# THE Commercial and Financial CHRONICLE

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## Inside


**OIL SLIPS**

With earnings of oil stocks soaring to record highs, Getty's stock price is slipping precipitously. Are Wall Streeters predicting the end of the depletion allowance and recognizing the impact on the company? See page 2.

**UNDER THE MICROSCOPE**

Fixed commission rates for floor brokers and specialists are being examined in depth down at the SEC these days. The Commission wants to know whether a one year experiment in negotiated rates will prove fruitful or will cause irreparable damage to the exchanges. Page 3.

**DARLING DISAPPOINTS**

American Motors Corp., a company that was going great guns during the energy crisis, has been a source of disenchantment of late. The company claims it's still steaming ahead, but analysts are not so sure. For the story, see page 5.

**STRAIGHT TALK**

Senator William Proxmire assumes the chairmanship of the Banking Committee this year, and under his leadership we can expect a "whole nother ball game." The Senator's fertile mind has shown itself to be both analytical and fair. For his imprint on banks, see page 8,

**ELIOT JANEWAY**

Earnings are up; prices are down. Why? The cost of money may have something to do with it. On what should investors rely if not the good news that a company is earning more? See page. 9

**INSIDER TRADING**

In response to reader interest, The Chronicle this week expands its insider trading list tenfold, and thereby establishes itself as the newspaper of record for insider transactions. Page 12.

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# More a victim than rogue

Many a stockholder over at CNA Financial Corp. is disgusted these days. The price of the stock has declined from upwards of 1972 in to a lowly $8.50 today and holders of the shares are casting around looking for reasons.

Some have blamed it on the arrogance and conceit of management, which took the company out of the business of insurance primarily and into a diversification program which subsequently has proven unprofitable.

Others blame it on the company's insurance business, which has shown a loss this year because of poor experience in claims, and has required the parent company to contribute over $30 million to the surplus account in 1973.

But ex-officers of the company, men who follow its fortunes both for old-times sakes and because of their own investments, claim the company has been a victim rather than a rogue, and that its misfortunes stem from forces beynd its control despite the efforts of hardworking men who made some easily understandable mistakes in investments and underwriting.

There is much to be said for this point of view. The company is still rated A-plus by Best's, the insurance rating bible, on the basis of its management, and AAAAA on its financial soundness, (although it must be noted that Best's ratings are on previous performance and there is always a fallacy in believing that what has been will be.)

But the fact that the company has three suitors, one of whom broke off talks "by mutual agreement," despite all its troubles, attests to its intrinsic worth.

If the auditor's — Peat, Marwick, Mitchell — statements are correct about CNA, then the company is selling at about half its book value, and thus represents a fine buy to anyone interested in turning the company around. These are the charms the suitors see which are not reflected in the stock price.

The depressed stock price is, indeed, what makes the company so attractive, because even if a suitor wins his quest at a cost of 50 per cent more than the current stock price in his tender offer, he will still have paid out less than book value. He'll have a comfortable dowry to work on, either to turn the company around or to use for further acquisitions.



**ELMER L. NICHOLSON**
. . .fought off efforts

The three companies who have expressed romantic ardor for CNA are the Gulf Oil Corp., Loews Corp. and the Accident and Casualty Corp. of Winterthur (Switzerland).

Gulf broke off discussions with CNA "on a mutual basis," according to William P. Moyles, a vice president in charge of mergers and acquisitions at Gulf. The company was originally interested in CNA, according to Moyles, because of its "outstanding management team." Claiming confidentiality, Moyles resfused to discuss the basis of the discontinuation of talks.

The Accident and Casualty Corp. of Winterthur, whose chairman, Hans Braunschweiler, is a member of the board of directors of CNA, also wants to buy into the company. While CNA is not averse to this interest, it is seeking to limit the company to no more than 20 per cent of its stock. There is little doubt that such an outcome would still leave CNA in continuous control over its own fortunes.

Loews under the guidance of Laurance A. Tisch, has also applied to the Illinois Insurance Department to purchase enough of the company to control it via a better than 50 per cent interest. Putting its money right on the line, Loews has instituted a lawsuit against its Swiss rival, as well as its chairman and Elmer Nicholson, chairman and president of CNA.

Charging that the defendants are attempting to impede the approval of Loews' acquisition, Loews is suing both to enjoin the two companies from such action and is asking for $120 million in damages, presumably for alienation of affection. According to the suit, Nicholson and Braunschweiler are conspiring to stave off any tender offer by an outside company in order to protect the reinsurance business which Winterthur has with CNA.

Loews intends to acquire CNA and replace its management with its own team. What direction the company will take if its suit succeeds remains to be seen.

Elmer L. Nicholson has fought off efforts before to bring down his management team. In the three years since he was chosen for his position, his administration has been plagued by dissident members of

See CNA, A VICTIM page 4

# The risks of tight money

By SIDNEY BROWN
Chronicle Economist

The Federal Reserve's reliance on today's extraordinarily high interest rates to reduce overall demand for goods and services to check galloping price inflation, is both incongruous and risky.

The incongruity arises from the fact that overall demand peaked out in 1973's second quarter, and the subsequent decline in demand reached a point where the Gross National Product in the first quarter plummeted 6.3 per cent on a seasonally adjusted, annual rate. Thus, unleashing high interest rates to check consumption appears to be a case of locking the barn doors after the horses have been stolen.

If the high interest rate course is designed to restrain consumer demand because of lack of productive capacity, the Federal Reserve's figures belie that assumption. Industrial production was off 7.2 per cent at an annual rate last quarter. Utilization of productive capacity had dropped an 82 per cent rate, in fact. Even the critical bottleneck scarcities in the 12 material producing industries showed some improvement, edging down from 94.1 to 90.2 per cent utilization rate in the past three quarters. The average in 1972 was the same 90.2 per cent utilization and the price

See TIGHT MONEY, page 6

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# Getty stock sags tho earnings soar

By R. L. KEARNS
Reuters News Service

For some years now the relationship between oil economics and national politics has been close, if at times volatile.

In the United States the fates of the major petroleum companies have frequently been decided in Washington and not in the oil fields. To many oil companies the 22 per cent depletion allowance and the ability to net foreign taxes against U.S. taxes has meant at least as much and frequently more than a major oil find.

The recent Arab oil embargo did a good job of bringing home the intimate and volatile relation that can exist between a country's national policy and oil.

Thus, the current mood in Washington regarding the oil companies — what some oil analysts consider a complete about face — should hardly come as a surprise to investors.

Yet it has, and what's recently happened to a company like Getty Oil is a case in point.

## Getty's stock declines

Despite huge earnings gains last year and the expectation of almost comparable gains this year, Getty's stock has declined close to 40 per cent in recent months from a 1974 high of 175 to around 110.

What's happened to Getty has also happened to other major U.S. oil producers' stocks, perhaps in a somewhat less dramatic fashion, which might be called the energy crisis backlash.

Only a few months ago, when the Arab oil embargo was in full swing, gasoline in apparent scarce supply, and the words "Energy Crisis" on the tip of almost every congressman's tongue, the prospects of a company like Getty hardly looked better.

The apparent mood in Washington was that U.S. oil exploration and production would be given a good deal of encouragement to lessen the nation's dependence on foreign sources of oil.

This attitude naturally, as a number of oil analysts at the time pointed out, would prove a boon to a company like Getty, an estimated two thirds of whose oil production comes from North American leases.

## Huge first quarter profits

Encouraging the petroleum industry at the time was the fact the price ceiling on U.S. crude had at least been partially lifted, thereby allowing so-called new crude to find its own higher price level.

Most of the major oil companies started reporting huge first quarter profit gains on the heels of equally large gains in 1973 and the mood in Congress turned less benign.

As just one example, for 1973 Getty earned $7.15 a share vs. 1972's $3.98, and contingent on what legislation comes forth from Washington, most analysts feel Getty could earn a healthy $11.75 or better this year.

For the first quarter, Getty reported earnings of $3.93 compared to $1.42. Getty was hardly alone in registering such increases.

Looking at these large profits, Congress and their constituents who had endured such apparent hardships as gasless Sundays, started asking — to put it politely — "Isn't this a bit much?"

### Getty Oil

| | 1973 | |
|---|---|---|
| Revenues | $1,740,940,000 | $.540,865,000 |
| Net income | $142,237,000 | 981,174,000 |
| E.P.S. | $7.54 | $4.25 |

Current price: $108.50
Dividend: $1.30
P-E ratio: 11
Yield: 1.1 per cent
Shares outstanding: 18,669,000
Traded: NYSE
Address: 660 Madison Ave., N.Y., N.Y. 10021
Tel. No.: 212-832-7800
Analysts contact: J.S. Cutler, financial planning manager.

## Congressional proposals

Some proposals before Congress suggest, among other things, the elimination of the depletion allowance for oil and gas producers, the elimination or halving of foreign tax credits, and levying an excess profit tax.

And since most analysts aren't particularly sure what legislation will be finally passed, though most feel the depletion allowance is bound to go, it's not surprising stocks such as Getty's have suffered.

Bear, Stearns analyst Robert Golden says, "The main pressure on all of the oil stocks, including Getty, is what kind of legislation is shaping up in Washington. And it's really very hard to tell what will happen."

What a number of analysts do feel, however, is there is an excellent possibility the 22 per cent depletion allowance will probably go, which they don't feel will be all that bad if oil price ceilings are completely lifted.

They also feel that if the depletion allowance is eliminated, it will probably be phased out along the lines proposed by the House Ways and Means Committee.

The House Ways and Means Committee has proposed that the depletion allowance be phased out over a three year period starting next January, while there are other more extreme proposals suggesting it be eliminated retroactively to last January.

For a company like Getty, benefits from the depletion allowance alone last year accounted for $32 million or $1.72 after tax earnings, a spokesman for Getty said.

The Getty spokesman declined to say how much the depletion allowance might benefit Getty this year, although some analysts feel it could be as much as $3.00 a share.

Gloomy as such prospects may appear, there are still analysts, such as Wood, Gundy's William Cliadakis, who are recommending a company like Getty. "Certainly there are a lot of questions unanswered in Washington, but I don't know where else you can go in terms of strong reserves and production. And in those terms, I think Getty's stock currently is relatively cheap."


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**New England Gas and Electric Association**

**COMMON DIVIDEND NO. 109**

The Trustees have declared a quarterly dividend of thirty-one cents (31¢) per share on the common shares of the Association payable July 15, 1974 to shareholders of record at the close of business June 21, 1974.

E. G. CHENEY, *Treasurer*

May 23, 1974

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BRIGGS & STRATTON

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"The Board of Directors has declared a regular quarterly dividend of forty cents (40c) per share and a fiscal year-end dividend of fifteen cents (15c) per share on the capital stock ($3 per value) of the Corporation, payable June 15, 1974, to stockholders of record May 31, 1974.

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May 21, 1974

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# Specialists target of SEC probe

In a sweeping investigation into specialists, and floor brokers' fees, the SEC has begun to address itself to questions which heretofore have rarely been raised by a regulatory body other than the exchanges themselves.

Under the Commission's inquiry into competitive rates, the scope of the investigation has broadened to include basic practices at the exchanges in fee structure. Among the questions which have been raised are: 1. Would a one-year experiment in competitive intra-member rates for orders not exceeding $2,000 cause "substantial and irreparable harm to floor brokers or to the market-making function of specialists"?

2. Do intra member rate schedules for clearance services or floor brokerage services assure the protection of investors or insure fair dealings in securities traded



JAMES W. DAVANT
...floor brokerage a "major cost"

on the exchange or insure fair administration of an exchange?

James J. Needham, chairman of the New York Stock Exchange, has said that he believes minimum fees only for floor brokerage commissions are necessary, while clearance fees can be determined on a competitive basis.

3. The SEC is also questioning whether clearing fees for members should be higher than those obtained by a clearance corporation for direct mail clearance. Also, it asks, should clearing fees be different for orders executed for a member's own account than for any other account?

4. Should intra-member rate schedules be applicable to orders left with specialists or board brokers, or for services provided by a floor broker not acting as specialist?

5. Should different types of orders, such as market orders, limited price orders, etc., require different rates?

6. Should members who execute orders or provide clearance services be permitted to lower their rates if they deem it necessary?

7. How should the reasonableness of a floor broker's or specialist's rates be established?

A series of further questions deals with the establishment of minimum and maximum rates, and the assessment of costs and capital required in the specialist and floor broker operation. Another inquiry deals with methods of subsidizing market makers and the attempt to calculate and adjust that subsidy.

An anlysis of the specialist as a monopoly as opposed to competing market makers raises the question of whether more than one specialist dealing in the same stock would share in the exchange's subsidy.

Evaluating the efficiency of the specialist poses another question which the SEC is seeking an answer to.

The SEC has invited all interested parties to participate in hearings which address themselves to these questions.

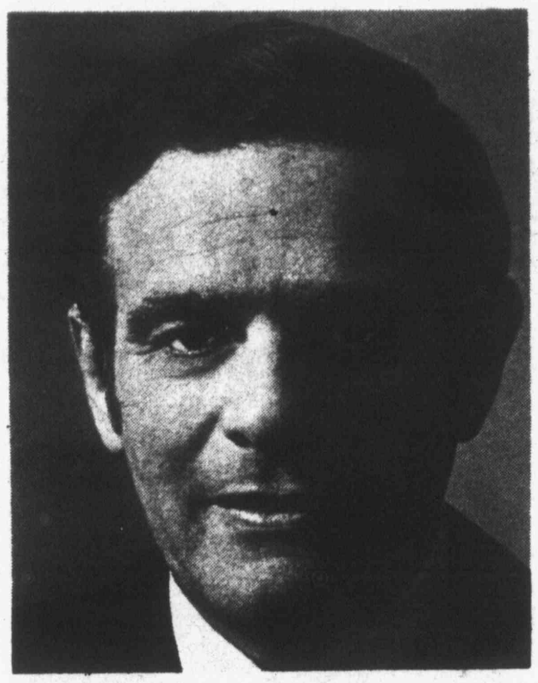
To date, six people have testified before the hearings on this aspect of the investigation. They are Needham; James W. Davant, chairman and chief executive officer of Paine, Webber, Jackson & Curtis, Inc.; Walter N. Frank, senior partner of Walter N. Frank & Co.; Gustave L. Levy, senior partner of Goldman, Sachs & Co.; Solomon Litt, senior partner of Asiel & Co.; and Stephen M. Peck, senior partner of Weiss, Peck & Greer.

In arguing against competitive floor brokerage rates, Needham stressed the fact that income derived from fixed minimum floor brokerage during active market periods provide the incentive for such brokers to ride out periods of slow trading. Without profits in slack times, Needham anticipated that floor brokers would leave the exchanges in droves, leaving a tremendous vacuum during peak periods.

Variable rates for floor brokers and specialists also met with an attack from Needham, who claimed that this would lead to a major distortion of the way orders are handled.

Litt made the point in his answers to the SEC's questions that fixed floor brokerage rates enable the users of those services to figure his clearing charges, ticker expenses and commission expenses, which in turn, enables him to set public commission rates. Competition already exists among floor brokers, he asserted, based on their efficiency and speed.

He also pointed out the fallacy in assuming that firms having their own broker on the floor maintain in advantage over those which do not. Said Litt, "The tie-up of capital, salary due, booth hire, clerical hire and other incidentals — are all very real costs." Speaking for his own firm, he added, "We would consider, even under present conditions, that we could afford to pay out up to approximately $40,000 per

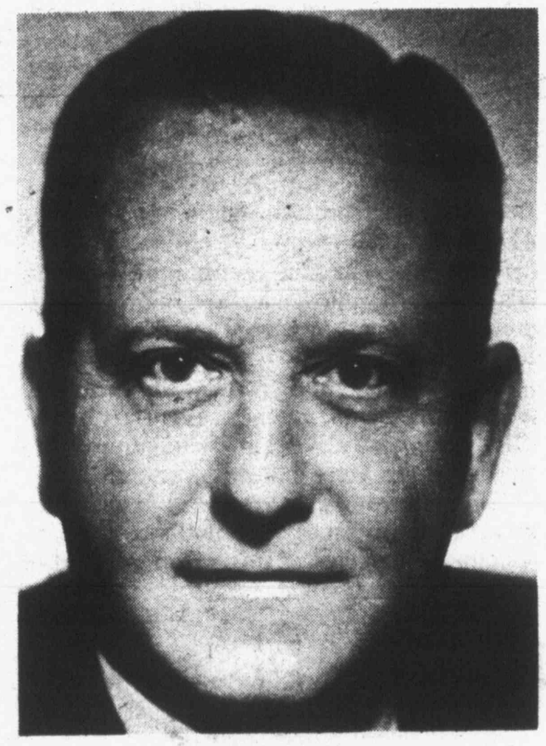


JAMES J. NEEDHAM
...urges fixed floor broker rates

year before adding another seat to our roster."

While fully negotiated rates for floor services are theoretically possible, says Litt, when floor brokers leave during periods of slow markets, the demand for their services during peak periods would of necessity, drive up the rates of those who remain to a point where they would not be in the public interest.

Davant stressed that the exodus of floor brokers would require member firms to



WALTER N. FRANK
. . .savings on $3000 is $1.25

buy and maintain more seats. Says Davant, "The costs of doing so and maintaining a floor staff adequate to handle all our business in peak periods as well as in periods of lower volume would probably exceed the costs we presently incur for this type of floor brokerage. Eventually these costs would have to be passed on to our customers."

While agreeing with Davant, Frank says that competition for limit orders would develop and rates on inactive stocks would be higher.

To date, none of the testimony has addressed itself to other questions which the SEC raises. The evaluation of the specialist as to his efficiency in making markets, and the relative efficiency of one specialist to another has not been reviewed.

Neither has the question of whether floor brokerage income should be pooled and allocated on the basis of specialist's performance, been awarded.

The SEC hearings stated intent is to determine, whether, if intra-member rates are retained, those rates are reasonable. The hearings which began on May 29th, will continue into June. Requirements for filing answers to the questions raised are that 25 copies of the text be delivered to the hearing officer at least 48 hours before the hearing.

Final date for filing is June 14, 1974.

At the heart of the controversy over fixed rates for specialists and floor brokers is the contention of the so-called "Third Market" that the exchanges unduly protect and subsidize market makers through fixed commission rates. The vast bulk of those rates, say members of the third market, require no servicing at all from the brokers. Rather, they are merely orders entered on the specialist's book for future trades.

A spokesman for the third market, Donald E. Weeden, says, "In orders which are simply left on books, the specialists don't participate in any way. They don't put up capital and they take no risk. Why, then, should they be paid simply for record keeping when a computer can do it as well and certainly more cheaply?"

While the members of the various exchanges contend that the efficiency of the floor broker controls his own rate of return, they remain unconvinced that a computer can handle floor brokerage services as well as an experienced man.

## duPont Walston bankrupt, liquidation underway

Winthrop J. Allegart has been appointed as trustee for the liquidation of duPont Walston Inc., which was declared bankrupt last week by Federal Judge Roy Babitt.

The company, founded a year ago as the result of the merger of duPont Glore Forgan and Walston & Co. Inc., told a bankruptcy hearing that all efforts to continue the firm's business by merger or otherwise had failed and that it under the circumstances it was consenting to its adjudication as a bankrupt.

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# CNA: more a victim than a rogue

Continued from page 1

the board attempting to wrest control from him.

Jerry Tsai, head of the ill-fated Manhattan fund, and the Weinberg interests (of Larwin note) represented by Lawrence J. Weinberg, attempted to take over the corporation, but Nicholson has withstood all such efforts (presumably with the support of Braunschweiler) in his attempt to turn CNA around. Whether or not he will be able to fend off this latest siege remains to be seen.

Before Nicholson took over, Reeder and Scott, the former chairman and president of the company respectively, sought to diversify. Quality companies were what they looked for, and presumably found in the Manhattan Fund, Tsai's vehicle to wealth. At one time the first among the go-go's, Manhattan Fund came into the CNA fold with Tsai in charge.

