesday)  
Northern Pacific Ry., Equip. Trs.  
(Chicago, Ill.)  
$100,000,000  
Virginia Electric & Power Co., Debentures  
(Chicago, Ill.)  
Bonds  
December 11 (Wednesday)  
Consolidated Edison Co. of New York, Debentures  
(Chicago, Ill.)  
Bonds  
January 7, 1964 (Tuesday)  
Missouri Pacific R.R., Equip. Trs.  
(Chicago, Ill.)  
$100,000,000  
January 14, 1964 (Tuesday)  
Naragansett Electric Co., Debentures  
(Chicago, Ill.)  
Bonds  
March 10, 1964 (Tuesday)  
Potomac Edison Co., Debentures  
(Chicago, Ill.)  
$100,000,000  

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 working capital, the purchase of assets, and for general corporate purposes. Office—100 Federal St., Boston, Underwriter—F. P. Hutton & Co., Los Angeles.


New England Power Co.—Dow Jones, Inc. (11/18-22)

Sept. 10, 1963 filed $2,500,000 of 6 1/2% subordinated sinking fund debentures due 1978, $375,000 common and 250,000 warrants to be issued. Proceeds—To purchase additional common and warrants for purchase in units consisting of one $100 debenture, 15 shares of common and one warrant. Proceeds—For the purchase of assets, and for general corporate purposes. Office—New York Underwriter—Dow Jones, Inc.

New England Power Co.—Prudential Stock Fund, Inc.

April 11, 1963 filed 1,000,000 common. Price—Net asset value plus 8% Business—A new mutual fund. Proceeds—For investment. Office—11 North Jackson St., Houston, Underwriter—None.

New England Power Co.—Ramo Inc. (11/5)


New England Power Co.—Research Capital Corp.


New England Power Co.—Resort Corp. of Minnesota

Nov. 27, 1963 filed 125,000 class A common and three¬

New England Power Co.—Retirement Foundation, Inc.

April 8, 1963 filed 100,000 memberships in the Foundation—20,000 for each of the ten years ending Dec. 31, 1983. The Foundation will operate retirement centers for the use of rent-free private homes and apartments by members upon their retirement. Proceeds—To construct and operate housing and other corporate purposes. Office—253 Lockerman Foundation, San Francisco. Underwriter—John D. Ferguson, Dover, Del. Offering—Indefinite.

New England Power Co.—Sar Morpole Pipeline, Inc. (11/18-22)


Selective Financial Corp.
Feb. 26, 1963 filed 215,000 common, of which 406,000 are to be offered for subscription by holders of the A and B stock of Selective Life Insurance Co., an affiliated company. Price—By amendment (max. $18). Business—An investing company, to be engaged in the business of making investments in equity securities, fixed-income securities and commodities, with an emphasis on companies engaged in the growing fields of high-technology and biotechnology. Proceeds—For debt repayment and general corporate purposes. Office—2001 Georgia Ave., NW, Washington, D.C. Underwriter—None. —

Selective Systems Corp. (11-4-8)

Shakespeare

Sique For Men, Inc.

Stein Ros & Farnham Foreign Fund, Inc.
July 2, 1963 filed 15,000 shares. Price—Net asset value. Business—Company was recently formed and will succeed to New York Capital Fund Ltd., a Canadian corporation. Proceeds—To invest in foreign securities in Canada, the Western Hemisphere, and the Far East. Underwriter—None.

Supreme Life Insurance Co. of America
Sept. 30, 1963 filed 4,200 common to be offered for subscription by small, mainly working-class, groups of teachers in the City of Los Angeles. Proceeds—For each three shares held. Price—$38. Business—Sale of life, health, and accident insurance in the City of Los Angeles and parts of the Los Angeles Retail Stores, Inc. Proceeds—For debt repayment and working capital. Office—3501 S. Parkway, Chicago, Underwriter—None.

Suto Mortgage Investment Trust

Teaching Machines, Inc.

Tecumseh Investment Co., Inc.

Texas plastics, Inc.

Tonka Toys, Inc. (10-28)

Top Dollar Stores, Inc.
May 1, 1963 filed 150,000 common, of which 100,000 are to be offered by company and 100,000 by stockholders. Price—$5. Business—Operation of a chain of self-service retail stores, located in Indianapolis area. Proceeds—For expansion, equipment and working capital. Office—201 E. Washington St., Indianapolis. Underwriter—Van Alstyne, Noel & Co., New York. Offering—Temporarily suspended.