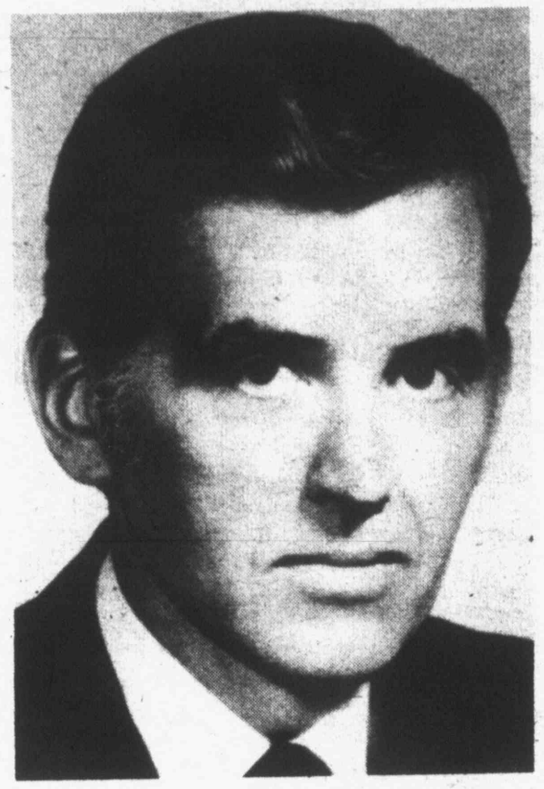
The Larwin group came later, in 1969. For 25 years both before and after it was included in CNA, the group was profitable. But problems arose first in the Chicago area where consumers complained about defects in houses, and later in Oxnard, California, where the company had intended to build mass housing. Oxnard's zoning board threw a curve by declaring much of the area which Larwin was to build on as open space that couldn't be developed until 1990. The high cost of money for mortgages delivered the coup de grace to the housing market generally, and Larwin felt the squeeze when this was added to its other difficulties.

One analyst, David Seifer, claims that when the old Continental Insurance Co. had a turn of direction in 1962, he advised his customers to sell. The stock was then selling at $110 but has since split two for one.

Seifer believed then that the insurance business was going bad, particularly with its casualty and health insurance segments. "But instead of correcting this with internal disciplines," says Seifer, "the company diversified."

What Seifer complains of was the lack of communication between upper and lower level management, with policies being written which don't reflect insurance experience. As a result, an enormous amount of loss was experienced, which wasn't adequately covered by premiums.

"When you see a big loss or an unexpected write-off," says Seifer, "it means a breakdown in communications and discipline, and it's hard to tell whether the problems are five years old or 20 years old."



HAROLD SORTER

Seifer sees as fundamental to the problems of the company the internal management of insurance operations. CNA's problems are not comparable, according to Seifer, to other insurance companies because of its volume of health and accident insurance. State regulations add only minimally to its rate structure difficulties. Although Nicholson appears to recognize the problems, he has not as yet begun to solve them.

Seifer's views differ from those who saw the problems from the inside. Two former officers of the company claim that the Continental Insurance Company in the late 50's and early 60's was a dynamic, fast-growing company which was "daring to be different."

Both of these men speak of the company in glowing terms. In fact, even the diversifications that CNA embarked upon, the men claimed were basically sound.

The company's stock is currently severely depressed, said both ex-officers, because of a series of misfortunes, most of which were beyond its control. The purchase of the Manhattan Fund, "a go-getter," proved unprofitable in the bear market which followed. Of the Larwin group ... "I don't know the arithmetic of that deal," said one ex-officer, "but the company had shown a strong growth record and I couldn't see any reason for that to change."

## Loews' intentions

Obviously, Loews believes it can turn CNA around with its own management, rather than the Nicholson team. When asked about his company's interest in CNA, Lester Pollack, senior vice president in Loews' legal department, refused to comment on the takeover attempt, stating that the company's attorneys had put him under such restraint.

When asked for the rationale behind this silence, Pollack stated unequivocally that he did not believe any public disclosure was necessary beyond the bare statement that such a takeover was in the best interests of Loews and CNA's stockholders.

"Henry Ford doesn't come and talk to his stockholders when he wants to put in a compact car line," said Pollack. When it was pointed out that, while compact cars are within the realm of Ford's expertise, insurance companies are not in Loews', Pollack refused all further discussion, except to state that the company had filed plans with the Illinois Insurance Department for purchase of the stock.

According to Eugene Miller, vice president of corporate relations at CNA, the Illinois Insurance Board has cautioned all parties involved in the hearings to act as if a tender offer were made and to make no statements on the company's business.

"Mr. Nicholson, our chairman, has stated our position," said Miller, "and that is that we want to remain an independent company, and will fight off all takeovers."

Why then, did the company begin the abortive talks with Gulf Oil? Miller answered that since the talks were broken off, "we stick to our statement."

Loews' suit charges that the talks were broken off because of a conspiracy on the parts of Nicholson and Braunschweiler to protect the latter's reinsurance business.

Nonetheless, by way of foreclosing a Winterthur takeover, CNA has requested that the Illinois Insurance Board limit the Swiss company's holdings to 20 per cent of CNA. Over 10 per cent holding in an insurance company means control substantively, although not necessarily financially.

With Winterthur thus limited to 20 per cent (if CNA gets its way with the board), and voting against Loews as a block, it is hard to see how Loews can acquire 50 per cent of the company. Currently there are 34,169,724 shares of stock outstanding. Assuming conversion of the preferred stock, that total would reach 44,310,474 shares.

In its statement to the insurance board, Winterthur asserts, "Winterthur has no present intention of increasing its holdings above 20 per cent of the outstanding voting securities of CNAF." As of April 23, 1974, Winterthur owned beneficially 2,189,228 shares of common and 530,013 shares of Series A stock.

Directors and members of management of Winterthur own another 205,470 shares of common and 2,073 shares of Series A. Jacque Sammet has options on an additional 12,173 shares.

Loews charges that Winterthur bought 442,000 shares of CNA between March and April, 1974 in its own takeover attempt. However, the charges brought by Loews, according to a leading advisory investment house which specializes in proxy fights, is but the first salvo in a series of maneuvers which a raider employs. Says an officer of this advisory firm, "Flexibility is the key in any takeover attempt. The company must look at the possibilities and exploit all avenues. Whether or not he is successful will depend on the ultimate loyalty of the stockholders."

This man's assessment of the CNA situation is, "Stockholders generally have suffered losses this year in almost all their holdings. If management can present the picture to them that the raider is attempting to get the assets of their corporation at bargain prices, then the stockholder is going to be wary."

He went on, "In this situation, too, is the ability of Loews to run an insurance company — something not within its experience. I'm sure," he said, "that CNA management is going to make a strong case of that before the Illinois Insurance Commissioners. As far as the legal charges go, they will undoubtedly be defended. Conspiracy is hard to prove and the burden of proof lies with the accuser.

"But the ultimate test will depend entirely on stockholder loyalty."

"It would be impossible," he claims, "to map out a course for all takeovers. Not only will the premiums differ for each company, but the attack must be different. Eventually Loews will have to spell out its intentions."

It is obvious by now that the basic problems in CNA derive from its insurance business, particularly the Continental Casualty area. By underestimating losses over a period of years, and by substituting volume of policies written for sound reserves, the company has been forced to bite the bullet and remove from earnings this year some $30 million for reserves.

The wisdom of reinsuring Continental Casualty with a sister company, Continental Assurance, is also questionable. While volume is made to look good for the latter division, in the event of catastrophic losses, such as insurance companies had this year from tornadoes and floods, payouts from both companies are merely intensified.

On balance, it looks like CNA Financial is sick. The mainstay of its business, insurance, dropped from $73 million in 1972 to $15 million in 1973 (Continental Casualty). Continental Assurance also slid from $30 million to $21 million. The Larwin group's profit sagged from a profit of $19.5 million to a loss of $8.9 million, a swing of $28.4 million downhill.

The big loss of course was Continental Casualty. Losses and loss adjustment expense went from $456 million in 1973 to $618 million in 1972. These losses are explained in a bland note, which really doesn't define the situation at all. Says Note 1: "A reserve for loss adjustment expenses

See CNA, A VICTIM, page 5

## An investment gone sour

WHAT LARWIN COST CNA: 7,368,369 shares (a)
Avg. price: 24 Millions $ Total: 176.841

| What Larwin earned: | Gross profit Millions of dollars | | Net profit Millions of dollars |
|---|---|---|---|
| 1969 | 12.7 | | 8.434 |
| 1970 | 6.7 | | 4.754 |
| 1971 | 20.4 | | 12.694 |
| 1972 | 19.5 | | 8.999 |
| 1972 | 19.5 | | 8.999 |
| Total | 59.3 | Total | 34.881 |

| What Larwin lost: | Before taxes Millions of dollars | | After taxes Millions of dollars |
|---|---|---|---|
| Operating loss | 8.9 | | 4.6 |
| Write-off of multi-fam. | 23.2 | | 11.1 |
| Write-off of Oxnard | 7.6 | | 4.1 |
| Total | 39.7 | Total | 19.8 |

CNA's direct contribution in 1973: 5.0
CURRENT BOOK VALUE OF LARWIN: 46.0

(a) Of the last 113,035 shares of CNA paid out to Larwin in settlement of purchase, management said: "This settlement, the directors are convinced, will not have any significant adverse effect on the benefit due CNA Financial's stockholders."

## CNA Financial Corp.

| | 1973 | 1972... |
|---|---|---|
| Revenues: | $1,773,343,000 | $1,596,998,000 |
| Net Income: | $15,799,000 | $99,729,000 |
| E.P.S. | $0.20 | $2.66 |

Current price: $8.75
Dividend: $0.56
P-E ratio: 43
Yield: 6.6 percent
Shares outstanding: 34,169,000
Traded: NYSE
Address: CNA Plaza, Chicago, Ill. 60685
Tel. No.: (312) 822-5000

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Federal Reserve Bank of St. Louis

# Wall Street grows wary of AMC

While spokesmen for American Motors Corp. claim that wholesale sales are "going great guns," with only production holding up even better 1974 figures, Wall Street analysts are growing wary of the company as an investment.

Citing the "Buyer Protection Plan" as the reason more than one third of its customers came to AMC, and the energy crisis giving impetus to the surge in small car purchases, one company official says that AMC's sales will go over the 400,000 unit figure for fiscal 1974, which ends September 30.

Meanwhile, American Motors General Corp., a wholly owned subsidiary, is halfway through production of its Washington, D.C. bus contract for 620 buses, with contracts for another 150 units scheduled for Nashville, New Orleans and South Bend. The availability of Federal funds for urban transit will spur the revamping of most cities' lines.

Since there are only two other companies involved in building these buses, AMC believes that there will be more than enough orders for everyone.

While there is a great deal of optimism at AMC, Wall Street doesn't reflect it. AMC's stock has dropped 50 per cent in the last three months, as the result of the end of the Arab oil crisis. There has been a general softening of small car sales, and there will be a great deal of competition from other manufacturers in this field.

AMC's second quarter earnings declined more steeply than most analysts expected. The company says this came about primarily because of parts shortages which led to a curtailment of production.

But John Doherty, chart analyst for Blyth Eastman Dillon & Co Inc. says, "Technically, the stock should be sold because the stock's poor market behavior will preclude any major advance from current levels for quite some time."

Blyth Eastman Dillon's auto analyst, Joseph Phillippi, feels that the second quarter earnings drop was so great ($0.22 vs. $0.52 fully diluted) that "AMC will be hard pressed to match the $1.42 per share earnings reported in fiscal 1973."

Escalating production costs without the necessary relief is depressing the earnings picture right now, and until it is more clearly defined, Phillippi believes in a neutral approach to the stock.

David Healy, research director for Drexel Burnham & Co., thinks Wall Street may be concluding "that if American Motors can't make it now, they won't." While not suggesting the company will "go bust," a danger it faced about five years ago, Healy said the company appears to be losing its current dominant position in the small car field and faces a "flood of competition," from General Motors, Ford and Chrysler next year.

Healy said he is skeptical about AMC's ability to "maintain its current prospects" and tends to discourage people from buying the stock.

AMC was supposed to benefit more than any other U.S. automaker from the small car binge. Its subcompact Gremlin and compact Hornet models account for better than 60 per cent of its total car sales. Hornet models account for better than 60 per cent of its total car sales. That was the reason that AMC stock broke out of a slump for the first time in over a decade.

From 1968 to 1970, the stock moved down from $30 to $5 per share and stayed in the $7 to $10 dollar range for 1970-1973. Early $5 per share and stayed in the $7 to $10 dollar range for 1970-1973. Early this year it moved to a recent high of 13 in heavy trading.

Some industry obsdrvers think the commotion over AMC has been a bit ironic. They contend that AMC cars really do not sell for "economy" reasons since most come loaded loaded with expensive options. The company's full economy cars are not exciting and the company does not even make a four cylinder engine, which is the most economical.

Nevertheless, for a while this year, it seemed like everyone wanted a small car no matter how much it cost, and AMC was the star performer. Things improved so much for AMC that it resumed cash dividends for the first time since 1965. The company's financial condition this year is perhaps the best in its history.

But the poor second quarter earnings "baffled investors," says Robert Williams of Argus Research Corp. The cost-price squeeze "took its full toll" he added.

With the stock again in a slump, Williams says the "extravagant expectations appear to have been pretty well washed out" of the shares. But he does not think the stock should be bought until the 1975 earnings outlook "comes into clearer focus." He estimates 1974 earnings of only $1.00 per share, and next year about $1.50.

Richard Seiwell, auto analyst for Provident National Bank in Philadelphia, says AMC was "the right stock at the right time" early this year. "It was the best play in the auto market," adds Seiwell, but now he has "serious questions" about AMC's position in the battle for the small car buyer's dollar.

As do other analysts, Seiwell sees stiff competition facing AMC next year, especially from Ford. Eric Dahlquist, editor of Motor Trend magazine, says AMC has established a "very good reputation in the last few years" for making quality small cars.

"Over the long run, in the next five to 10 years, American Motors will become pretty solid as the number four car maker," Dahlquist predicted. "But what the immediate future holds, I don't know," he added.

## American Motors Corp.

| | 1973... | 1972... |
|---|---|---|
| Revenues: | $1,739,025,000 | $1,403,803,000 |
| Net Income: | $85,976,000 | $30,157,000 |
| E.P.S. | $3.18 | $1.18 |

**Current price:** $6.00
**Dividend:** $0.10
**P-E ratio:** 4
**Yield:** 1.6 per cent
**Shares outstanding:** 27,100,220
**Traded:** NYSE
**Address:** 14250 Plymouth Rd., Detroit, Mich. 48232
**Tel. No.** (313) 493-2000
**Analysts contact:** Raymond Senusky, company attorney 313-493-2000, ext. 32437

# CNA: a victim

**Continued from page 4**

is established by estimating future expenses to be incurred in settlement of the claims provided for in the reserve for losses."

While inflation and higher litigation costs and higher judgements that are being awarded affect the company adversely, this situation is certainly not new. The question arises as to whether the banner years posted for CNA in 1971 and 1972 were based on the inability of management to plan properly in the matter of reserves, or whether reserves were deliberately underestimated to show higher profits, with the hope that volume and good luck would make up for the lack of hard cash.

Add to this, hard times in terms of portfolio depreciation, for the parent company, and the loss from the Larwin group, and the company's problems can be clearly seen.

The fact that management seems to have recognized its problems and is attempting to do something about it is the first step toward solution. The Larwin group has been broken up and its unprofitable segments — multi-family housing and recreational facilities — have

**See CNA, A VICTIM, page 18**

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

***$100,000,000***

***General Electric Credit Corporation***

***8⅞% Notes Due 1982***

*Interest payable June 1 and December 1*

***Price 100% and Accrued Interest***

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*May 30, 1974.*

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# The risks of keeping money tight

Continued from page 1

inflation rate then was two-thirds today's.

The risk in continuing today's high interest rate policy until price inflation's increase significantly subsides is that of causing further cutbacks in the production of housing, appliances, furniture, automobiles and other big ticket items.

With retail sales in constant dollars lower than last year, any prolongation of a short fall in consumer demand could feed upon itself, causing a recession, or worse.

The Council of Economic Advisers' mid-year report on the economy, and the President's accompanying message, presented to Congress last week envisioned a gradual comeback this quarter, and a GNP rise in the last half of four per cent. The report indicated that the April's five per cent unemployment rate could rise to 5.5 or 6.0 per cent because of insufficient growth.

The 12.1 per cent price inflation rate in the first quarter will, according to the CEA report, shrink to a seven per cent rate of increase in the fourth quarter because of declines in food and petroleum prices. Both of those commodities account for half of today's price inflation.

Cost of Living Council Director John Dunlop said two weeks ago that he expects an altogether different price behavior pattern. Prices are bound to increase in the fourth quarter, after declining in the second and third quarters, despite the expected drops in food and energy prices.

## Easy money

Critics of tight money, in and out of Congress, have been remarkably subdued. The usually vociferous labor groups have, so far, muted their misgivings, and the farming groups have allowed the recent spurt in their incomes to temper their historical bias towards cheap money.

To some economists, like Leon H. Keyserling, head of the CEA between 1949-1953 and one of the original appointees of President Truman in 1946, the Federal Reserve's policy is, "a disaster, and has always been disasterous."

Now a Washington, D.C.-based management consultant heading his own firm, Keyserling blames tight money policies for restricting output, the very cause of price inflation. Monetary policy, he claims, is backwards. High interest rates add to price inflation, hurt the industries that should be expanding, create unemployment and recessions and, he adds, do not deter the borrowers who can easily pass on the higher costs incurred to consumers in the form of higher prices.

What Keyserling and other easy money advocates favor is a generous expansion of the money supply as the prescription for price inflation. If there are shortages due to productive capacity limitations, the way to increase supply is to make financing attractive, not unattractive, to encourage investment outlays, Keyserling insists.

What bothers Keyserling most is what he calls administrative pricing by industry, and an unwillingness, so far, to cope with that problem. Citing the automobile industry as one example, he referred to the recent successive price increases in the face of sharply lowered output compared to last year's level as an example of monopoly pricing power.

Turning to the economy's performance in the last quarter, Keyserling blames the severe drop in productivity and the highest rate of increase ever in unit labor costs on what he calls our deliberate policy of scarcity production. "With output falling off faster than employers' willingness to fire labor, what else could be expected?", Keyserling asks.

Disturbing to other critics of high interest rate policy when aggregate demand is in a slump is that the general policy of making money expensive indiscriminately may cause more harm than good. The lack of discrimination has had some untold effects.

The energy short U.S. economy, for example, has recently witnessed the postponement of several utility company financings because of today's prohibitively high money costs. Others have had their ratings downgraded because the lag in rate increases behind net interest cost has reduced the safety margin of interest rate coverage.

Companies in other essential industries, too, have been hard hit by the cost of money. While there were several reasons for cancelling a $78 million copper processing complex at Pine Bluff, Ark., Cerro Corp.'s management took pains to include the insupportable high cost of money as one of the important factors in the decision. Copper is one of the critically short materials.

By taking a bludgeon approach instead of a scalpel to the peculiarities of today's economy, galloping inflation and economic stagnation which some pundits have described as stagflation, the consequences may be quite different than when the problem is one of holding down excessive across the board spending.

## Inflation's sources

According to Federal Reserve Chairman Arthur F. Burns, the recent upsurge in prices is due to several special factors: the bad food crop in 1972, manipulation of oil prices by oil-exporting countries the worldwide simultaneous business cycle boom in major countries, the adjustment to the removal of our wage-price controls, and the general growing bias toward inflation.

Not once in his address to the graduates of Illinois College on May 26 did he defend, blame, or refer to monetary policy's connection to inflation, monetary and fiscal policies of restraint.

Burns several times in this year alone, uttered dire warnings about the perilous pace of price inflation. This time he went even further in stating, "if past experience is my guide, the future of the country is in jeopardy." Fearful of the social-political ramifications apt to be stirred to the boiling point by inflation, the monetary chief said, we must not risk the social stresses that persistent inflation breeds."

Elsewhere in his text, Burns took note of the recent downfall of several governments in major countries. He added, "Discontent bred by inflation can provoke profoundly disturbing social and political change ...(and) the ultimate consequence of inflation could well be a significant decline in economic and political freedom..."

Burns pledged sufficient growth will be permitted in money and credit to encourage orderly economic expansion, and no more. Inflation, he noted, cannot be ended without cost and some industries will "inevitably operate at lower rates of production than they would prefer."

## Brimmer on inflation

Meanwhile, Federal Reserve Governor Brimmer opined in a May 26 commencement address that in the coming months, "we could easily move into the cost-push phase of a renewed wage price spiral similar to that of 1969-1970. He referred to the conflict between stimulating employment and the campaign to reduce price inflation.

His choice between the two was to provide public service employment than to stimulate employment if it meant rekindling price inflation.

As for monetary policy itself, Brimmer, who recently announced his retirement from the board, endorsed the present posture of restraint.

Unfortunately, Brimmer did not refer to his former inquiries into differential reserves behind bank assets as a way to control the use of bank credit. It would have served a useful purpose in today's debate between the tight money and easy money generalists.

## Interest rate risk

The risks from a costly high interest rate economy when output is slumping are many. Output is not increasing fast enough to pay for the added costs. As a consequence, the capital spending boom that had been counted on to pull the economy out of the first quarter deterioration in real GNP may be reduced to the point where

See TIGHT MONEY, page 13

## N.Y. banks asked to study Franklin

The New York Clearing House, comprising New York's money market banks, were asked last week Thursday by Comptroller of the Currency James E. Smith to review Franklin National Bank's operations and to recommend steps to strengthen Franklin's earnings.

It is expected that Franklin will be advised to prune its unprofitable loans and other drains on its earnings. However, without any earnings against which it could apply losses, Franklin may not be able to take sufficient action in this direction.

Franklin is a member of the clearing house and, in effect, its fellow members have a vital interest in helping Franklin become fully viable. The members hold many checks drawn on Franklin and they want to do what they can to keep Franklin in Business.

Most likely, the clearing house banks will purchase a pro rata portion of Franklin's loans at their carrying costs. They could sell those with a lower market value and apply the loss against their own earnings.

In addition, to supplement Franklin's remaining cash needs, some of the troubled bank's branches could be sold.

Arthur T. Roth, former chief of Franklin, suggests that the bank's directors could also help by purchasing Franklin stock at $25 per share. There is now in registration a rights offering targeted to raise $50 million. Not until the revised first-quarter earnings report is published, however, can the registration get off the ground. That announcement is expected during the coming week.

The earnings restatement is expected to show sharp loss instead of the slim previously reported before-tax $580,000 profit. It will reflect the recently uncovered unauthorized foreign exchange losses of up to $39 million and other losses.

Franklin's deposit drain and borrowings from the Federal Reserve slowed considerably last week.

SYSTECH FINANCIAL CORPORATION a subsidiary of DILLINGHAM CORPORATION
is expanding the selling group for

Systech Properties - 1974

7,000,000 — LIMITED PARTNERSHIP UNITS
minimum investment — $5,000

SYSTECH PROPERTIES—1974 is a limited partnership which presently owns and operates nine apartment complexes in Texas. Dillingham Corporation and its subsidiary, Systech Financial Corporation, are the General Partners. The Partnership has received a ruling from the Internal Revenue Service that, based on certain conditions, it will be classified for federal income tax purposes as a partnership. The principal objectives of the Partnership in making investments are as follows:

1. To obtain longer term capital appreciation.
2. To provide current tax sheltered cash distribution to Partners in the first several years.
3. To provide, in the initial year at least, investors with federal income tax deductions from their taxable income from other sources.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these Units. The offering is made only by a Prospectus; a copy of which may be obtained from Systech Real Estate Securities Corporation below. The anticipated closing date of the offering is July 31, 1974.

Any NASD member firms interested in participating please contact:

John L. West, Systech Real Estate Securities Corporation, 1990 No. California Blvd., Walnut Creek, California 94596, Telephone (415- 937-1900 or (800) 227-0470 outside California.

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Federal Reserve Bank of St. Louis

New Issue

May 31, 1974

# $103,000,000

# New York State Housing Finance Agency

## State University Construction Bonds, 1974 Series A

Dated June 1, 1974

Due May 1 and November 1, as described below

Principal and semi-annual interest (November 1 and May 1) payable at the principal office of The Chase Manhattan Bank, N.A., in New York City or at the Harris Trust and Savings Bank in Chicago, Illinois, or at the Mellon Bank, N.A., in Pittsburgh, Pennsylvania, or at the United California Bank in Los Angeles, California.

First National City Bank, *Trustee*

Morgan Guaranty Trust Company of New York, *Depository*

**In the opinion of bond counsel for the Agency, the interest from these Bonds is exempt under existing law from Federal, New York State and New York City income taxes.**

Legal investments, in New York State, pursuant to the New York State Housing Finance Agency Act, for the persons, public bodies, institutions, insurance companies and fiduciaries as set forth in the Official Statement.

Authorized, in New York State, under the applicable provisions of the State Finahce Law, for deposit with the State Comptroller to secure deposits of State monies in banks, trust companies and industrial banks, and to secure the release of amounts retained from payments to contractors performing work for the State or for any State department or official.

The Agency has no taxing power. The Bonds of the Agency are not a debt of the State and the State is not liable on such Bonds.

Eligible for purchase and unlimited holding by national banks.

### OFFERING SCALE

($5,000 denominations)

| Amount | Due | Rates | Yield | Amount | Due* | Rates | Yield or Price | Amount | Due* | Rates | Yield or Price |
|---|---|---|---|---|---|---|---|---|---|---|---|
| $ 470,000 | May 1, 1975 | 8¼% | 6.00% | $1,060,000 | May 1, 1985 | 8¼% | 6.15% | $2,095,000 | May 1, 1995 | 6.60% | 6.65% |
| 495,000 | Nov. 1, 1975 | 8¼ | 6.00 | 1,105,000 | Nov. 1, 1985 | 8¼ | 6.15 | 2,160,000 | Nov. 1, 1995 | 6.60 | 6.65 |
| 510,000 | May 1, 1976 | 8¼ | 6.00 | 1,145,000 | May 1, 1986 | 7¼ | 6.20 | 2,235,000 | May 1, 1996 | 6.70 | @ 100 |
| 530,000 | Nov. 1, 1976 | 8¼ | 6.00 | 1,195,000 | Nov. 1, 1986 | 7¼ | 6.20 | 2,310,000 | Nov. 1, 1996 | 6.70 | @ 100 |
| 555,000 | May 1, 1977 | 8¼ | 6.00 | 1,235,000 | May 1, 1987 | 7¼ | 6.25 | 2,390,000 | May 1, 1997 | 6¾ | @ 100 |
| 580,000 | Nov. 1, 1977 | 8¼ | 6.00 | 1,285,000 | Nov. 1, 1987 | 7¼ | 6.25 | 2,465,000 | Nov. 1, 1997 | 6¾ | @ 100 |
| 600,000 | May 1, 1978 | 8¼ | 6.05 | 1,330,000 | May 1, 1988 | 7¼ | 6.30 | 2,550,000 | May 1, 1998 | 6.80 | @ 100 |
| 625,000 | Nov. 1, 1978 | 8¼ | 6.05 | 1,380,000 | Nov. 1, 1988 | 7¼ | 6.30* | 2,640,000 | Nov. 1, 1998 | 6.80 | @ 100 |
| 655,000 | May 1, 1979 | 8¼ | 6.05 | 1,430,000 | May 1, 1989 | 6.40 | 6.35 | 2,730,000 | May 1, 1999 | 6.80 | 6.85% |
| 675,000 | Nov. 1, 1979 | 8¼ | 6.05 | 1,470,000 | Nov. 1, 1989 | 6.40 | 6.35 | 2,820,000 | Nov. 1, 1999 | 6.80 | 6.85 |
| 710,000 | May 1, 1980 | 8¼ | 6.05 | 1,525,000 | May 1, 1990 | 6.40 | @ 100 | 2,915,000 | May 1, 2000 | 6¾ | @ 100 |
| 735,000 | Nov. 1, 1980 | 8¼ | 6.05 | 1,570,000 | Nov. 1, 1990 | 6.40 | @ 100 | 3,015,000 | Nov. 1, 2000 | 6¾ | @ 100 |
| 765,000 | May 1, 1981 | 8¼ | 6.10 | 1,620,000 | May 1, 1991 | 6½ | 6.45% | 3,120,000 | May 1, 2001 | 6¾ | @ 100 |
| 800,000 | Nov. 1, 1981 | 8¼ | 6.10 | 1,670,000 | Nov. 1, 1991 | 6½ | 6.45 | 3,230,000 | Nov. 1, 2001 | 6¾ | @ 100 |
| 830,000 | May 1, 1982 | 8¼ | 6.10 | 1,730,000 | May 1, 1992 | 6½ | @ 100 | 3,335,000 | May 1, 2002 | 6¾ | @ 100 |
| 865,000 | Nov. 1, 1982 | 8¼ | 6.10 | 1,780,000 | Nov. 1, 1992 | 6½ | @ 100 | 3,455,000 | Nov. 1, 2002 | 6¾ | @ 100 |
| 900,000 | May 1, 1983 | 8¼ | 6.10 | 1,840,000 | May 1, 1993 | 6½ | 6.55% | 3,570,000 | May 1, 2003 | 6¾ | @ 100 |
| 940,000 | Nov. 1, 1983 | 8¼ | 6.10 | 1,905,000 | Nov. 1, 1993 | 6½ | 6.55 | 3,695,000 | Nov. 1, 2003 | 6¾ | @ 100 |
| 975,000 | May 1, 1984 | 8¼ | 6.10 | 1,960,000 | May 1, 1994 | 6.60 | @ 100 | 3,820,000 | May 1, 2004 | 6¾ | @ 100 |
| 1,015,000 | Nov. 1, 1984 | 8¼ | 6.10 | 2,030,000 | Nov. 1, 1994 | 6.60 | @ 100 | 3,955,000 | Nov. 1, 2004 | 6¾ | @ 100 |

(Accrued interest to be added)

*Bonds due May 1, 1985 and thereafter are callable beginning November 1, 1984 at varying premiums.

*Descriptive Official Statement available on request includes full information on Redemption Provisions.*

*These Bonds are offered when, as and if issued and received by the underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Messrs. Mudge Rose Guthrie & Alexander, bond counsel to the Agency.*

The Chase Manhattan Bank, N.A.

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THE Commercial and Financial CHRONICLE

• Commentary
• Editorials
• Opinion

# A free gold market

A free gold market in the U.S. is long overdue. Its absence has been an anachronism since 1968 when gold reserves were removed as specific backing for Federal Reserve liabilities.

Actually, there was no more reason then there has been in the past 40 years not to allow the unlicensed private sale, purchase and dealings in gold. Its monetary function domestically was stripped in 1933.

The Senate's vote on May 29 calling for a free gold market by September 1 is an attempt to accelerate the foot-dragging in that direction. The President can, under Public Law 93-110, passed last September 21, authorize the move anytime, at his discretion.

The Treasury, however, prefers that no action be taken until an internationally agreed upon position is reached regarding this commodity. This is not a reason to delay restoration of a free gold market. International monetary reform discussion can safely ignore the absence or the existence of a free gold market in New York City.

# Utilities need a break

The Chronicle has said in the past that privately owned utilities need a break to make them competitive with government-run facilities (such as TVA). Evidently the utilities think so, too, and are currently seeking a broader interpretation from the IRS as to what constitutes pollution control facilities in nuclear plants.

Since the IRS has previously ruled that tax exempt bonds can be used to finance pollution controls for utilities, a broader interpretation of this ruling could encompass a large portion of nuclear plant construction. As much as a minimum of 15 per cent of all nuclear construction costs and a maximum of such building could be financed through tax exempt bonds.

Although the IRS is reluctant to shield huge sums from taxes, nonetheless it is aware of the industry's problems and will conduct field trips to nuclear facilities in order to determine the extent of pollution control necessary in this area, as well as the cost of those controls.

With the exception of the actual reactor, it is possible to interpret almost all of a nuclear plant's housing as aimed at such controls. Of the $755 million tax-exempt pollution bonds issued by utitlities in 1973, only $73 million were slated for nuclear plants. But as a foot in the door, it is a hopeful beginning.

# The specialist on trial

Specialists have in the past been subjected to inquiries but the current hearings now under way by the Securities and Exchange Commission are, in effect, an exhaustive inquisition.

The SEC hearings which started last May 29 on intra-member commission rates delve into the functions and the cost justification of floor brokers and specialists.

Someone besides the exchanges needs to evaluate the claims advanced for the existence of specialists, especially the claim that the entire auction market system would collapse if the floor broker and the specialist were subjected to negotiated rates and, as a consequence, found it too uneconomical to operate, forcing them into limbo.

One large member firm has already indicated that sans any independent floor brokers, it would either resign its membership or establish its own captive floor brokerage operation. The chances are it would, if it had to, opt for the latter choice.

What is most important is whether floor brokers and specialists perform roles so essential that their activities, let alone their costs, are justified. This hearing should provide the definitive answer.



Straight Talk

# Proxmire: neither 'friend' nor 'foe'

*By Christopher Elias*

There is a good reason for the commercial banks to worry over Senator Proxmire taking the chairmanship of the Senate Banking Committee. Not that Proxmire is a foe of banks. Neither, however, is he in the pocket of the banks. He would not, as Senator Sparkman has done in his role as chairman of the Senate Banking Committee, block and delay bank-related legislation merely because the banks were against that legislation. But neither would he hobble the banks for the sake of the hobbling.

Proxmire gained a reputation as a consumer advocate when he put across the Truth in Lending Act, but this hardly made him an ardent foe of banks, as suggested by his role in passage of the Bank Holding Amendments of 1970.

The amendments became landmark law that turned back the banks in their march toward concentration. They had their beginning in Wright Patman, chairman of the House Banking and Currency Committee. Simply put, the problem was that many a bank executive, through the one-bank holding device, was dreaming of and acting to absorb a great variety of business having little or nothing to do with banking.

There was nothing inconsistent about this, incidentally, since bankers for many a year have regarded themselves more as businessmen than bankers. Still, the attitude soared practically everyone outside banking, for who could compete against banks and all that money.

Patman's restrictions were tough ones when the amendments were first proposed in 1968. Over in the Senate, Proxmire pondered, then proposed a bill (S. 1052) that would have restrained the banks temporarily and only until a presidential committee could be created to study the role of one-bank holding companies in the economy.

It was just what the bank lobbyists wanted, a proposal that would give them time, especially one from a leading Senator with knowledge of finance. Everyone in banking endorsed the bill. One of banking's leading consultants, Washington-based Carter Golembe, said the Proxmire proposal was "the only intelligent choice." The Patman legislation "reeked."

Obviously Proxmire was no foe.

In fact, it would be a poor assessment for anyone to regard Proxmire as a foe, since the image of a negatively single-minded legislator with an allegiance to anything but his own principles vastly underrates him.

Proxmire has a fertile mind, which, when applied to a problem and to legislation after he has reached a conclusion can produce ideas devastatingly effective.

For example, it was in 1963 that the Supreme Court determined that banks, like everyone else, were subject to the antitrust laws after the banks had maintained for years they were not. The banks' reasoning was that since they were regulated they were under the exclusive jurisdiction of the regulators, and were therefore immune.

All the while they were conferring this immunity on themselves, the banks were merging with each other on a scale that was producing concentration in banking and fewer services for customers.

To nullify the Court's decision and thus make their past mergers legal, the banks persuaded Sen. Willis Robertson, chairman of the Senate Banking Committee at the time, to introduce legislation that would exempt all past bank mergers from prosecution under the antitrust laws. What made the Justice Department see red was that major banks had agreed to divest if the Court's decision went against them, as it did. The salt in the Justice Department wound was its own agreement to stop bringing antitrust suits until the Court ruled.

In Congress, at least four Senators, among them Proxmire, got angry enough over this series of events to warn the banks and their regulatory agencies formally that "their acts will be closely scrutinized by Congress."

Proxmire added something else, however. It was a clause to the Robertson bill, the effect of which was not perceived by the banks (and everyone else) until it was too late.

Basically, the clause required the Justice Department to institute antitrust actions against bank mergers within thirty days, or forever hold its peace.

There were exceptions, such as the discovering of lies in statements, but the clause caused the then Attorney General, Nicholas B. Katzenbach, to say it was the ultimate giveaway.

Not only would past mergers be forgiven but the Department would be hobbled in the future. Who could get a case together in thirty days? Even Robert Kennedy, a Senator at the time, and a former Attorney General, saw no need for the clause.

Sen. Philip A. Hart, a decided liberal to say the least, regarded the clause as a 30-day statute of limitations that gave the Attorney General the right "to confer perpetual immunity on bank mergers."

But there was no stopping action on the bill, which cleared the Senate Banking Committee in a few days and the Senate itself in three days after only ten hours of debate. Katzenbach was not even given time to prepare testimony.

In the House, pressures on the House Banking Committee were enormous. A majority of the House Committee introduced the Senate bill intact, not the chairman of the committee, Wright Patman, who was opposed to it.

Patman held filibuster hearings, inviting in Robert Kennedy, Hart, and finally Proxmire, who was clearly annoyed at this point, and in ABC language explained the clause. It was at this point that many a legislator understood the meaning of the amendment for the first time.

" 'My' amendment," he said, "would give the Justice Department time to start a suit," Then, Proxmire explained, with a suit under way, a merger could not be

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# Market view

## How different investments fare during inflationary cycles

By Howard E. Hallengren

(EDITOR's NOTE: Howard E. Hallengren is Vice President and Manager, Investment Staff, The First National Bank of Chicago)

If investment returns in the stock market had been disappointing just for the last couple of years, there would not, perhaps, be as much cause for concern. However, this is not, in fact, the case, since 1974 represents a rather melancholy anniversary. In just a few weeks, we will be celebrating the tenth anniversary of the date on which the Dow Jones Industrial Average first hit 850.

It hardly seems possible to believe the Dow Jones average is actually no higher today than it was back in the early summer of 1964.

So that a stock market investor who had done no better than the Dow average during the past decade would have received only a dividend return — a return which averaged 3.6 per cent during this period.

Now some of my associates argue that I am being unduly harsh in ascribing such a low return to equity investments during the past ten years, since they point out that the Standard and Poor's 500 index showed a compound annualized rate of return of 5.4 per cent over the past decade, assuming reinvestment of dividends each year.

They also say that using this same basis of calculation, the Dow's compound return would be increased to slightly over 4 per cent. These returns look fairly good, I suppose, when compared against the return which would have been earned from long-term corporate bonds bought ten years ago, where the principal depreciation has offset enough of the income to bring the total return down to only 1.8 per cent.

But what seems to me to be really embarrassing to the investment profession, is the fact that if an investor had merely bought 90-day Treasury Bills back in the spring of 1964, and kept rolling them over ever since, his return of 5.2 per cent would have been almost as good as the Standard and Poor's 500 return, and clearly better than that of the Dow. And if an investor had been no more venturesome than to buy short-term commercial paper for the past ten years, he would have done the best of all, earning a compound return of 5.9 per cent.

These results are accentuated when we look at just the last five years, when the compound annualized return from the Dow was only 1.7 per cent, and from the S & P 500 2.8 per cent, while Treasury bills had a 5.8 per cent rate of return, and short-term commercial paper showed a return of 6.8 per cent.

### Risk and reward

I am sure every business school in this country has taught in its economics and investment courses, as a basic and fundamental principle, that there was a relationship between risk and reward, and that the returns from investments in common stocks were, over long periods of time, superior to returns from bonds, and particularly from risk-free Treasury bills.

So it seems to me that almost everyone I know in the investment community has been brought up with a strong bias in favor of equity investment, assuming that equities would provide our customers with the best returns.

But the relatively poor returns from equity investment over such a protracted period of time, ten years, must, of necessity, call this "love affair" into question.

Therefore, we have spent a great deal of time in recent months in the Investment Division of The First National Bank going back to the drawing board and re-examining whether we should continue placing primary emphasis upon common stocks in the investment of the accounts we manage.

### Everything else up

First of all, look back and examine some of the most apparent quantitative differences between 1964 and the present.

Since 1964, gross national product has increased by over 100 per cent, from $632 billion to $1,289 billion. Even eliminating the effects of inflation, there has been a growth in so-called real gross national product of slightly over 44 per cent from 1964 through 1973.

Pre-tax corporate profits have also grown sharply during this period, rising by over 89 per cent.