Transa Resources, Inc.

Trans World Life Insurance Co.

Unimar, Inc. (11-4-8)

Wyomont Petroleum Co.

Young industries, Inc.
Sept. 20, 1962 filed 50,000 class A common and warrants to purchase additional 50,000 class A shares, to be offered in units of 50 shares and warrants to purchase 750,000 additional shares of common stock. Proceeds—For debt repayment and corporate purposes. Proceeds—For debt repayment and property acquisitions. Office—7 West Jefferson St., Louisville, Ky. Underwriter—None.
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.
$40,000 common shares of par value $1 each to be sold by Underwriters. The company plans to use funds to finance the development of exhibits for the fair which will be held in New York in December.
**Norfolk & Western Ry. (1/13)**

Oct. 1, 1963 it was reported that the railroad plans to sell about $7,000,000 of 1st mortgage bonds in New York. Address—1320 Broadway, New York. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co.; Inc.; Blyth & Co., First Boston Corp.; (jointly); First Boston Corp.; Lehman Brothers; Kuhn, Loeb & Co. (jointly); Rayette, Inc.; Blyth & Smith Iny.; First Boston Corp.; & Smith, Barney & Co. (jointly).

**Rayette, Inc.**

Oct. 19, 1963 it was reported that this firm plans to sell about $10,000,000 of securities in January. The type of securities and amount to be sold are yet to be determined. Address—70 Pine St., New York. Underwriters—(Competitive); Probable bidders: Halsey, Stuart & Co.; Inc.; Blyth & Co., First Boston Corp. (jointly); First Boston Corp.; Lehman Brothers; Kuhn, Loeb & Co. (jointly); Rayette, Inc.; Blyth & Smith Iny.; First Boston Corp.; & Smith, Barney & Co. (jointly).

**Pacific Northwest Bell Telephone Co. (12/3)**


**Public Service Co. of Colorado**

June 4, 1963 it was reported that the company plans to sell $75,000,000 of common stock in December. Address—1420 Broadway, New York. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co.; Inc.; Blyth & Co., First Boston Corp.; (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; New York.

**Southern California Gas Co.**


**Southern Natural Gas Co.**

Nov. 11, 1963 it was reported that the company plans to sell $200,000,000 of common stock in the third quarter of 1964. Address—1200 Third Ave., Seattle. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co.; Inc.; Blyth & Co., First Boston Corp.; (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; New York.

**Southern Utilities Co.**

Sept. 10, 1963 it was reported that the company is considering the sale of $30,000,000 of debentures due 1968. Address—19 First Street, San Diego, Calif. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co.; Inc.; Blyth & Co., First Boston Corp.; Lehman Brothers; Kuhn, Loeb & Co.; Smith Iny. (jointly); Salmonon Brothers & Hustler (jointly).

**Truckload Line Air.**

Sept. 11, 1963 it was announced that the company plans to sell $200,000,000 of first mortgage bonds due 1985 at a price of 100. Address—22 South Fourth St., St. Louis, Mo. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co.; Inc.; Blyth & Co., First Boston Corp.; (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Salmonon Brothers & Hustler (jointly).

**U.S. Steel & Electric Co.**


**Western Union**

Sept. 17, 1963 it was announced that it plans to sell $50,000,000 of first mortgage bonds due 1967 at 100. Address—1124 Byward St., St. Louis, Mo. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co.; Inc.; Blyth & Co., First Boston Corp.; (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Salmonon Brothers & Hustler (jointly).

**William Penn Gas Co.**

Sept. 19, 1963 it was reported that the company’s plans to sell $10,000,000 of common stock in the third quarter of 1964, at 100. Address—1124 Byward St., St. Louis, Mo. Underwriters—(Competitive). Probable bidders: Halsey, Stuart & Co.; Inc.; Blyth & Co., First Boston Corp.; (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Salmonon Brothers & Hustler (jointly).
Central States Group of I.B.A. Receives Nominations

S & L Assn. Head Would Mortgage Home’s Contents

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Tokyo (City of) Oct. 1, 1963. It is reported that the Diet has authorized the sale of $20,000,000 of Tokyo bonds in the U. S. $5,000,000 of the bonds are to be sold during the week of Oct. 21, 1963. Underwriter—To be named. The last issue of Tokyo bonds in March, 1963 was handled by Kuhn, Loeb & Co. Offering—at definite.