The Dow Jones average has shown a similar pattern, with earnings on the Dow rising by 86 per cent between 1964 and 1973.

But, there has been no progress whatsoever in the Dow average during this period, so that price-earnings ratios have fallen sharply during the past decade. When the market reached 850 in 1964, the p-e ratio at that time exceeded 19, while today the Dow is selling under ten times last year's earnings, with every indication, incidentally, that this year's earnings will be at least as good as 1973. I am sure that there have been a great many reasons for this erosion of confidence in the stock market. Controls, shortages, Watergate, war, and threats of war are a few. But the most important factor affecting the stock market today is our almost unprecedented experience with inflation. Our rate of inflation has leaped ahead, rising from an annualized rate of 1.4 per cent in the first quarter of 1964, to 10.8 per cent in the first quarter of 1974. This astronomical rise in the rate of inflation, combined with the extraordinarily poor rates of return earned from stocks during this past decade, has led us to ask ourselves two very basic and fundamental questions: In an inflationary environment, are common stocks still a competitive investment vehicle? And, can common stocks still be considered a hedge against inflation?

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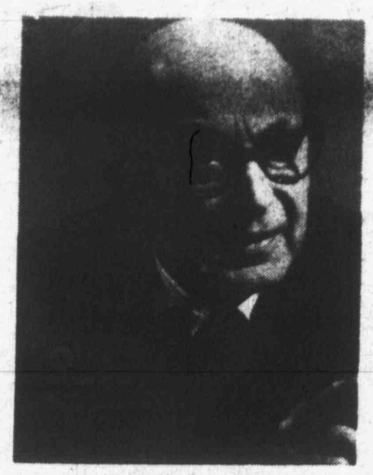
# Opinion



Eliot Janeway

## Corporate earnings rise as stocks sink

Earnings is a show-horse word in the stock market sweepstakes. It never seems to work out, however, as the pay-off word.

The stock market history of 1973 provided the clearest possible case history of how the stock market would work if it ran, as advertised, on the simple earnings standard — rising and falling with earnings

The corporate performance reported last year surpassed the fondest expectations of managements and analysts alike. Earnings went through the roof. If stock prices really do follow where corporate earnings lead, new highs for the entire breadth of the big board list would have been as sure as cash in the bank.

Instead, more stocks fell clear through the floor than found support. None of consequence worked into new high ground and stayed there. A few of the very best stocks brought cold comfort to their most ardent supporters by holding steady. The trade-off in every such case for quotes that stayed up was volume that dried up. The price paid for looking good by avoiding losses was to look bad by losing time in getting out.

The riddle of corporate earnings going up while stock prices are going down is no financial version of the sphinx. Remembering that the market game is a money game is the way to see past the confusion into the actual market mechanism.

The way to begin playing the stock market as a money game is to learn not to trust earnings to determine pricing. Earnings are presented as if they carried a dollar tag. All they represent, however, is an opinion some anonymous team of accountants will venture on developments and dealings which may still be up in the air or subject to drastic reversal. On reflection, earnings invite scrutiny for the words that make sense in the auditors certificate behind the dollars displayed in the showcase.

Dividends are the pay-off standard for determining the level to which stock prices are likely to gravitate. They measure the hard cash pay-out to stockholders. Stock dividends do not count. Declaring them is an admission that the earnings reported behind them are not close to cash, hence not supportable for stock valuing purposes as cash equivalents.

Pricing stocks on the standard sets clear and definite guidelines for anticipating when and why the stock price trend will be up and when it will be down. Any time the cost of money is cheap, low dividend rates will support high stock prices. Every time the cost of money is exorbitant, high dividend rates will provide no protection against low stock prices.

The resolution of 1974's argument over recession versus inflation is reconfirming the case for dividends over earnings as the determinant of the stock price trend. Recessionary symptoms are fading. They were limited to consumer spending; and it is now catching up with business spending, which boomed right through the oil crisis and would be booming even more if not for bottlenecks delaying deliveries. Even the big cars derided as gas guzzlers are coming back by consumer preference over the enclosed motorcycles known as compacts.

Simultaneously, inflationary pressures are in a new surge. Interest rates pronounce the reliable and continuous judgment of the marketplace on the rate of inflation. Their relentless push into two-digit territory leaves no doubt that the same old inflation is still raging and that the new recession feared is again receding.

The decisive victory of recovery over recession is presenting the stock market with a clear choice. Unfortunately, it is not a simple one. The even more decisive victory of inflation over recovery is complicating it.

But not for the stock market. It's decision is decisive and revealing. Confronted with the assurance that earnings, supported by sales, will invite it upward, and by the evidence that interest rates are pushing it downward, it is refusing to expand; and it is continuing to erode. It is shrugging off promises of renewed prosperity. Threats of renewed credit crunch are shivering its timbers.

Conventional stock market thinking is being thrown for an admitted loss by this consistent refusal of stock prices to respond to the stimulus of better business news and great earnings reports. Conventional stock market thinkers are being driven to project vistas longer than ever as their rationale for rallying the shattered remnants of the bullish bridgade. One well known die-hard at the gone game of earnings guesstimating, Peter Bernstein, proprietor of a well-known stock exchange member firm, has gone so far as to project a steady annual rate of increase for corporate earnings.

Media General, the financial weekly, quotes him as correlating a 5 per cent average increment between now and 1979 with a level of 1200 for the Dow Jones industrial average by then.

It is a wasted exercise. As the evidence of market performance is making painfully clear, even more exuberant and sustained earnings performance will not lead stock prices uphill against rising interest rates reflecting unchecked inflation. But no such great expectations for corporate performance need be kindled to support even higher highs for the stock market. Beating back inflation, and rolling back interest rates as an extra dividend on the achievement will be enough. My retort to the promises of 1200 on the Dow, if earnings rise, is to sight 2000 when interest rates fall.

Doing business with Russia is a fiercely controversial issue in America today. The argument over whether or not to make a serious try at a deal likely to stick has taken on moral overtones and is dramatizing role reversals.

Nixon's switch of stance towards the Soviets has not been unique. Business interests, which might be expected to be suspicious to the point of hostility, are all for signing up with the Russians before sitting down to negotiate with them.

From the outset of the argument, the terms of trade have struck me as more relevant than the rhetoric wrapped around it. Any agenda of the business America will be getting on with once Nixon is out and Ford in will be topped by the pragmatics of hammering out a formula that spreads the

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# Bonds

## Price retreat follows Fed chairman's comments

All sectors of the bond markets were pounded heavily in the early part of the holiday-shortened week, as dealers and traders on Tuesday moved in swift response to Federal Reserve Board Chairman Arthur Burns' bearish comments on the previous Sunday, concerning the Fed's determination to enforce its tight-money, anti-inflation policy.

In the U.S. Government market, intermediate and long-term coupon issues fell by as much as a point and a quarter, before a rally set in Wednesday afternoon and continued through Thursday to erase about half of the early losses. The corporate market dropped about a point, but recouped a quarter on Thursday. As for tax-exempts, seasoned issues in the 20-year range plunged in price to raise yields from 20 to 25 basis points, and dollar bonds fell by 1½ to 2 points throughout the 1st.

All this was in the face of a heavy calendar of issues that saw over-all money requisitions for about $2.5 billion by corporate, tax-exempt, and U.S. Agency issuers.

### Fannie Maes market

In the U.S. Agency market, the Federal National Mortgage Association offered on Wednesday three issues of debentures totaling $1.5 billion. Issues of $500 million, due 1976, and $650 million, due 1978, were couponed at 8.45 per cent; and an issue of $350 million, due 1980, was pegged as 8½s. All debentures were priced at par, with strong demand reported for all maturities. The financing comprised $750 million for the refunding of two issues coming due June 10, and $750 million in new money.

The Federal Home Loan Banks raised $100 million on discount notes last Wednesday, posting an 8.80 per cent rate on 30 to 59-day paper, and an 8.75 per cent discount on 180 to 270-day maturities. The notes sold out swiftly.

Rates on new Treasury bills declined in all series last week, with three month paper selling at an average rate of 7.983 per cent, compared to 8.197 the previous week; and six-month bills dropping to 8.205 per cent from the former week's 8.440 per cent. Because of the Memorial Day holiday last Monday, the auction was held the previous Friday. The one-year bills, at regular monthly auction last Wednesday, traded at an average tender rate of 8.248 per cent, down from 8.241 per cent in April.

### Heavy corporate week

Five borrowers in the corporate bond market last week raised $625 million on six new issues of long and intermediate term securities. Reception ranged from excellent to poor.

On Thursday, Philip Morris, Inc. sold through negotiation to a syndicate managed by Lehman Brothers, Goldman, Sachs and Kuhn, Loeb $125 million 30-year debentures and $75 million eight-year notes. The group re-offered the 8⅞ per cent debentures at 99⅜ to yield 8.93 per cent. The notes were reoffered at 8.85s at par. Both issues received a good initial reception. Both are rated single A by Standard & Poor's.

F. W. Woolworth Company on Thursday sold $125 million of A-rated debentures through negotiation to a group led by Goldman, Sachs and Kidder Peabody. The 25-year debentures were tagged with a 9 per cent coupon and reoffered at 99¼ to yield 9.08 per cent.

A group headed by Morgan, Stanley purchased through negotiation on Wednesday $100 million General Electric Credit Corp. notes, due June 1, 1982. Rated A by Moody's Investors service, the notes were priced at 8⅞s at par, and were traded down

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## *Issues offered this week*

| Issues | Amt. (000,000) | Coupon Per cent | Maturity | Offering Date | Price | Moodys Rating | Yield Per cent |
|---|---|---|---|---|---|---|---|
| Chesa. & Pot. | $100,000,000 | 8⅞ | 6-1-09 | 5-29 | 99.20 | AAA | 8.95 |
| G.E. Credit | $100,000,000 | 8⅞ | 6-1-82 | 5-29 | 100 | Aa | 8⅞ |
| Ohio Pwr. | $100,000,000 | 10⅞ | '82 | 5-28 | 100.67 | Aa | 10 |
| Philip Morris | $150,000,000 | 8⅞ | '04 | 5-30 | 99.375 | A | 8.935 |
| Philip Morris | $50,000,000 | 8.85 | '82 | 5-30 | 100 | A | 8.85 |
| Woolworth | $125,000,000 | 9 | 1-1-99 | 5-29 | 99.25 | A | 9.08 |
| **Federal Agencies** | | | | | | | |
| FNMA | $650,000,000 | 8.45 | 3-10-78 | 5-28 | 100 | AAA | 8.45 |
| FNMA | $500,000,000 | 8.45 | 12-10-76 | 5-28 | 100 | AAA | 8.45 |
| FNMA | $350,000,000 | 8.50 | 6-10-80 | 5-28 | 100 | AAA | 8.50 |

**Municipals**

| Issues | Amt. (000,000) | Maturity Range | Offering Date | Moodys Ratings | N.I.C. | Reoffering Scale |
|---|---|---|---|---|---|---|
| California | $75,000,000 | 75-94 | 5-28 | AAA | 5.411 | 5.00-5.50 |
| Harris Cou. TX | $29,000,000 | 75-94 | 5-29 | Aa | 5.467 | 5.00-6.15 |
| Mass. Bay TA | $75,000,000 | 75-14 | 5-29 | Aa | 6.309 | 5.25-6.75 |
| N.Y.S. H.F.A. | $103,000,000 | 75-04 | 5-30 | Aa | 6.686 | 6.00-6.875 |
| Pt. of Houston | $15,000,000 | 75-94 | 5-29 | Aa | 5.495 | 5.00-6.15 |

# The Markets

## Intel founder-president, others take huge profits in letter stock sales

Restricted stock shareholders of Intel Corp., a California semi conductor producer, continue to take profits on their holdings by selling large blocks of these securities. The sales come at a time when industry analysts are predicting a decline in the industry's growth rate.

According to filings with the Securities and Exchange Commission 29,480 restricted shares of Intel stock were sold last month for $2,317,800. Sellers include top insiders.

These letter stock sales were reported:

—Robert N. Noyce, president and a founder of Intel, sold 10,000 common at $790,000 on May 16 through Stern, Frank, Meyer & Fox. The stock was acquired in 1968 when the company was founded.

—Arthur Rock, chairman of the board, sold 2,000 shares for $148,000 on May 14 through Herzfeld & Stern. These shares were acquired in 1968.

—Melvin G. Hart sold 1,314 shares at $80,000 on May 20 through Bache & Co. Inc. The shares were acquired in December 1970 from the company and in April 1974 as the result of a stock dividend.

—Eugene Kleiner sold 27,275 shares for $523,000 on May 2 through Robertson, Colman, Siebel & Weisel. The shares were acquired in 1968 from the company.

—Andrew S. Grove, a vice president, sold 5,000 shares through Dean Witter & Co. Inc. The shares were acquired in 1968 from the company. A sale date was not given. An additional 3,891 shares were sold on May 8 for $276,000 through Merrill Lynch, Pierce, Fenner & Smith. These shares were acquired in 1970 from the company. In both cases, Grove and his wife Eva acted as cotrustees for the Andrew S. Grove and Eva K. Grove Living Trust, established June 4, 1970.

Both Noye and Grove had reported disposing of large blocks of Intel stock in the past. Noyce, for example, cashed in 10,000 shares for $1 million last February, shortly after the stock peaked at 107.

Intel's sales and earnings tripled from 1971 to 1972 and again in 1973.

In early March the company produced a capital increase that was approved by shareholders at the company's April 11 annual meeting. The vote increased the number of authorized common shares from 10 million to 20 million and effected a three for two stock split.

Last fall, company officials acknowledged that when demand slows down in 1974 there would be no way for the company to maintain consistent earnings growth.

Intel also has an abnormally high level of profitability as the result of holding prices on proprietary products while other

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# Stocks

## Investors' eyes focus on three 'i's' as liquidity continues to erode

As most investors continue to sit on the stock market's sidelines collecting 11 per cent on certificates of deposit, their eyes are focused on the three "i's" — interest rates, inflation and impeachment.

Investors have been hoping for a resolution of these three factors that helped push the Dow Jones blue chip index below 800 last week for the first time since it hit 788 last December 3.

While investsors were hopeful for a second straight week of declining loan demand, figures released showed just the opposite. However, market observers, such as Larry Wachtel, vice president of Bache & Co., feel that interest rates are cresting.

Wachtel also feels that inflation is subsiding and points to lower commodity prices in recent weeks. Treasury Secretary William Simon told the Senate Appropriations Committee last Thursday that he expects reductions in the price of food and fuel to bring the U.S. inflation rate to about 7.5 per cent on an annual basis by the end of the year.

Impeachment, however, continues as an uncertainty that may not be resolved until August. As the House judiciary committee issued a new subpoena for White House tapes, the White House asked the Supreme Court to delay its decision on the tape question. By August the committee will have voted to impeach the President or enough pressure will be brought upon him to resign. In whatever way this is cleared, it will result in the removal of an uncertainty. However, some downward adjustment may have to be made if the market does not discount a possible impeachment trial in the Senate.

What has all this led to? A tremendous lack of liquidity for stocks, most evident last Wednesday when Polaroid dropped more than 12 points last Wednesday on a report by White Weld that SX-70 sales were poor. In recent weeks this lack of liquidity was evident in huge drops in the price of stocks such as Combustion Engineering, Research-Cottrell, Con Edison and Franklin New York Corp.

Michael Hirsch, research director of Amivest Corp., who specializes in the study of liquidity, notes that the "drops have been super drastic." He says that the trend, which resulted in a 21 per cent erosion of the Dow in April is continuing and that there's been a steady erosion of leading issues as well as the bulk of the market. Leading issues were not affected by a lack of liquidity last year.

This lack of liquidity is due to the absence of institutional money and the small investor too, but Hirsch says, the key factor is interest rates. He adds his firm's discretionary accounts have a minimum of 75 per cent cash.

He adds: "The Dow could lose 200 points with the blink of an eyelash."

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**In Washington**

# Utilities look for tax break

*By John Nash*

Investor owned utility companies, financially plagued of late, may be able to reduce their interest cost through the issuance of tax exempt municipal bonds, if the IRS concurs.

The utilities are seeking an interpretation from the IRS which would permit them to finance portions of their nuclear facilities under a current IRS rule that allows industry to construct air and water pollution abatement facilities through tax exempt pollution bonds.

Municipally owned utilities and a few private utilities have, for some time, been issuing tax exempt pollution bonds to finance portions of new facilities and to upgrade old ones. Some of these are nuclear plants. In 1973, tax exempt pollution control financing by utilities was in excess of $755 million, according to date contained in a recently released bond Buyer's Statistical publication.

Two issues in particular were slated for nuclear facilities: one, for $64 million, from the Baltimore Gas & Electric Co., was for the construction of pollution control facilities at its Calvert Cliffs Nuclear plant. Another issue, for $9 million, was for Connecticut Yankee Atomic Power.

The Edison Electric Institute, a trade association representing investor owned utilities, is seeking the broadened interpretation.

Raymond Dacek, a tax lawyer for Cleveland Electric Illuminating Co. and chairman of the Edison Electric's tax committee, believes that facilities to control radiation or radioactive waste definitely fall under the air and water pollution exemption.

However, Charles Harmon, vice president in the municipal department of Goldman Sachs, one of the leading underwriters of bonds for pollution control facilities, says that the utilities' request for broadening the interpretation of what constitutes a pollution control facility is "not new."

## Past interpretation

Harmon claims that in the past, the IRS was very broadminded in its interpretattion. "But," he says, "now, items that were previously cleared by the IRS as pollution control facilities, all of a sudden are being questioned by the service." Harmon is of the opinion that, with the wave of nuclear plants coming under construction in the near future, the IRS is concerned with losing revenues as the result of the huge volume of tax-exempt bonds that will be coming to market.

"As you know," he said, "the IRS has never been predisposed to tax-exempt financing. It is also concerned that pollution control issues for expensive nuclear plants will overburden the tax-exempt bond market."

"What it is overlooking is the relief that tax-exempt issues can give the severely burdened corporate utility market." The issue, according to Harmon, is that, in the eyes of the IRS, pollution was defined as chemical and sanitary waste and thermal pollution. Harmon says that with the increase in the number of nuclear facilities, radiation waste will become a real factor. "There can be no question," he adds, "That radiation waste is a pollutant and as such meets current pollution control criteria."

Additionally, nuclear plants produce a great amount of thermal waste, which is often pumped into nearby waterways producing problems affecting the fishing industry and the bacterial count in the water.

Dacek, as representative of the industry group says: "The brick and mortar that houses the support systems for external and internal pollution control, including cooling cores and monitoring devices, are the only parts of nuclear plants for which the utilities are seeking tax-exempt financing. No one should misconstrue that we are seeking total financing of a nuclear facility through the vehicle of tax-exempt bonds.

Harmon estimates that the overall cost of a particular nuclear facility can range from $200 million to $800 million, with pollution control representing approximately 15 per cent of the total cost involved. That figure, 15 per cent, is somewhat questionable. A Blyth, Eastman Dillon analyst suggest 25 per cent is more realistic.

According to Dr. Deslonde De Boisblanc of Ebasco Services Inc., nuclear engineers, the portion of a nuclear plant that be considered as containment and treatment for all forms of waste is in the neighborhood of 20 per cent of the cost of the plant. This would include radioactive material containment of cleaning of any effluent; containment vessels over the reactor; cooling barns, canals, or towers to handle thermal pollution. as well as the piping and conduit system required therein.

Dacek says that compared with the cost of corporate borrowing, now runnig at a rate of 10 per cent for mortgage issues, the savings under a tax-exempt issue could easily be three or more percentage points.

## Savings

"Depending on the size of the issue," says Dacek, "we are talking about millions of dollars in savings on a yearly basis. On a $100 million issue we could possibly save $3 million in interest cost. Over a 20 year period this represents $60 million" Dacek claims that this savings would be passed on to consumers and in turn, to investors in utility issues by virtue of companies becoming more profitable.

A spokesman for the IRS's department of engineering says, the purpose of the recent meeting with the Edison group was to become more knowledgeable with respect to nuclear facilities. He added that the IRS probably would not issue any ruling until fall.

Furthermore, several field trips to nuclear plants will be undertaken by the IRS in order to determine what areas would qualify for exemption under the present code.

The American Public Power Association, which is the municipal utility lobby, is opposed to the use of tax-exemt financing by investor owned utilities. The association says that the facilities sought by the companies are not related to pollution control.

The main concern of the municipal utilities appears to be the threat of additional competition for tax-exempt dollars.

# Market Letters Digest

**Babson's Investment & Barometer Letter** describes the position of the utility investor as "somewhat tenuous." Values have fallen and the prospects of near-term appreciation are considerably diminished.

The letter does not suggest a wholesale switch out of these issues. It appears unlikely that there will be any spate of dividend ommissions a la Con Ed and, in fact, there may be limited dividend increases. Utility bond and preferred payments also generally appear to be on a firm footing except possibly in rare instances. And so, Babson's maintains a hold position on the utility group for recovery over the long term.

Due to the wide range of problems facing the utility group and changing conditions within the industry, Babson's notes that it is difficult to accurately pinpoint those companies which will prosper in 1974.

The following is a group of companies with certain defensive characteristics which may enable them to maintain stability in a pressured industry in the year ahead. Their pluses are 1) reasonable equity financing requirements, 2) above-average fixed charge coverage, 3) adequate dividend coverage, and 4) common stock market price near or above book value.

They are: **Alleghany Power System; Atlantic City Electric; Carolina Power & Light; Central & South West (buy); Citizens Utilities (buy); Cleveland Electric Illuminating; Commonwealth Edison; Houston Lighting & Power; Interstate Power; Middle South Utilities; Pacific Gas & Electric; and Texas Utilities.**

Drawing its information from a report by the Stanford Research Institute, Piper, Jaffray & Hopwood's **Industry Purview** deals with the future of the **forest products** industry, and the future of the economy in the Pacific Northwest.

Depending on the changes in log export volume and federal timber harvest, the report says there are strong implications that the annual timber harvest in this area could drop by more than a third over the next 26-year period. This means that both public and private timber will become more valuable, and there is already a wild upturn in prices paid for Forest Service stumpage.

It also means, as the Stanford report has pointed out, that the prospects may be poor for an improved investment climate in lumber and plywood in the Pacific Northwest. In view of these trends, the report expects further pressure for an increase in federal timber sales, further pressure to change export policies, and a flight of investment dollars to other producing areas.

**The Dines Letter** urges all investors with holdings in **real estate investment trusts** to get out of these stocks. The letter says that the lack of liquidity which has "already sent other companies spinning" must be putting tremendous pressure on them. The REIT's have been borrowing heavily in the short-term market, but the astronomical rates "must be like thumbscrews" to them because they borrow short-term and lend it long-term.

Not only are short-term rates up, but the real estate situation is also deteriorating, says Dines. With the bond and stock market declining, with the land and real estate pictures degenerating daily, Dines claims that incredible strains are being put on the banking system.

The latest **L.F. Rothschild & Co.** market letter updates the author's coverage of the **trucking** industry. This industry appears to offer above average cyclical growth opportunities which, according to the letter, will result in annual earnings gains averaging 15-20 per cent for selected carriers over the next five years.

The long term investment outlook for the industry seems attractive because the larger companies in the field appear positioned to grow much more rapidly than the general economy and the competitive and regulatory environment is such that rapid gains in revenues should be translated into favorable earnings records.

The most highly recommended of the carriers is **Roadway Express**, which is now the largest general freight common carrier in the country . The company's compound rate of earnings growth from 1968 to 1973 exceed 28 per cent. Revenues in 1974 are expected to exceed $500 million.

**Yellow Freight** has achieved compound earnings in excess of 20 per cent during the period 1968 to 1973. Earnings growth rates for **McLean Trucking** and **Consolidated Freightways** were both in excess of 16 per cent for the past five years. Rothschild believes that the potential over the next five years is at least as great as the underlying trend over the past five years.

**T.A. Richardson's Research Review** says that as the sell-off of Canadian **mining** stocks progresses and share prices drop, those companies having relatively generous dividend payout policies are becoming increasingly attractive on a 'yield' basis.

There are about seven mining stocks which on the basis of 1973 dividend payments, would be yielding 10 per cent or better at recent prices: **Craigmont** (10.4 per cent); **Gibraltar** (10.8 per cent); **Liberian Iron** (14.4 per cent); **Madeleine** (13.3 per cent ); **Orchan** (10.2 per cent); **Pine Point** (10.6 per cent); and **Western Mines** (12.1 per cent).

Paine, Webber, Jackson & Curtis Inc.'s **Industry Review** says that the **drug** group has declined to the point where agressive accumulation of drug stocks should be initiated in long term growth accounts. The letter indicates that significant appreciation potential exists for more agressive accounts with shorter term view, i.e. six to twelve months.

In addition, Paine, Webber recommends that drug stocks be purchased with the objective of having in excess of eight per cent assets in the group.

Earnings for the drug group are estimated to increase 13.3 per cent in 1974 over the 1973 level, which is well above the long-term growth rate of 10 per cent.

Drug stocks are currently selling at 19.9 time estimated 1974 earnings. The average annual multiple range for the drug for the past 14 years has been 31.5 and 22.0 times. In addition, based on 1974 estimated earnings the group multiple is at about a 65 per cent premium to that of the Standard & Poor's 425.

The letter also says that the drug group is generally not yulnerable to weak economic conditions. The energy crisis and inflation have only a minimal impact on drug company earnings particularly in relation to other industries.

The letter favors **Upjohn; Syntex; and Schering-Plough** for new commitments in long term accounts. All three of these companies are considered to have the ability to show earnings growth of 20 per cent or better annually over the next several years.

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# Insider Trading

**EDITOR'S NOTE: With this edition the Chronicle expands its insider trading report tenfold and establishes itself as the newspaper of record for insider transactions.**

**Advanced Micro Devices Inc.** 2,000 common: - 500 At $14.75 and 1,500 at $14.50 - open market sales on April 19, 1974. Richard L. Stenger, vice president, facilities development.

**Affiliated Publications Inc.** 200 common at $8.00 - open market purchase on April 26, 1974. Robert Haydock Jr., director.

**Airwick Industries Inc.** 1,000 common at $6.625 - open market sale on April 8, 1974. Larry W. Graf, vice president and director.

**Alexander's Inc.** 12,000 common at from $6.50 to $6.75 - open market sales between April 18, 1974 and April 22, 1974, in four separate transactions of between 1,000 and 5,400 shares. Alexander Farkas, director and president.

**Alico Inc.** 2,675 common: 500 at $14.00 and 2,175 at $14.25 - open market purchases on March 22, 1974. Ben Hill Griffin Inc., beneficial owner of more than 10 per cent of the company's common stock.

**Allied Artists Pictures Corp.** 15,000 common at $3.00 - private purchase on April 18, 1974. Kalvex Inc., beneficial owner of more than 10 per cent of the company's preferred stock.

**American Air Filter Co. Inc.** 100 common at $12.375 - open market purchase on April 19, 1974. William C. Bauer, director.

**American Biomedical Corp.** 40,000 common at $1.75 - private purchase on April 27, 1974. Gifford K. Johnson, president and director.

**American Electric Power Co.** 400 common at $25.50 - open market sales on February 11, 1974, in two separate transactions one of 100 and one of 300 shares. Robert O. Whitman, treasurer.

**American Family Corp.** 2,078 common at $5.50 - open market sale on April 26, 1974. Walter F. Barton, senior vice president and agency director-west, of American Family life Assurance Co.

**American General Insurance Co.** 1,000 common at $13.75 - open market purchase on April 2, 1974; and 2,000 common: - 1,000 at $13.50 and 1,000 at $13.00 - open market purchases on April 8, 1974. Paul Mountcastle, director.

**American Quasar Petroleum Co.** 700 common: 200 at $11.75 and 500 at $11.875 - open market purchases on April 30, 1974. Bobby F. Abernathy, vice president.

**American Telecommunications Corp.** 2,975 common at from $8.25 to $8.75 - sales for cash between April 1, 1974 and April 15, 1974, in four separate transactions of between 475 and 1,000 shares. Robert V. Gibson, director and secretary.

**AMI Inc.** 100 common at $15.00 - private purchase on April 10, 1974; and 105 common at $15.00 - private purchase on April 10, 1974. Fred F. Porter Jr., controller.

**Apache Corp.** 200 common at $11.125 - open market purchase on April 25, 1974. Darrell J. Egertson, controller.

**Apexco Inc.** 500 common at $14.00 - open market purchase on April 23, 1974. John H. Black, vice president.

**Associated Spring Corp.** 700 common: 600 at $20¾ and 100 at $20⅝ - open market purchases on April 5, 1974. Juan M. Steta, director.

**Associated Truck Lines Inc.** 400 class A common at $10.375 - open market purchase on April 3, 1974; and 400 class A common at $10.00 - open market purchase on April 24, 1974. Henry Wynberg, regional vice president.

**Autotrol Corp.** 1,000 common at $13.00 - sale on May 7, 1974. Donn R. Dresselkhuys, executive vice president and director and secretary.

**Avon Products Inc.** 4,000 capital stock at from $42.75 to $44.375 - open market sales between April 25, 1974 and April 30, 1974, in seven separate transactions of between 200 and 1,700 shares. David W. Mitchell, president.

**Baltimore Business Forms Inc.** 500 common at $6.25 - purchase on April 16, 1974. Samuel Hopkins, director.

**Bates Manufacturing Co. Inc.** 300 $1 cumulative convertible preferred stock - series A: 100 at $17.75 and 200 at $18.00 - open market purchases on April 26, 1974. Philip S. Sassower, president and director.

**Beeline Fashions Inc.** 5,000 common at $4.03 - private sale on April 10, 1974. Beatrice F. Birginal, vice chairman of the board and director.

**Beneficial Standard Mortgage Investors** 100 common at $16.375 - open market purchase on April 25, 1974. James M. Andre, assistant secretary. 600 common at $17.25 - open market purchase on April 9, 1974; and 300 common at $15.875 - open market purchase on April 24, 1974. Howard G. Roecher, trustee.

**Binks Manufacturing Co.** 700 capital stock at from $14.25 to $14.75 - open market purchases between March 20, 1974 and May 1, 1974, in seven separate transactions of 100 shares each. Burke B. Roche, president and chief executive officer.

**Blue Bell Inc.** 200 common at $18.75 - open market sale on April 11, 1974; and 700 common at $17.00 - open market sale on April 19, 1974. James L. Williams, vice president - industrial relations.

**Borg-Warner Corp.** 500 common at $18.50 - open market purchase on May 8, 1974. James F. Bere, president and chief executive officer.

**Burgess Vibrocrafters Inc.** 100 common at $10.25 - open market purchase on April 24, 1974. Howard J. Stephansen, secretary.

**Buttes Gas & Oil Co.** 500 common at $21.625 - open market purchase on April 26, 1974. Robert H. Power, director.

**Cameron Financial Corp.** 2,000 common at $15.50 - open market purchases on March 25, 1974, in three separate transactions of 1,200 and two of 400 shares. John L. Crist Jr., director. 1,000 common at $16.50 - open market purchase on March 15, 1974; and 5,000 common at $14.00 - open market purchase on April 23, 1974. William M. Wren, director.

**Canal-Randolph Corp.** 1,500 common at $12.25 - open market purchase on March 8, 1974. Raymond Drench, president and director.

**Candadigua Enterprises Corp.** 2,000 common at $1.25 - open market purchase on April 22, 1974. Sportsystems Corp., beneficial owner of more than 10 per cent of company's common stock.

**Capital Cities Communications Inc.** 300 common at $34¾ - open market sale on April 11, 1974; and 200 common at $34⅝ - open market sale on April 19, 1974. John B. Fairchild, director and executive vice president.

**CB & T Bancshares Inc.** 100 common at $33.00 - open market purchase on April 24, 1974. J. Tom Morgan Jr., director.

**Cenvill Communities Inc.** 500 common at $8.50 - open market purchase on April 4, 1974. Sherman S. Galin, vice president.

**Centex Corp.** 5,000 common at $14.00 - open market sale on May 8, 1974. Paul Stoffel, director.

**Certain-Teed Products Corp.** 2,700 common at from $16.875 - 17.50 - open market purchases between April 1, 1974 and April 19, 1974, in eleven separate transactions of between 100 and 600 shares. Compagnie de Saint-Gobain-Pont-a-Mousson, beneficial owner of more than 10 per cent of the company's common stock.

**Champion Spark Plug Co.** 300 common at $13.125 - open market sale on April 12, 1974. Richard H. Crook, Jr., secretary.

**Chicago Milwaukee Corp.** 500 $5 prior preferred stock: 200 at $14.75 and 300 at $15.00 - open market purchases on May 3, 1974. Tilden Cumming, director.

**Chock Full O'Nuts Corp.** 1,900 common at from $5.00 to $5.375 - open market purchases between April 1, 1974 and April 30, 1974, in eight separate transactions of between 100 and 400 shares. William Black, chairman of the board and beneficial owner of more than 10 per cent of the company's common stock.

**Cincinnati Gas & Electric Co.** 100 common at $19.50 - open market purchase on April 25, 1974. William H. Dickhoner, executive vice president and director.

**Citizens Fidelity Corp.** 40 common at $34.00 - open market purchase on April 12, 1974. Daniel C. Ulmer, executive vice president Citizens Fidelity Bank, and trustee.

**Colonial Bancorp. Inc.** 100 common at $21.50 - open market purchase on March 7, 1974. Rufus C. Stillman, director. 50 common at $21.50 - open market purchase on March 21, 1974. Morris Stein, director.

**Colonial Penn Group Inc.** 100 common at $35.00 - open market purchase on March 28, 1974; and 100 common at $29.875 - open market purchase on April 8, 1974. Spere Dephtereos, vice president.

**Columbia General Corp.** 13,000 common at $4.125 - private sale on May 3, 1974. Harve A. Ferrill, director.

**Columbus & Southern Ohio Electric Co.** 1,700 common at from $20.50 to $24.75 - open market purchases between April 8, 1974 and April 24, 1974 in three separate transactions of between 100 and 1,000 shares. Edward J. Coughlin, director.

**Commercial Bancorp. of Colorado** 1,570 class A common at $7.55 - private purchase on April 14, 1974. David J. Steinberg, secretary and director.

**Computer Design Corp.** 5,000 common at from $4.13 to $4.63 - open market sales between April 4, 1974 and April 24, 1974 in five separate transactions, four of 700 and one of 2,200 shares. Elmer R. Easton, chairman of the board. 4,500 common at from $4.00 to $4⅝ - sales between April 4, 1974 and April 30, 1974, in nine separate transactions of between 200 and 800 shares. Carlos A. Tomaszewshi, director and senior vice president.

**Computer Machinery Corp.** 1,500 common at $4.50 - open market sale on April 8, 1974. Russell C. Gerns, vice president.

**Computer Products Inc.** 4,000 common at $1.00 - private purchase on May 9, 1974. Bert Sager, director.

**Consumers Distributing Co. Ltd.** 5,000 common at from $8.50 to $8.75 - open market sales on April 18, 1974 in an unspecified number of transactions. Lloyd S.D. Fogler, director and secretary.

**Continental Capital Corp.** 2,000 common at $3.4375 - open market purchase on April 3, 1974. D. Forrest Greene, director.

**Continental Copper & Steel Industries Inc.** 200 common at $9.50 - purchase on April 25, 1974. William J. Ronan, director.

**Continued Care Facilities Inc.** 100,000 common at $5.00 - private purchase on April 30, 1974. Carl H. Neuman, beneficial owner of more than 10 per cent of common stock.

**Control Data Corp.** 200 common at $29.875 - open market sale on April 29, 1974. William R. Keye, director & vice chairman.

**Cornelus Co.** 15,000 common at $5.375 - open market purchase on April 18, 1974. Jene F. Paulucci, director and beneficial owner of more than 10 per cent of company's common stock.

**Crawford Corp.** 6,668 common at $13.74 - private sale on May 7, 1974; and 13,332 common at $13.74 - sale (tender) on May 7, 1974. Mack H. Horubeak, director.

**Dacotah Bank Holding Co.** 1,400 common at $7.50 - private purchase on April 26, 1974. Frank W. Schultz, director. 2,000 common at $7.50 - private purchase on April 26, 1974. Kenneth J. Ulland, director. 3,800 common stock at $7.50 - private purchase on April 26, 1974. Harley F. Taylor, director.

**Damson Oil Corp.** $125,000 convertible debentures - acquired pursuant to revised employment contract (no price given) on January 1, 1974. Robert E. Bailey, senior vice president and director.

**Damson Oil Datapoint Corp.** 1,000 common at $13.75 - open market sale on April 10, 1974. J.P. Ray, director, chairman of executive committee of board of directors.

**Dayton & Michigan Railroad Co.** 200 preferred stock at $41.00 - open market purchase on April 4, 1974; and 30 preferred stock at $43.00 - open market purchase on April 18, 1974. The Chesapeake & Ohio Railway Co., indirect beneficial owner of more than 10 per cent of the company's common and preferred stocks.

**Deltec International Limited** 50 common at $6.00 - open market purchase on June 22, 1973. 50 common at $7.50 - open market purchase on November 30, 1973. 400 common at $6.25 - open market purchase on December 11, 1973. 20 common at $5.00 - private purchase on March 21, 1974. Anthony J.B. Franklin, assistant controller.

**Delwood Furniture Co., Inc.** 9,200 common at from $6.75 to $7.25 - private purchases between April 8, 1974 and April 15, 1974, in five separate transactions of between 300 and 5,500 shares. T.E. Jernigan, director and chief executive officer.

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# 144 Letter Stock

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semiconductor producers reduced their prices as costs declined. While these profit margins could show improvement for the first half, they are likely to level off later on in the year.

In 1973 Intel had earnings of $89,3214,000 or $2.12 a share, compared with $3,083,000 or 47 cents a share in 1972. Sales in 1973 totaled $66,170,000, up from $23,416,000 in 1972.

Intel's product line includes one chip central semiconductors, which can be used to replace four to six integrated circuits. It also produces data processing equipment and mini-circuits. It acquired Microma Inc. last year, which pioneered the development of quartz crystal solid state watches.

Nonetheless, many industry observers suggest that Intel is a first-rate company and one of the most likely candidates for survival of an industry shakeout.

## Other 144 filings

Meanwhile, these other significant notices of sales of restricted securities (SEC Form 144) were recently filed with the SEC:

**AES Technology System Inc.** 22,000 common at $143,000 — sale as soon as practicable after May 20, 1974 through Canter Fitzgerald — acquired in June 1972 from the company. Lee A. Goldboss, president and director.

**Air Products & Chemicals Inc.** 1,341 common at $71,240.63 — sale within ninety days of May 20, 1974 through Hornblower and Weeks-Hemphill, Noyes Inc. — acquired in February 1972 from the company. Charles S. Payson.

**Alaska Petroleum & Mining Inc.** 13,590 capital stock at $54,360 — no sale date given (aggregate price as of May 14, 1974) through Schneider, Bernet & Hickman Inc. and Hyder & Co. — acquired between May 1970 and March 1971 from the company. Arch B. Gilbert.

**American Bank Trust Shares Inc.** 4,000 common at $60,000 — sale on May 14, 1974 through McCarley & Co. — acquired in March 1972 from the company. H. Ciremba Amick, director.

**American Financial Corp.** 125,000 common at $1,500,000 — sale on May 9, 1974 or thereafter through Hill & Co. — acquired between September 1969 and June 1972 from Coggeshall & Hicks, and various other brokers. Charles H. Keating, Jr., executive vice president.

**American Financial Leasing & Services Co.** 39,000 common at $287,820 — sale on May 16, 1974 through Hill & Co. — acquired in February 1968 from the company. United Dairy Farmers Investment Co.

**American Hospital Supply Corp.** 2,000 common at $72,000 approx. — sale in May 1974 through Harris, Upham & Co. — acquired in April 1971 from Tincher Enterprises Inc. (upon liquidation). Raymond C. Tincher.

**American Medicorp Inc.** 3,929 common at $67,000 — sale on September 1, 1972 through Dean Witter & Co. — acquired in May 1970 from the company. Gilbert N. Segel.