★ Trans World Airlines, Inc. July 2, 1963. It is announced that it may offer stockholders, sometime after mid-January, 1964, the right to subscribe for up to $8,500,000 of 5¼% convertible subordinated debentures due Oct. 1, 1964. 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.


Union Planters National Bank (Memphis) (11-6) Oct. 3, 1963. It is reported that stockholders are to vote Nov. 6 on increasing the authorized $10 par capital stock to provide for sale of $50,000 additional shares to stockholders on the basis of one new share for each 7½% shares held of record Nov. 6. Rights will expire Nov. 30. Office—61 Madison Ave., Memphis. Underwriter—M. A. Saunders & Co., Inc., Memphis. Asian Co., and Stone & Webster Securities Corp., New York.


TAX-EXEMPT BOND MARKET Continued from page 7

separated the winning from the second bid.


Reoffered to yield from 2.00% to 3.50% for 2½%, 3½% and 4½% commercial bank demand has been good for the bonds as approximately 60% of the bonds were sold during the initial offering 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 bonds, series of 1964-1979 and (1992) term bonds. The account managed by Blyth & Co., The First Boston Corp., and Harrisman Ripley & Co. was the successful bidder in what one branch of the market described as a net interest cost of 4.52%. The second and only other bid, a 3.646% net sacrifice, was submitted by the F. S. Smillings & Co. group.


The serial bonds were reoffered to yield from 2.60% in 1964 to 3.39% in 1976, with an average yield of 3.04%, and the $44,510,000 term bonds, carrying a 3% 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 on Wednes¬ day, Oct. 23, the Oklahoma Su¬ preme Court approved the Okla¬ homa Turnpike Authority bond financing of the State’s Eastern Turnpike by a group of bidders. The manager of the Turnpike Authority said the Authority had filed an application with the Supreme Court, Sept. 15, under state law which requires court sell only at cut prices seems to make little difference to those making this week’s bids. Scattered interest in new issues totaling $30 million is evident only as late doles at the criterion for contract purchase of the bonds. The underwriting group is man¬ aged by Merrill Lynch, Pierce, Fenner & Smith. The first issue is expected to be a formal contract for the sale of the bonds.

The underwriting group is man¬ aged by Merrill Lynch, Pierce, Fenner & Smith. The underwriting group is managed by Merrill Lynch, Pierce, Fenner & Smith. The underwriting group is managed by Merrill Lynch, Pierce, Fenner & Smith. The underwriting group is managed by Merrill Lynch, Pierce, Fenner & Smith.
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 deals at some length with Regulation 9 and the examination procedures of his Office relative to decisions made by the federal and the trust departments of National Banks. He also elaborated on this subject at the ensuing period. In none of that testimony, however, nor in any of the other testimony furnished to this Committee, do I find reference to any subject that is not already accounted for by the trust department of an underwriting bank which might be advantageous to that account in the event that the bank involved is an underwriter of those bonds, without breaking those protective provisions to which that 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. Larson, 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 at the very lowest of 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 methods and 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 believed 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 issuers for bank underwriting prior to the sale of those bonds, etc. However, we realize that after the limited time I have and I shall, therefore, confine myself to one additional statement of Mr. Saxon as follows:

"...if this bill cannot be defeated 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 some of the additional questions that I have raised.

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 revenue bonds are of minor if any significance. However, as I stated in my prepared statement which I represent feels strongly that this is an issue which should not in any event be decided by the light of peripheral considerations. The type of bond issue before the Congress in its assessment of H.R. 5845 is whether or not we think it would be a good thing whether we should let down the bars and proceed along the road of the general practice 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 sub¬mitted to the House Committee on Banking and Currency, U. S. Congress, Wash¬ington, D. C., Oct. 10, 1945."

Iowa Beef Packers Debentures,
Common Sold

New York Securities Co., New York, and First Nebraska Securi¬ties Co., at Lincoln, Neb., as joint man¬agers 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 in 1977, with common stock pur¬chase warrants, as well as 50,000 shares of common stock.