**Associated Dry Goods Corp.** 20,000 at $540,000 — sale between May 14, 1974 and August 13, 1974 through Collett & Co. Inc. — acquired on May 11, 1940 from Frederic M. Ayres. Lyman S. Ayres, director.

**Avon Products Inc.** 4,000 capital stock at $180,000 — sale on April 24, 1974 through Dean Witter & Co. — acquired between February 1968 and January 1972 from the company. David W. Mitchell, director and president.

**Borden Inc.** 2,000 common at $51,000 — sale on May 13, 1974 through Goldman, Sachs & Co. — acquired on January 12, 1972 from the company. Ralph D. Conte & Kathleen M. Conte, joint tenants in common.

**Coca-Cola Bottling Co. of New York Inc.** 10,000 common at $68,000 — sale on May 21, 1974 through Paul Kendrick & Co. Inc. — acquired in October 1971 from Dan W. Lufkin & Louis Marx Jr. Edward L. Scarff.

**A. B. Dick Co.** 9,425 common at $122,525 — sale on May 15, 1974 through William Blair & Co. — acquired between 1941 and 1966 as inheritance from Charles M. Dick Sr., and in 1949 as private purchase. Charles M. Dick, Jr.

**Elixir Industries** 20,000 common at $60,000 - sale during the week of May 20, 1974 through Birr, Wilson & Co. Inc. - acquired in December 1972 as a gift from Mr. and Mrs. Roland R. Sahm. California Indian Education Association Inc.

**Environmental Corp.** 16,800 common at $677,200 - sale on May 14, 1974 through W.E. Burnet Inc. - acquired in September 1969 from Donald G. Levitt. Herbert R. Axelrod. 16,800 common at $85,000 - sale in June 1974 through Legg Mason & Co. Inc. - acquired in September 1969 from Donald G. Levitt. Bernard Duke.

**Food Town Stores Inc.** 5,000 common at $90,000 - sale on May 20, 1974 through Merrill Lynch, Pierce, Fenner & Smith Inc. - acquired on May 2, 1970 from the company. Harold F. Stroupe.

**Gannett Co. Inc.** 2,000 common at $71,000 - sale on May 13, 1974 through Reynolds Securities Inc. - acquired in October 1961 as a gift from Paul Miller. Kemper W. Miller.

**Golden West Financial Corp.** 10,000 common at $115,000 - sale on May 15, 1974 through Bateman Eichler, Hill Richards Inc. - acquired in March 1971 from the company. Herbert D. Mount, officer.

**W.W. Grainger Inc.** 3,000 common at $102,375 - sale on May 14, 1974 through Blunt Ellis & Simmons Inc. - acquired in 1941 as a gift from E.F. Schmidt. Josephine Schmidt.

**Hickory Farms of Ohio Inc.** 15,000 common at $142,500 - sale on May 16, 1974 through Adams & Peck - acquired in August 1971 from the company. Richard K. Ransom, officer.

**Interco Inc.** 10,000 at $270,000 - sale on April 25, 1974 through Merrill Lynch, Pierce, Fenner & Smith Inc. - acquired in July 1971 and July 1973 as gifts from Mark Charness. Charness Family Investments Ltd.

**Johnson & Johnson** 15,000 common at $1,698,750 - sale on May 20, 1974 through Morgan Stanley & Co. Inc. - acquired in January 1959 from the company. Henry S. McNeil, vice president and director.

**Low's Cos. Inc.** 1,843 common at $92,150 - sale on May 16, 1974 through Merrill Lynch Pierce, Fenner & Smith Inc. - acquired in April 1971 from the company profiprofit sharing plan and trust. Willie F. Bryan.

# Bonds in price retreat

Continued from page 10

to tag ends by Thursday.

Another quick sell-out was the $100 million Chesapeake & Potomac Telephone Company of Maryland debentures, offered at competitive bidding on Wednesday. These were awarded to a syndicate led by First Boston Corporation on a bid of 98.4099 as 8⅞s. A Morgan Stanley syndicate, the only other bidder for the issue, bid 98.328 for the same coupon.

The winning account priced the issue at 99.20 to yield 8.95 per cent. This was 15 basis points higher yield than the 8.80 per cent return on the parent company American Tel & Tel issue, which was marketed two weeks ago. The Chesspots are also rated triple-A.

## Ohios do poorly

The sloppiest performance of the corporate new issue week turned out to be the issue with the highest yield. Ohio Power Company on Tuesday took bids on $100 million of eight-year first mortgage bonds. A Morgan Stanley group won the bonds, designating a coupon of 10⅛ per cent, and reoffered them at 100.67 to yield 10 per cent. Only 25 per cent of the Baa-rated bonds moved out on the day of issue.

Florida Power & Light bonds, which were a drag on the new-issue market the previous week at an 8.75 per cent yield, were released from Syndicate restrictions following the Ohio debacle, and opened in the free market at 98½ bid, down more than 2 points from their 100.70 list price.

In the primary tax-exempt market last week, about $380 million of new bonds were offered, and there was no overwhelming demand for most of them.

## Morgan Wins Californias

The State of California on Tuesday took bids on $75 million general obligations, due serially from 1975 to 1994. These were awarded to a syndicate managed by Morgan Guaranty Trust Company on a net interest cost bid of 5.411 per cent. A group led by Bankers Trust submitted a very close cover bid, designating a cost of 5.413 per cent, a difference in over-all interest of only $14,000.

The Morgan account reoffered the bonds on an almost flat scale, from 5.00 per cent in 1975 to 5.50 per cent in 1994. The first day's unsold balance was reported at $39 million, but even that relatively large balance belies the issue's true performance. The 1982-85 maturities were taken down by an account within an account, and were felt by dealers to be still in the market. The 1992 maturity was taken down by an account member, and the 1975 maturity was sold at a sweetened concession, as were the 1976, 1978, 1979, and 1980 maturities.

An even poorer performance was displayed by the Massachusetts Bay Transportation Authority's $75 million issue of revenue bonds, maturing 1975 through 2014. These were purchased at auction by a Chase Manhattan group at an annual borrowing cost of 6.309 per cent, and scaled on reoffering from 5.25 per cent to 6.75 per cent. Only $26 million of the AA-rated bonds moved out on the day of issue.

By contrast, a $103 million issue of New York State Housing Finance Authority bonds were priced to range from 6.00 per cent in 1975 to 6⅞s at par in 2004.

# Tight money

Continued from page 6

unemployment may rise more than expected.

High interest rates have not succeeded in arresting price inflation to a point where it is manageable. The bludgeon approach, like some new drugs, kills the good with the bad.

Yet, if money and credit were increased, the chances are that inefficiency will be fed by cheap money and costs will rise, causing even more price inflation at worst, and preventing deceleration at best.

The one option that has not been tried is the one advanced by Brimmer a few years ago. At that time he suggested that priorities on the use of credit be established, and that banks be subjected to differential reserve requirements on their assets.

This third way, between easy and tight money, of intelligent utilization funds may well be the scalpel needed to solve the peculiarities arising from high interest rates at a time of economic lethargy and rampant purchasing power deterioration.

The combination of high inflation and interest rates is tolerable in boom times, not when the economy verges on a recession. The non-discriminatory approach in today's monetary policy would be acceptable if the market allocated the scarce funds to the industries where they are most needed. But, the market is falling down on this job badly.

# Straight talk

Continued from page 8

completed until after the suit had been concluded. Thus, only the courts could declare a proposed merger exempt.

The result would be that the banks would have no immunity at all from prosecution. They would have to prove a merger was not in violation of antitrust laws before the merger took place.

The Robertson legislation was eventually passed, becoming known as the Bank Merger Act of 1966. It forgave past mergers, but the bill, because of the Proxmire amendment, stopped the merger movement in its tracks.

It has been enormously costly. While other industries may still merge, then wait for legal opposition, which the Justice Department is generally unwilling to initiate because unscrambling a merger injures too many people, bank mergers can be hung up almost immediately by the Justice Department merely by asking a court for a temporary injunction that is temporary until "All remedies are completed."

Those remedies can take forever, as the banks know, since not a single major merger has taken place since 1966.

The legislation has even been tested in the Supreme Court which on March 27, 1967 agreed that a bank merger could be stopped before it happened "until judicial remedies have been exhausted."

It was too difficult to unscramble a couple of banks after they had been merged, said the Court, and thus "normal procedure therefore should be maintenance of the status quo until the antitrust litigation has run its course, lest consummation take place and the unscrambling process that Congress abhorred in the case of banks be necessary."

An interesting sidelight is that Sen. Willis Robertson not only lost his Senate Banking chairmanship, but also his seat, over introducing the legislation, when an opponent disclosed that in return for introducing the legislation a bank or two that had been a particular beneficiary of the legislation — the old mergers were let stand — were backing him in his campaign.

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# Financial News Digest

**IN MINUTES** — *What other financial publications are covering that you should know.*

## What the Digest is...

The Financial News Digest is a weekly feature edited by J. Robert Sherman.

Each week important articles in business and finance appearing in other selected publications are condensed for you.

All publicly-traded companies' names appear in bold. The name of the publication and the number of the page on which the story appears follows each condensed story.

The Financial News Digest condenses:

**Weekly:**

*Barron's*
*Business Week*
*The Economist*
*The Financial Post*
*Newsweek*
*Time*
*U.S. News & World Report*

**Monthly:**

*Fortune*
*Institutional Investor*

**Bi-monthly:**

*Forbes*

**Every two months:**

*Harvard Business Review*

# Digest briefs

## Business Week

### The trouble with housing

It had been expected in earlier prognostications that homebuilding would help the business recovery, but tight money and policy are preventing it. Housing starts were up in April at an annual rate of 1.63 million units, but that was before the surging advance of interest rates. Analysts are not impressed by the Administration plan to dump $10.3 billion into the housing market.

**[Business Week, p. 49]**

### Interstate unhooked

**Interstate Stores, Inc.**, filed for reorganization under Chapter XI of the Bankruptcy Act, thus got off Chairman Meshulan Riklis's **Rapid American Corp.** million-dollar loan hook that Riklis thought would save the sinking retail chain that has lost $100 million in the past two years. Also named: **McCrory Corp.**

**[Business Week, p. 54]**

### Schick shaving losses

**Schick, Inc.**, the personal grooming company, expects to nick its losses of $14.4 million by retrenchment and introduction of new products. Chairman Edward E. Ettinger, announced that a new hair dryer and a hair curler will come on the market in July. The company is negotiating renewal of a line of bank credit of $37.5 million that becomes due June 30.

**[Business Week, p. 54]**

### Commodities squeeze

Jamaica wants to impose an 8 per cent tax on bauxite extracted there by six aluminum companies including **Alcoa, Reynolds, Kaiser, Anaconda, Revere, and Alcan.** It would increase Jamaica's bauxite revenues from 25 to $200 million. Other countries kicking up raw materials earnings are Nigeria and seven nations that control 95 per cent of the world's mercury, increased the price from $300 to $350 for a 76-lb flask. Nigeria previously took over control of oil company operations in that country. **Shell, British Petroleum, Gulf, Mobil.**

**[Business Week, p. 57]**

### Goodby sewage sludge

This may be that better mousetrap that everyone has been looking for to do something about sewage disposal. It's a "sludge gobbler" at the District of Columbia's Blue Plains wastewater treatment plant that handles 250 tons of sludge, converts it to oderless, commercially salable organic fertilizer. The gobbler, a 35-foot high doughnyut-shaped machine, is a "toroidal flash dryer" of tiny **Organic Recycling, Inc.** of West Chester, Pa. It sells the output as **OrganaGro,** on the market or to fertilizer - producers. Named: **Kerr-McGee, Milorganite, Orgonics, Inc., Fluid Energy Processing & Equipment Co.**

**[Business Week, p. 57]**

### Panic hits stock

In a single day, institutional investors hitting the panic button, knocked off 58 per cent of the value of the shares of **Research-Cottrell.** Others include **Consolidated Edison** and **Combustion Engineering.**

**[Business Week, p. 64]**

### Disney seeks land

A combined summer-winter resort is planned by **Walt Disney Productions** if it is successful in obtaining 45 sq. mi. of land north of Lake Tahoe, Calif. The park will cost $35 million. Also named: Southern Pacific Land Co., Sierra Pacific Power Co.

**[Business Week, p. 64]**

### Every little bit helps

A $96.3-million contract for the construction of a 125,000 cubic meter liquified natural gas tanker, has been given to the Quincy, Mass. shipyard of **General Dynamics Corp.**, which had been idled by a ten-week strike. The contract came from **Cherokee Shipping Corp.**

**[Business Week, p. 64]**

### The French plan

If everything goes according to expectations, France's new President Valery Giscard d'Estaing will okay a $5.5-billion investment program to double the French merchant shipping fleet by the end of 1980. Mostly involved are container ships and tankers, chemical tankers, roll on-roll off vessels, and bulk carriers for grain and minerals. Named: **Compagnie Navale Worms, Compagnie des Messageries Maritimes.**

**[Business Week, p. 76]**

### Where the money is made

Currencies are yielding big money for traders and will continue to do so for the next one to three years, according to James E. Sinclair, partner and international trading expert of **Vilas & Hickey** of Wall St. He says the Swiss franc is the most bullish thing there is at the moment, for instance, trading last week at $.3586, up from its $.2931 in January, for a 22.3 percent jump. And the Dutch guilder and the deutsche mark are looking good too.

**[Business Week, p. 99]**

### Powerful decisions

The effects of **Consolidated Edison's** decision to cut its dividend for the first time in 89 years, and the attempt to sell two uncompleted generating plants to New York State for $450 million, are being felt by other utilities which are now taking another look at new construction plans. Con Ed lost "the little old lady in tennis shoes for itself... and lost her for a lot of other utilities," said one institutional investor who abandoned utility stocks long ago.

**[Business Week, p. 102]**

### Switch to grow

**M. F. Ahmanson & Co.**, insurance, banking, and financial empire based in Los Angeles, has to change its role in order to continue to grow. Its earnings were $49.5 million in 1973. Its future growth will come from insurance, and expansion will be geographical and in the variety of insurance products the company offers. The first move came with the acquisition of **Stuyvesant Insurance Co.** of Allentown, Pa., which will give it insurance coverage in the 50 states.

**[Business Week, p. 134]**

### Garden business growing

In six years, Boston-based **American Garden Products, Inc.**, has grown from nothing to $8 million, and founder John R. Hesse, founder and president, a former investment banker intends to become the best-known name in the business of selling plants, trees, shrubs, bulbs and sod. Many others are entering the fragmented business including **Campbell Soup Co.** Also named: **Kresge, Sears.**

**[Business Week, p. 154]**

### The new bike riders

There's a new breed of motorcycle riders. They're business people, suburbanites and others who are beating the high cost of gasoline and have a gas-shortage hedge to boot. They have found that the bike is speedier, cheaper to park. It's even fun. Named **Honda Motor Co., Inc. of America, Harley-Davidson, Yamaha International Corp., Kawasaki Motors Corp., U. S. Suzuki Motor Co.**

**[Business Week, p. 156]**

## Barron's

### Japanese bullish

Japan's nine giant investment companies are bullish on their own stock market, but foreigners continue to sell off. Japan's trade surplus used to be healthy, has shrunk to less than $1 billion. Named: **Nikko Investment Trust & Management Co., Tokio Marine & Fire, Fuji**

**Continued on the next page**

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# Digest briefs

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**Film, Pioneer Electric, Matsushita Electric, Nomura Investment Trust and Management Co. Ltd., Daiwa Investment Trust & Management Co., Yamaichi Investment Trust & Management Co.**

.....[Barron's, p. 9]

## Business forms profitable

So many people in so many lines of work are so thoroughly disgusted with paper work that everyone must have to do it in one form or another. For instance, a survey of the government's National Archives in Washington shows that there are at least a million different federal forms. It does't touch the private sector. So, no wonder that business forms sales are showing record highs and record profits. Named: **Moore Corp. Ltd.** of Toronto; **Burroughs Corp., GAF Corp., NCR Corp., SCM Corp., John H. Harland Co., Nashua Corp., Uarco Inc., Standard Register Co., Reynolds & Reynolds Co., Ennis Business Forms Inc., Duplex Products Inc., Wallace Business Forms Inc., Data Documents Inc., Lewis Business Forms Inc., American Business Products Corp.,** and **Graphic Controls Corp.**

.....[Barron's, p. 11]

# Financial Post

## U.S. may slow gas imports

Because of undue price increases, the import of Canadian natural gas into the U.S. may be banned by the U.S. Federal Power Commission, which is investigating the matter. Named: **Trans Canada Pipe Lines Ltd., Midwestern Gas Transmission Co., Great Lakes Transmission Co.**

.....[Financial Post, p. 1]

## Mystery-shrouded car

The much-awaited new sports car, the **Bricklin,** exists in a hand-made prototype, but its financial situation is still a bit of a mystery. Malcolm Bricklin, the 34-year-old American entrepreneur who is developing the whole idea, says that so far $20 million has been invested in the sports car that has not yet been produced. Production is supposed to begin in New Brunswick by September at the rate of 1000 cars a month. Named: **Bricklin Canada Ltd., General Vehicle Inc., First Pennsylvania Bank & Trust, Subaru of America Inc.**

.....[Financial Post, p. 3]

## Petrochemicals pushed

A consortium for "an immense chemical manufacturing complex in Alberta" is being formed by **Alberta Gas Trunk Line Co.** Leading Canadian and international companies will participate. Named: **Alberta Gas Ethylene Co., Canadian Industries Ltd., Du Pont of Canada Ltd., Alberta Energy Co., Dow Chemical, Dome Petroleum Ltd.**

.....[Financial Post, p. 5]

## New car prices jump

The last of the mid-model-year round of price hikes has come as a prelude to the increases expected for the 1975 cars, when increases are likely to be doubled. Named: **General Motors of Canada Ltd., Ford Motor Co. of Canada, Chrysler [Canada] Ltd., American Motors [Canada] Ltd.**

.....[Financial Post, p. 9]

## New bauxite taxes

Jamaica will fatten its almost bankrupt treasury by some $170 million in additional revenue it will get from increased taxes on bauxite produced there, but it will be a headache for aluminum producers. Named: **Alcan Aluminium Ltd., Alcan Jamaica Ltd.**

.....[Financial Post, p. 19]

## Nickel price goes up

There is a question among analysts about whether the increased nickel price by **Falconbridge Nickel Mines Ltd.,** will hold up, for at the same time **International Nickel Co. of Canada,** the industry leader, announced it anticipates no price increase now.

.....[Financial Post, p. 19]

# Newsweek

## Some hope for the economy

The economic scorecard last week showed more wins than losses, giving at least some small hope that things are getting better. President Nixon thought the worst was over, as he named Kenneth Rush, deputy secretary of state, as economic coordinator. He once was an executive at Union Carbide Corp. Food prices dropped .4 of 1 per cent and the consumer price index rose only .6 of 1 per cent in April. There were other happenings of good news, including auto sales that looked better than they have for some time. Named: **Harris Bank** of Chicago, **American Motors.**

.....[Newsweek, p. 61]

## A man of mystery

One thing that was certain about Michele Sindona, who emerged from a small town in Sicily to the forefront of the banking world was that he was secretive. But now he's in full public view as it came to light that he's a major stockholder in the ailing **Franklin National Bank,** ranked 20th for bigness in the nation. Sindona is said to have amassed a personal fortune of half a billion dollars in three decades, but little is known about how he did it. Named: **Fasco AG, Fasco International Holding SA, Pachetti** (chemical company), **Saffa** (wood products), **Bastogi,** a holding company in Italy, **Edilcentro-Svillupo, Banca Privata Finanziaria, Banca Unione, Banca Privata Italiana. Talcott National.**

.....[Newsweek, p. 62]

## Historic turning point

The settlement of two New York daily newspapers, The Times and the Daily News, signaled the dawn of a new age for the production of newspapers. Printers won lifetime jobs, but publishers won the struggle to begin revolutionizing the way in which they prepare their papers for the presses. The door to electronic typesetting, long ajar, has finally been opened wide; in the years ahead printers will disappear. It was considered to be a 100 per cent satisfactory settlement for both sides.

.....[Newsweek, p. 63]

## Ward finally comes back

**Montgomery Ward,** which used to be the arch rival of **Sears, Roebuck & Co.,** fell by the wayside through old fashioned, stodgy policy. But now, after many years, it has turned the corner and showed a sales increase of 22.4 per cent last year compared to a 12.8 per cent boost for Sears. While Sears was building new stores after World War II, Wards, under Avery Ward, expected a depression and built up big cash reserves instead. New leadership later turned it around, closed 300 old stores, opened 319 new ones. Now the company is growing faster than Sears and its other big rival, **J.C. Penney.**

.....[Newsweek, p. 64]

# Time

## Productivity declines

The first quarter showed a decline of 3.5 per cent in non-farm productivity in the nation. The overall drop including the farms, was 5.5 per cent. A large rise in productivity is necessary if inflation is to be quelled and the economy expanded. It is believed to be a temporary situation. Named: **Procter & Gamble, IBM, AT&T, Motorola, Kaiser Aluminum.**

.....[Time, p. 68]

## European planes stall

After sinking some $130 million into a mid-range commercial jet, the Mercure, the French may abandon it. The same may happen to the Concorde of the British. Some $2 billion have been spent on development costs and the only customers they have are airlines in their own countries. But there may be some reason for encouragement for planemakers, as the wide-bodied A300B airbus went into commercial service on **Air France** last week. Named: **Airbus Industries, Boeing, McDonnell Douglas, Lockheed.**

.....[Time, p. 71]

## Composing newspapers

Boston's William W. Garth, Jr., who was trained at MIT, started **Compugraphic Corp.** in 1960 to develop a small typesetting machine and sold it mostly to small newspapers while the big ones were still struggling with ancient Linotype machines. He's been successful, now plans to move into the job printing market. Also named: **Photon, Inc.**

.....[Time, p. 72]

## Food retailer winner

Some thought that when the giant **A & P** food chain cut prices to the tune of heavy losses, it was on the way to quick corporate suicide. But it appears that the gamble to get back disenchanted customers is working, and that the war of the supermarkets is ended. On sales of $6.7 billion last fiscal year, A & P had profits of $12.2 million. The previous year showed a loss of $51 million. Named: **Kroger, Grand Union, Bohack, Bregman Securities Co., Paine, Webber, Jackson & Curtis.**

.....[Time, p. 72]

# U.S. News & World Report

## Credit-card headache

There's a new move afoot among consumers to make cut-price deals for paying cash for what they buy, and it's giving cause for alarm among the credit-card companies. Such shenanigans by the public are cutting into their profits and disrupting ways of doing business. This also holds for the retailers, who are also resisting the trend. Named: **American Express, BankAmericard, Master Charge, Interbank Card Association.**

.....[USN&WR, p. 36]

## How to avoid taxes

A new report issued by the Internal Revenue Service show in detail how the wealthy spend and invest their money and avoid the tax collector. For the people who earned a million and more, capital gains were the best means of income. The devices used by the rich are the same as those used by the majority of Americans at tax time, except that theirs are on a bigger scale.

.....[CSN&WR, p. 49]

## Mutual fund cash-ins down

Redemption of mutual fund holdings showed a decline in April, but investors still cashed in more securities than they bought, to the extent of $64.7 million.

.....[USN&WR' p. 51]

**Continued on the next page**

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# Digest briefs

## Continued from previous page

### Interest trimming due

A cut in the prime rate will probably begin by early summer, according to Chauncey E. Schmidt. president of **First National Bank of Chicago.** His bank's rate has been 11¾ while others were held at 11¼ per cent.

**[USN&WR, p. 51]**

### Pow wow for profits

The Indians of the American West, including the Navajos and the Hopis, want a better piece of the action, using some of the tactics of the oil-rich Arabs. Their lands in the deserts hold rich natural resources, oil, gas, coal and uranium. Named: **Exxon Company, U.S.A., El Paso Natural Gas Co., Western Gasification Co., Texas Eastern Tansmission Corp., Pacific Lighting Corp.**

**[USN&WR, p. 53]**

### Japanese move to USA

There is now a clear trend of Japanese firms to move their operations, or at least some of them, to America, where they are planning factories facilities because it will be cheaper to make things here than in Japan, a complete turnaround of what it was in 1970. when it cost about 20 per cent more to make TV sets, for instance, than it did in the Land of the Rising Sun. Named: **Matsushita Electric Industrial Co., Industrial Bank of Japan, Motorola, Hitachi, Koyo Seiko, Shinetsu Chemical Industry Co., Robintech, Inc., Aikoh Co., Rossborough Supply Co., Oki Electric, Kawasaki Steel.**

**[USN&WR, p.63]**

### *Foreign investment hazards*

... U.S. and other companies are finding out that there is trouble afoot in establishing operations in other countries, as governments begin to take a stronger grip on business, such as Nigeria's agreement to take majority control of local operations of oil companies such as **Royal Dutch-Shell-BP, Gulf Oil, Mobil Oil.** Also named: **First National Bank of Chicago.**

**[USN&WR. p. 63]**

# Digest major stories

## Barron's

### Brewers get a-head

One of life's certainties next to taxes and death, is that beer guzzlers will guzzle an ocean of suds come hell or high water. And that the brewers know for sure as they prepare to "put a head on it" by expansion of their capability to produce more suds to sate the world's powerful thirst.

The "King of Beers," Budweiser's **Anheuser-Busch,** the nation's biggest brewer, will simply cut two days off its celebrated beechwood aging process and as a result get another 500,000 barrels in 1974 and 3 million more next year. Shipping capability this year will amount to 34 million barrels and reach 40 million by 1976.

The company is also building new plants in California, Florida and Ohio.

With beer drinking on the increase to a level of 20.2 gallons per capita last year, the highest since 1914, other brewers are doing something about it too, by replacing outmoded plant facilities to meet expected overall sales of 144.5 million barrels in 1974, with a wholesale value of $4.5 billion that translates into a figure of $12.3 billion for retail sales after about $2 billion in excise taxes and other expenses are paid. But the figures could go higher, since price hikes are expected to be imposed.

In addition, the beer-quaffing market will increase. The suds guzzlers are made up mostly of the 21 to 39-year-olds, and will increase by 34 per cent by 1980.

Industry leader **Anheuser-Busch** is followed by **Joseph Schlitz Brewing Co., Pabst Brewing Co., Adolph Coors Co., Philip Morris's Miller Brewing Co., Falstaff Brewing Corp., F. & M. Schaefer Co., Stroh Brewery** and **G. Heileman Brewing.**

Also in the top of the list are **Carlington-O'Keefe, Olympia Brewing Co., Southdown's Pearl Brewing, Grain Belt Breweries, Lone Star Brewing Co., Pittsburgh Brewing, Iroquois Brands, Chock Full O'Nuts, Labatt,** and **Molson Industries.**

First quarter earnings at most breweries lagged behind year-earlier figures, but for 1974 as a whole they are expected to have a better showing. Anheuser netted 28 cents a share compared to a year earlier 41 cents. The decline in earnings has resulted in flatter prices in the industry's stocks. But better profits are anticipated in the second half. Wall Street thinks Anheuser will earn about $1.50 a share vs. $1.46 last year. And Heileman and Schlitz may go up to new peaks of $1.70 a share and $2.10 a share respectively. Schlitz is the only major brewer to post a gain in the first quarter, from 34 to 41 cents a share. And Miller turned the profits corner in the first quarter, but figures are not available.

**[Barron's p. 5]**

## The Economist

### Help from satellite

Long distance communications rates in the United States are due for a big fall, thanks to satellites in the skies. The **Communications Satellite Corp. [Comsat],** agreed to cut its charges to the big communications companies to which it rents satellite service, by 20 per cent by July 1. And inside-U.S. rates may come tumbling down too.

**Western Union Corp.** filed with the Federal Communications Commission a schedule of rates it proposes to charge for use of channels on **Westar,** the nation's first domestic communications satellite that was launched in April. You can get a two-way voice circuit from New York to Los Angeles for $1000 a month by Westar. It would cost $2100 for the same thing via "terrestrial facilities." **Giant American Telephone & Telegraph Co.** has seen this skywriting and asked the FCC for permission to reduce its rates for long distance calls.

Joining in the competition with Western Union are several others. American Satellite Corp. decided to join Western Union, which will launch another satellite next month, by renting space on its satellite for $5 million a year. **RCA** is going to launch two "domsats" in 1975; AT&T and a subsidiary of **General Telephone & Electronics** will share a pair.

While AT&T and GT&E will be restricted for about three years to the transmission of telephone calls only, RCA and WU will have a virtually protected market. And what they transmit, data, may prove to be the most profitable of all.

An example of what can be transmitted: 100 newspaper pages in one minute! They can send out across the world 8 million words a second, or 600 million "bits" of data. The newspaper pages can be sent on a single transponder at a time. There are a dozen such transponders on each satellite.

**[The Economist, 5-25, p. 66]**

### Good commodities news

Things are returning close to "normal" as prices on the commodities exchange show a 12-week downward trend of up to 50 per cent for wheat, soybeans, hogs and cattle. You can credit it to the promise of a super bounteous crop in 1974.

So for the Americans, the consumer price index may go down with a cut in food prices, since the index is overweighted with food prices.

The real good news in the potential decline of prices is that it can have a real effect on inflation's decline, coming along with a slowing of energy prices that soared last winter.

While the Administration's economic advisers are looking favorably to the big crops to provide much-needed help amid all of this country's bad news, there is a dilemma developing. America may well have to make a virtual gift of part of its great bounty to the "fourth world" nations such as the Indian subcontinent and sub-Sahara Africa. They import food and have recieved little benefits from the non-food commodities price boosts. They may have to ask for help under the 20-year-old American food aid program.

If America has to come forth with this aid, since its days of enormous reserves are long gone, it may have to buy such food in the market. This, of course, could force food prices up again. But the 1974 crop is so promising that this eventuality is not likely to happen. In fact, there is a chance that the U.S. may give away more food to keep food prices from falling down too far.

More food aid is inevitable. It was pledged at the United Nations session on raw materials by Mr. Kissinger.

**[The Economist, 5-25, p. 60]**

## Financial World

### Big Mac big tradition

While the food at **McDonald's** is "an incredibly decadent eating experience" to at least one food writer, it is a decidedly palatable profit delight to its operators and its shareholders. Another tradition has come upon America in the form of the fast-food chain with the arches on top, the "Big Mac" and "Ronald McDonald."

One other item of importance that could be a continuing tradition is rising stock prices, with the price nearing 60 in May.

For Ray Kroc, 1972's Horatio Alger award winner, who was in almost from the beginning on the McDonald's saga, and is responsbile for its incredible thrust into the American scene, the nation's love for hamburgers and especially his Big Mac, will go on forever. "I have had the satisfaction of seeing McDonald's become an American tradition," he says.

McDonald's has only 15 per cent of the people in its markets, so feels that growth will continue. Sales now run to more than a half billion dollars a year, and up to lunchtime yesterday had sold more than 14 billion hamburgers... or more. There are now some 2800 McDonald's restaurants, with about two thirds of them licensed, with each franchise costing at least $150,000.

Menus are ruthlessly standardized, along with procedures of preparation. They stuff french fries into undersized bags, creating the impression that they are being overgenerous with portions. McDonald's are assembly-line food machines.

The only potentially bad feature about McDonald's stock is its relatively high price-earnings ratio of 41, but it is expected that a strong tradition of McDonald's will continue. That is — growth!

**[Financial World, 5-29, p. 25]**

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# Digest major stories

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## Money

### Bull return seen

Here's something that no one has been saying recently: the bulls may soon return to the stock market! The market's behavior has been entirely predictable and logical in the recent past. But stock prices are based on profits, and profits have been doing battle with inflation, and even growing profits have been running second to inflation.

But there's a new day a-comin' just around the corner with inflation expected to get down from its lofty double digit level to a more manageable 6 per cent or so. This is expected to occur over the next couple of years while profits will probably be rising swiftly to get the set ready for the new bull market.

Some economists expect the economy to begin a sharp upturn by the end of this year, and to see stabilizing of the inflation rate. Hence, investors may be willing to bid up stock prices, and they would once again become a good hedge against inflation.

Other economists don't believe it, but they are in the minority. Most think the gross national product will continue to grow and boost stock prices and profits.

Robert M. Baylis, research director of the **First Boston Corp.,** an investment bank, sees inflation coming down, after which the market will look at profits.

Robert S. Driscoll, managing partner of **Lowd, Abbett & Co.,** a mutual fund group, believes the end of wage and price controls of itself was bullish, with the market expected now to favor capital goods rather than consumer goods companies.

Robert H. Parks, chief economist of **Blyth Eastman Dillon,** investment bank, sees little chance that the inflationary forces now existing could come together again in the next decade. He feels that it is mathematically improbable.

Says Steven J. Elgart, vice president of **Chase Econometric Associates,** economic consultants, president of **Chase Econometric Associates,** economic consultants, "Inflation will be mitigated. Some farm and commodities prices are already down. But the prices corporations charge should stick. We think profits will be up 17 per cent in 1975."

.....**[Money, June, p. 22]**

## Newsweek

### Travel business troubled

Everybody's getting into the act, they used to say. It seems to be true of the travel agency business. All you have to do to become a travel agent is to say that you are one — and you are!

The industry is fragmented and poorly regulated, and there may come a day when the small agencies are squeezed out by the big "supermarket" agencies that provide services on wholesale and retail bases. And then there are the others who offer travel service, such as banks and private, nonprofit groups.

Established agents are blaming the airlines for encouraging non-travel outfits to get into the "business" through their large portfolio of fares schedules.

With the competition from all sides, including the airlines in the forefront in their attempts to fill empty seats in a troubled industry, travel has been anything and everything but a growth industry in the recent past. It was going great guns in the sixties, when there was plenty of business around for everyone. And the big new jets gave the airlines too much capacity and too few customers.

Europe this year is down, but Mexico and the Caribbean are still attracting more tourists. This year there will be 10,000 travel agencies handling some $10 billion worth of business, triple what it was five years ago. You need only minimal experience to get discounts of 75 per cent from the airlines and you can get some free "familiarization" 75 per cent from the airlines and you can get some free "familiarization" trips for yourself. Almost anyone can become a travel agent.

The retailers are in the majority. They put together tours, book hotels, travel arrangements. They deal with such as garden clubs and fraternal and church organizations.

The wholesaler makes up tour packages ahead of time and sells them to the airlines and retail agents. The travel agents make most of their profits from airline ticket sales commissons, 7 per cent for regular flights, 5 per cent for charters, and up to 11 per cent for tours that also include ground arrangements. The take from carriers last year was $300 million.

Many violations of rules of the industry occur, mostly at the wholesale level. There are deals, hanky panky, "ripoffs" and "kickbacks," including under-the-counter payoffs from the airlines, according to charges of some agents, namely Charles Beltz, a West Coast wholesaler, who charges the airlines with conspiring to drive him out of business. Such practices are being investigated by a New York grand jury.

.....**[Newsweek, 6-3, p. 66]**

## Business Week

### Forest products blooming

A $2 billion expansion program is being undertaken by **Weyerhaeuser Co.,** the most profitable performer in the forest products industry. It wants to stay that way and President George H. Weyerhaeuser thinks that the uncertainties of the present will translate to the certainties of the future. At least, he's taking an enormous gamble that he's right.

The traditional herd instinct of the papermaking segment of the industry are showing through, and it seems that competitors are ready to begin expansion programs. Weyerhaeuser's is expected to take three years, an unprecedented capital spending program.

The company, the most likely to lead expansion in the industry, was in a good position to profit mightily from the first half of last year's housing boom, having just completed a $1 billion, four-year expansion program. The timing was perfect. President Weyerhaeuser is looking for a repeat. "We move against the long-term strategy even though the short term may be fairly uncertain and carry a lot of risk."

He sees growing worldwide markets for his mix of lumber, plywood, containerboard, paper and related products.

The largest plant ever built by the company will be a $213 million containerboard mill for which ground will be broken this fall at Columbus, Miss., increasing containerboard capacity 65 per cent. Capacity is also being increased in all other areas including fine paper by 50 per cent, lumber by 40, plywood and veneer by 13, and particle board panels by 81 per cent.

Profits for papermakers were up substantially last year, and are expected to rise again this year.

Other companies planning expansion include the following: **Potlatch, Kimberly-Clark, International Paper, Champion International.**

Weyerhaeuser is ranked second among the ten leading companies. First is International Paper. Weyerhaeuser had sales of $2.30 billion compared to International's $2.31 billion. But it led the industry with a 15 per cent profit margin and a 20 per cent return on investors' equity.

If past performance is an indication of the future outlook, it is indeed rosy for George Weyerhaeuser and his company.

.....**[Business Week, 5-25, p. 90]**

## U.S. News & World Report

### Pains of withdrawal:

Officials of cities across the nation say that once the pains of the withdrawal of U.S. military bases from their areas ease, things get better. For one thing, they say, area economy stabilizes and generally puts them in a stronger position.

It means, of course, many lost jobs, a jungle of red tape local officials seek to overcome to put idles posts to civilian use, and slow-to-come financial aid from Washington.

The Pentagon ordered some 40 major bases in the U.S. closed and expect to save the taxpayers $3.5 billion over ten years. But the loss to communities may amount to more. In Boston, for instance, it is estimated that three dollars are lost for every dollar of payroll that goes down the drain. Retail outlets and business in general feel the pinch the most.

Massachusetts is one of the hardest hit. The others include California, Rhode Island, and the hurt extended to another 29 states plus Puerto Rico and the District of Columbia. Twenty six communities have had to receive special aid from the Defense Department.

In Rhode Island, half the fuel tanks in the Melville section of the base at Newport have been leased to private business, the **Northeast Petroleum Corp.,** and the state expects to lease facilities to the Electric Boat Div. of **General Dynamics Corp.**

In Boston, a private shipbuilding company now in the process of being organized, wants to take over the naval shipyard at Charlestown, and efforts are being made to convert to civilian use the nearby Chelsea Naval Hospital. But red tape in a big problem all along the way.

Similar problems are being experienced at Topeka, Kans., for Forbes Air Force Base; at San Francisco, at Hunters Point Naval Shipyard; at McCoy AFB in Orlando, Fla., at Mineral Wells, Tex., at Fort Wolters, an army helicopter base.

**[USN&WR, 6-3, p. 68]**

## Time

### Deep-six for fishing

It isn't that the fish aren't biting any more. And the bait has nothing to do with it. The problem with the New England fishing industry is the rest of the world's fishing industry, namely encroachment of foreign fllets on the U.S. fishing grounds. It has settled as a heavy pall of gloom over the New England seacoast.

The catch of fish is decreasing so much each year that fish could soon be considered gourmet food. Fishermen in New England gathered 700 million pounds of cod, flounder and haddock from the ocean in the sixties. Last year, 375 million pounds got into their nets. The haddock catch used to be 112 million pounds. It has fallen away to a mere 7 million pounds.

One Gloucester, Mass. fisherman blames the Russians. "They came with their 'vacuum ships' and cleaned up." Blamed also are Japan, East Germany, Poland, Iceland, Spain and others, some as subsidized operations of their governments, to comb the seas just outside the U.S. 12-mile limit. They come in factory ships that process the catch which is then frozen aboard. They stay for months, even catching "junk" fish that they grind into fertilizer.

The New England men, a hardy bunch, are mostly small, unsubsidized. They carry ice for refrigeration, hence have to return to port every seven days to keep the fish from spoiling. Imported fish from Canada caught in the same waters costs less than U.S.-caught fish, so about two thirds of fish eaten in the U.S. was imported last year.

.....**[Time, 6-3, p. 75]**

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# Dealer-broker-literature

**Amcord Inc.** — analysis — DA. Davidson & Co., Davidson Bldg., Great Falls, Mon. 59401.

**Briggs & Stratton Corp.** — analysis — Loewi & Co., Inc., 225 East Mason St., Milwaukee. Wis. 53202 Also available is a report on **ConsolidetedPapers.**

**East Malartic Mines Ltd.** — analysis — Isard, Robertson, Easson Co., Ltd., 330 Bay St., Toronto M5H 2T2, Ont., Canada.