Each $1,000 sinking fund deben¬tures, to be accompanied by a non¬ detachable 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 for sale 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 company's 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 approximately 180 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-pack¬ing company, pursuant to a con¬tract.

The debentures are subject to redemption at the option of the company at the face amount of the sinking fund at 100%. They are also subject to optional redemption, beginning January 1, 1965, at 100%.

With Roulston & Co.

CLEVELAND, Ohio—Lathrop F. Duncan is now affiliated with Roulston & Company, 11th Euclid Avenue, members of the Midwest Stock Exchange.

Interstate Secs. Branch

MONTGOMERY, Ala.—Inter¬state Securities Corporation has opened a branch office at 207 Montgomery Street under the management of Mr. Fred Harrell.

Leedy, Wheeler Office

MELBOURNE, Fla.—Leedy Wheeler & Alleman, Inc. has opened a branch office at 207 New Haven Avenue under the direction of Kyle E. Lockeley, Jr.

Schaffner Branch

ENVERO, 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. Jale¬vce is now with Suburban Secu¬rities 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, when reoffered underwriting group managed by the Chase Manhattan Bank. The group's bid of 100.249999 for 3.40%, 3.10% and 2.2% coupons set an annual net interest cost of 3.19782.

On reoffering the obligations were priced to yield from 2% in 1964 to 2.5% in 1993.

Underwritten by The Chase Man¬hattan Bank in this offering in¬clude:


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WASHINGTON, D.C.—Gradually but emphatically there has been a come more than casual interest in an approaching Southern governorship race 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 key election 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 electorate. 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 support. He has gained a large number 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 the outcome of November's election could have implications for the Mississippi election is that the Democratic nomination is open.

However, the Mississippi election is not the only one in the South. There is no question that Senator Goldwater has a big following, not only in Mississippi but all over the Southern states.

The anti-Kennedy Mississippi Congressmen are the leading 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 are some of Mr. Johnson's opponents? There is an all-religious and anti-second-class status vote, and there are some whites who think the state is not ready for Negroes.

Mr. Johnson is regarded as a high grade citizen and a vote getter candidate. There is no question he will get more votes than any four candidates for governor.

In conclusion, Mr. Johnson will win.

The anti-Kennedy Mississippi Congressmen, and their conservative colleagues are not likely to vote for Mr. Johnson.

It should be borne in mind that when the general election predictions are made it Marked among the nation, in 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. This is the first time he has become the nominee for governor.

In the early election, Governor J. P. Coleman by the biggest vote ever chalked up in a Democratic primary election for the position of executive in the old Magnolia State.

Why did he win by a landslide? As Lieutenant-Governor he stood beside Governor Ross Barnett in the ideological days that marked the integration of James Meredith in the University of Mississippi, a year ago this month.

For this reason, among others, Carlos E. Canales, an attorney, and an of the 1963 New York City. The election machinery of Mississippi is controlled—lock, stock and barrel—by the Democrats—"Mississippi Democrats"—and not National Democrats. They are about ready to help elect a Republican chief executive because they can. The Goldwater Republicans will be the party in the counties in the future.

Nevertheless, it appears the Republicans in Mississippi—and many of them are young people and college graduates—and they are not ready to make a tremendous showing. Many of them are certain that there will be an upset and their standard bearers will become the winners.

Probably the population of Mississippi and Negro—is composed of more native born citizens than in any 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 is 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 declined 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 predominate 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 on the land are native voters or 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 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 scenes" interpretation from the nation's Capitol and may or may not coincide with the "Chronicle's" (Mr. Johnson's) own views.

COMING EVENTS

INVESTMENT FIELD

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.


Apr. 8-9, 1964 (Houston, Texas) Texas Group Investment Bankers Association Annual Convention at the Shamrock Hilton Hotel.

CHRONICLE'S Special Pictorial Section April 29, 1964 (St. Louis, Mo.) St. Louis Municipal Dealers spring party at the Chase Park Plaza Hotel and Glen Echo Country Club.


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.


With Sampaik, Egan

ST. PAUL, Minn.—Paul D. Helenak has become connected with Sampaik 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 130 West Westover 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, 30 East Gay Street, members of the Midwest and Cincinnati Stock Exchanges.

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