**General Electric** — review — Loeb, Rhoades & Co., 42 Wall St., New York, N. Y. 10005 Also available is a review of **NCR Corp.**

**Measurex Corp.** — analysis — Bateman Eichler, Hill Richards, Inc., 460 South Spring St., Los Angeles, Calif. 90013 Also available are reports on **Southern Company, Western Air Lines Inc., Zoecon Corp.** and the airlines with individual comments on **Braniff Airways** and **UAL Inc.**

**Munsingwear, Inc.,** — analysis — Piper, Jaffray & Hopwood, Inc., 733 Marquette, Minneapolis, Minn. 55402 Also available is a bulletin on **Burlington Northern.**

**National Semiconductor** — analysis — Stern Frank Meyer & Fox Inc., 606 South Olive St., Los Angeles, Calif. 90014 Also available is an analysis of **Bankamerica Corp.**

**Rex Precision Products Inc.** — analysis — Investors Financial Services Inc., 2901 Wilshire Blvd., Santa Monica, Calif. 90403

**Canadian Mining Stocks for income** — report — T. A. Richardson & Co., Ltd., P. O. Box 49, Commerce Court West, Toronto M5L 1B8, Ont., Canada

**Colorado Bank Holding Companies** — annual comparison — Boettcher & Company, 828 Seventeenth St., Denver, Colo. 80201 Also available is an analysis of **Cobe Laboratories.**

**Credit Crunch** — review in current "Business Bulletin" — The Cleveland Trust Company, Euclid Ave. & East Ninth St., Cleveland, OH 44101

**Drug Industry** — review and outlook — Paine, Webber, Jackson & Curtis, Inc., 140 Broadway, New York, N. Y. 10005 Also available is a report on **Wometco Enterprises Inc.**

**Florida Banking** — an industry review with individual comments on **Barnett Banks of Florida, First at Orlando Corp. (Sun Banks of Florida), Florida National Banks of Florida, Southeast Banking Corp.** and **United First Florida Banks** — Drexel Burnham & Co., Inc., 60 Broad St., New York, N. Y. 10004 .

**Indexation of Fixed Interest Securities - report by the Committee on Financial Markets — Organization for Economic Cooperation and Development, Publications Center, 1750 Pennsylvania Ave., N. W., Washington, D. C. 20006 — paper — 02.50**

**Inflation and the Financial Markets** — report — Laidlaw-Coggeshall Inc., 20 Broad St., New York, N. Y. 10005

**Japanese Market** — report — Yamaichi International (America) Inc., 1 World Trade Center, New York. N.Y. 10048 Also available are reports on **Kasho** and **Mitsubishi Kakoki Kaisha, Ltd.**

**Modern Investment Theory.** Its Implications for Competition among Financial Institutions — discussion in current "New England Economic Review" — Federal Reserve Bank of Boston, Boston, Mass. 02106.

**Motor Carrier Industry** — review — L. F. Rothschild & Co., 99 William St., New York, N.Y. 10038

# People

**Josef S. Tressler** has been elected president and chief operating officer of International Bank, 1701 Pennsylvania Ave., N. W., Washington, D. C. Tressler, who has been with the bank for 28 years, since 1972 had been executive vice president and head of the insurance and finance group. According to **George Olmsted,** who continues as chairman and chief executive officer, the insurance and finance activities will now operate as two separate groups: casualty insurance and finance under **Robert D. Edison,** senior vice president; and life insurance under **Leslie P. Schultz,** also a senior vice president.

Yamaichi International ( America), Inc., 1 World Trade Center, New York, has announced that **Shigeki Morishita** has been appointed president succeeding **Takeshi Naito** who is returning to Tokyo.

John Nuveen & Co., Inc., a wholly owned subsidiary of the St. Paul Companies, Inc., has announced that **Frank P. Wendt** has been elected chairman, **Richard J. Franke** has been elected president and chief executive officer; and **Donald E. Sveen** has been named executive vice president and chief executive operating officer. Wendt, formerly president, has been with the firm since 1957 and makes his headquarters in the New York office 61 Broadway. Franke, formerly an executive vice president, and Sveen, vice president, controller and sales manager, are located in the Chicago office, 209 South La Salle St.

**David K. Sims** has been appointed director of national sales for G. H. Walker, Laird Incorporated. Formerly manager of the Chicago office, he will now make his headquarters in New York at the 55 Water St. office. The firm also announced that **Luther Dearborn, Jr.** has been named Chicago manager succeeding Sims. Prior to joining Walker Laird last year, Dearborn was with Hornblower & Weeks-Hemphill, Noyes, Inc.

**Walter R. Chambers, Jr.,** vice president and manager of the municipal department of The Ohio Company of Columbus has been named to the board of directors of the Securities Industry Association. He will fill the unexpired term of Donald G. Rundle, who resigned following his departure from Prescott, Ball & Turben and the establishment of his own consulting firm.

The Board of Directors of the New York Stock Exchange has unanimously re-elected **James J. Needham** to a third one-year term as chairman. **Donald T. Regan,** chairman of Merrill Lynch & Co., was also re-elected to a third one-year term as vice chairman. Newly elected directors were **Robert H. B. Baldwin,** Morgan Stanley & Co., Inc., and **Joseph H. Thomas,** McDonald & Company, who succeed William H. Donaldson, former chairman of Donaldson, Lufkin & Jenrette Securities Corp., and Harry C. Piper, Piper, Jaffray & Hopwood, Inc. Other members of the board were re-elected.

**E. I. Parsons, Jr.,** has been appointed to the newly created post of financial vice president of Texas Oil & Gas Corp., Fidelity Union Tower, Dallas. He was formerly treasurer of Continental Oil Company.

The First National Bank of Boston has announced that **Clark D. Burton** of the international division has been elected a senior vice president.

**Gregory J. Tully** has been promoted to assistant teasurer of First Virginia Management & Research Corp., 914 Capitol St., Richmond. Prior to joining the firm he was with IB Securities Corp. and Financial Distributors, Inc. of Washington.

**William F. Doscher** has been elected president of USLIFE Mutual Funds Management Corp., and **Phillip C. Faulkner** has been named president of USLIFE Real Estate Services Corp., both companies subsidiaries of USLIFE Corp., 125 Maiden Lane, New York. Doscher had served as chief administrative officer of USLIFE Mutual Funds Management since the retirement of its president in December 1973.

Announcement has been made of the resignation of **Joseph W. Barr** as chairman and chief executive officer of American Security & Trust Company and president of the bank's affiliate, American Security Corp., Washington, D. C. **Robert C. Baker,** former chairman of the bank and presently chairman of the executive committee will replace Barr for an interim period. **W. Jarvis Moody,** president of the Bank has been named president of the affiliate, American Security Corp.

**E. A. Iversen,** senior vice president of Bank of America, San Francisco, has been appointed executive officer for loans and chairman of the loan policy committee.

**Collin Fritz** has been promoted from executive vice president to vice chairman of Central National Bancshares Inc., Locust at Sixth, Des Moines, holding company of the Central National Bank & Trust Company and three other Iowa banks. He has resigned as president of Central National Bank and Trust Company and will devote full time to the activities of the holding company. **Raymond G. Johnston,** formerly senior vice president, succeeds Fritz as president of the Bank.

# CNA: a victim

Continued from page 5

been written off.

Harold Sortor, CNA's executive vice president of finance, says that while the Larwin group has been unprofitable in all segments this year, he anticipates a recovery in the one area remaining to the group, single family housing.

In the matter of insurance, however, Sortor says that the company is reviewing five areas of underwriting very carefully. Total reevaluation of rate structures; people underwritten; the handling of insurance business; the geographic locations of that business and the agencies dealing with CNA will be sorted over under a microscope, in order to turn the insurance area around.

Fewer policies will be written, but hopefully with sharper arithmetic supporting them. If a more conservative approach is taken to reserves, some income will be shielded from income taxes, although the IRS will not permit inordinate sums to be withdrawn into this area.

What it boils all down to in the end is whether Nicholson et al will be given the chance to turn CNA around. Management admits it has problems — the balance sheet shows this clearly. It has taken the first tentative steps toward their solution. But in taking those steps it has opened itself to attacks.

Nicholson has been known previously for taking calculated risks, but then so has Tisch.

If stockholder reaction is in any way related to that of the two ex-officers of the company who each say, "I think enough of the company to put another $10,000 of my own into it right now," Nicholson may just come out ahead of the game.

# Janeway

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benefits as well as the costs of doing business with Moscow. Washington is being treated to a preview that is at once revealing and prophetic.

The Russians have unleashed swarms of high-level high-powered operatives from Moscow to lobby Congress. They enjoy two start-up advantages in their dealings with America. Both reflect their problems. Their double trouble is need and ignorance. They need to do business with America, but they don't know how. Since they do not know what makes Washington's cumbersome gears mesh, they are prone to take the obvious for granted.

They did just that when they figured on collecting from Nixon and Kissinger. But they are also incisive in cutting their losses and switching their sales pitches. Hence the trail they are beating to Capitol Hill.

Consequently, the Russian embassy in Washington is ready and anxious to join all the other lobbyists plying their trade on Capitol Hill. The Russians have given up any hope of Congress buying their story from Nixon and Kissinger, and they have set out to sell it to Congress themselves.

# Senate unit limits S&L conversions

The Senate Banking Committee recently voted to allow a limited experimental program of converting mutual savings and loan associations into stock corporations, but otherwise to extend the moratorium on conversions for another two years.

The moratorium which has existed for many years is scheduled to expire June 30 and the Federal Home Loan Bank Board has pushed to let it die. But the Banking Committee voted to extend it through June 30, 1976, except for 30 S&L'S which will constitute the test program.

In other actions the committee recently approved an increase in the maximum amount of Federal Insurance on deposits in banks and S&L'S to $25,000 per account from $20,000. The House however has already approved an increase to $50,000.

Voted to extend for one year to December 31, 1975, the authority of federal bank regulatory agencies to set ceilings on the interest rates paid depositors. But the committee instructed these agencies to "give due consideration of market interest rates" in setting the ceilings, thus prodding the regulators to establish higher limits in times of high interest rates.

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# Insider Trading

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**Diamond Shamrock Corp.** 1,000 common at $26.00 - open market purchase on April 3, 1974; and 1,000 common at $24.75 - open market purchase on April 30, 1974. Fred S. Strauss, vice president and director.

**Distribuco, Inc.** 200 common at $6.75 open market purchase - on May 6, 1974. 800 common at $6.875 - open market purchase on May 6, 1974. Lawrence C. Bryant, vice president.

**Diversified Mortgage Investors** 1,000 shares of beneficial interest at $10 - open market purchase on April 22, 1974. William R. Moore, trustee.

**Domain Industries Inc.** 200 common at $10.375 - open market purchase on April 10, 1974. Paul W. Kraemer, director.

**Donaldson, Lufkin & Jenrette Inc.** 1,400 common at from $4.37 to $4.75 - open market purchases between April 2, 1974 and April 19, 1974, in five separate transactions of between 100 and 800 shares. Gert von der Linde, vice president.

**Dover Corp.** 1,000 common at $39.50 - open market purchase on April 25, 1974. H. Thomas Cavanaugh, director.

**Du Pont De Nemours & Co.** 100 common at $176.50 - sale on April 17, 1974. William E. Buxbaum, comptroller.

**Edgerly (J.W.) & Co.** 6,400 common at $2.00 - private purchase on April 24, 1974. Charles O. Russell, director and chairman of the board.

**Elcor Chemical Corp.** 1,100 common at $2.50 - private purchase on April 19, 1974. F.H. Callaway, director. 10,000 common at $2.00 - purchase on April 3, 1974. Roy E. Cambell, president and director.

**Electro-Catheter Corp.** 10,000 common at $1.80 - private purchase on May 1, 1974. Robert I. Bernstein, chairman of the board.

**Electronic Assistance Corp.**3,000 common at $1.38 and $1.50 - open market purchases between April 1, 1974 and April 30, 1974; in six separate transactions of between 200 and 1,100 shares; and 1,000 common at $1.38 - private sale of April 11, 1974. Herman E. Anstatt Jr., president and chairman of the board.

**Electro-Protective Corp. of America** 700 common at $8.50 - purchases between April 1, 1974 and April 3, 1974, in three separate transactions two of 200 and one of 300 shares. William H. Tozier, director.

**El Paso Electric Co.** 2,000 common at $10.75 - open market purchase on April 17, 1974. Robert E. Boney, director.

**Emersons Ltd.** 1,000 common at $8.625 - open market sale of April 10, 1974; and 1,000 common at $8.25 - open market sale on April 11, 1974. Robert B. Gabbe, director.

**Ethyl Corp.** 800 preferred stock at from $35.50 to $38.25 - purchases on April 9, 1974 and April 29, 1974, in five separate transactions two of 100 and three of 200 shares. Arthur W. Helwig, vice president.

**Epko Shoes, Inc.** 1,000 common at $7.125 - open market sales on April 22, 1974. 45 common at $7.00 - open market sale on April 22, 1974. 1,000 common at $6.75 - open market sale on April 26, 1974. 200 common at $6.875 - open market on April 30, 1974. Alfred Silverman, vice president and director.

**E-Systems, Inc.** 10,000 common at $44.00 - open market sale on April 4, 1974. 10,000 common at $43.625 - open market on April 4, 1974. Fred E. Buehring, director.

**Exchange Oil & Gas Corp.** 1,000 common at $7.50 - open market purchase on May 6, 1974. Cecil Smith, director.

**Faberge Inc.** 2000 common at $8.00 - open market sale on April 9, 1974. 100 common at $7.625 - open market sale on April 11, 1974. 2900 common at $7.50 - open market sale on April 11, 1974. Mark L. Arend, chairman of the board.

**Farah Manufacturing Co. Inc.** 2,000 common at $8.75 - open market sale on April 24, 1974. George Kozmetsky, director.

**FBT Bancorp. Inc.** 2,172 common at $8.50 - private purchase on April 1, 1974. Oliver C. Carmichael III, director. 783 common at $8.50 - private purchase on April 1, 1974. Christopher J. Murphy, 3rd, Director.

**First Bancshares of Florida, Inc.** 900 common at $16 - private purchase on April 4, 1974. 1,000 common at $16.75 - open market purchase on April 5, 1974. Richard L. Brown, director. 50 common at $16.50 -- private purchase on April 18, 1974. 1400 common at $16.25 - open market purchase on April 30, 1974. Roy B. Fleming, vice chairman of the board.

**First Capital Corp.** 400 common at $32.00 - open market sale on May 9, 1974. William Neville Jr., director.

**First Executive Corp.** 300 common at $5.00 - open market purchase on April 28, 1974. Russell J. Lasher, financial vice president and treasurer.

**First Jersey National Corp.** 800 common at $15.25 - open market purchase on April 17, 1974. 99 common at $15.25 - open market purchase on April 18, 1974. 800 common at $15.25 - open market purchase on April 29, 1974. Eric G. Orling, director.

**First National Cincinnati Corp.** 1,000 common at $23-⅜ - open market sale on April 29, 1974. Harry D. Foley, director.

**First National City Corp.** 900 common at $39.875 - open market purchase on April 3, 1974. James F. Jaffray, senior vice president.

**First Tulsa Bancorp. Inc.** 100 common at $42.75 - purchase on April 19, 1974. Kenneth C. Olinger, vice president and treasurer.

**Fischbach & Moore Inc.** 100 common at $50.75 - sale on January 16, 1974; and 100 common at $43.00 - sale on April 1, 1974. Jerome Littman, senior vice president.

**Fleetwood Enterprises, Inc.** 1000 common at $8.25 - sale on April 23, 1974. 700 common at $8.00 - sale on April 30, 1974. 300 common at $8.00 - sale on May 1, 1974. Gordon R. Collins, vice president - marketing.

**Florida Power & Light Co.** 100 common at $18.75 - purchase on April 25, 1974. Ernest L. Bivans, vice president.

**Fluor Corp.** 100 common at $29.00 - open-market purchase on April 5, 1974. Loren K. Olson, director. 600 common at $32.375 - sale on April 3, 1974. Jay L. Reed, vice president. 150 common at (disposed of by gift) on April 3, 1974. 100 common at $28.00 - 144 sale on April 9, 1974. Warren F. Kane, director and senior vice president.

**Foster Wheeler Corp.** 100 common at $32.875 - open market purchase on April 5, 1974. William L. Cobb, director.

**Freeport Minerals Co.** 200 common at $24.375 - sold on April 16, 1974. John C. Carrington, executive vice president.

**Frostbank Corp.** 800 common at $64.50 - open market purchase on Feburary 13, 1974. Edward M. Sweeney, director.

**Galveston-Houston Co.** 16.667 common at $5. Private purchase on April 22, 1974. Jack R. Crosby, director and beneficial owner of more than 10 per cent of the company's stock. 16,667 commons at $5. Private purchase on April 22, 1974. Nathan Avery, director, president, and beneficial owner more than 10 per cent of the company's common stock.

**Gateway Industries Inc.** 6,487 common at prices ranging from $3.75 to $4 in 20 separate open market purchases. Jerry Ganz, chairman of the board, president, treasurer and 10 per cent shareholder.

**General American Transportation Corp.** 200 common at $46.50. Open market purchase sales on April 30, 1974. Thomas M. Thompson, chairman of the board.

**General Educational Services Corp.** 3,000 common at from $2.00 to 2.25 - open market purchases between April 8, 1974 and April 24, 1974 in seven separate transactions of between 200 and 700 shares. Marne Obernauer, chairman of the board and chief executive officer.

**General Energy Corp.** 300 common at $13.00 - open market sale on April 20, 1974; and 3,963 common at $13.00 - open market sale on May 1, 1974. Ralph L. Cunningham, administrative vice president and secretary.

**General Mills Inc.** 10,000 common at $54.00 - open market sale on April 2, 1974. William F. Niemi, vice president.

**Gerber Products Co.** 100 common at $11.875 - open market purchase on February 21, 1974. Charles F. Whitten, director.

**Godfrey Co.** 500 common at $11.25 - open market purchase on April 24, 1974. Ralph E. Petersen, director.

**Golden Nugget Inc.** 1,000 common at $7 - open market purchase on April 30, 1974. John D. Gaughan, director.

**W.R. Grace & Co.** 1000 common at $24.6250 - open market purchase on April 26, 1974. Charles W. Miller, director.

**Great Basins Petroleum Co.** 9,000 common at $3.00 - sale on April 17, 1974. L.C. Charboneau, vice president, treasurer and director.

**Great National Corp.** 24,500 common at - open market purchase on March 18, 1974. W.H. Hudson beneficial owner of more than 10 per cent of the company's common stock.

**Great Northern Nekoosa Corp.** 326 common 200 at $44.50 and 100 at $44.75 and 26 at $44.625 - open market purchase on May 8, 1974. John A. Puelicher, director.

**Great Southern Corp.** 4,000 common at $12 - open market purchase on April 23, 1974. George R. Jordan, Jr., director and president.

**Grolier Inc.** 900 common at $5.75 - open market on April 1, 1974. 100 common at $5.75 - open market sale on April 1, 1974. Harry G. Veras, vice president and director of accounting.

**Gulf Oil Corp.** 200 common at $22.25 - open market purchase on April 26, 1974. Herbert C. Manning, vice president and corporate secretary.

**GTI Corp.** 1,000 common at $2.625 - purchase on May 1, 1974. Robert J. Kennedy, director.

**Hammond Corp.** 600 common at $7.00 - open market purchase on February 4, 1974. Edwin J. Reidy, vice president.

**Hannaford Bros. Co.** 100 common at $11.75 - open market purchase on April 3, 1974. Roger W. Hoyt, vice president. 645 common at $7.20 - private purchase on April 30, 1974. Everett F. Johnson, vice president. 894 common at $7.20 - private purchase on April 30, 1974. James L Moody Jr., president. 656 common at $7.20 - private purchase on April 30, 1974. Donald J. Young, vice president.

**Harnischfeger Corp.** 200 common at $29.00 - purchase on April 22, 1974. Herbert V. Kohler, Jr., director.

**Heilig-Meyers Co.** 3,000 common at $3.625, $3.75 and $3.875 open market sale of April 19, 1974 and April 29, 1974. Sidney S. Meyers, vice president, secretary, director and beneficial owner of more than 10 per cent of stock.

**Hiptronics Inc.** 3,930 common at $3.1456 - private purchaase on March 29, 1974. Stanley G. Peschel, beneficial owner of more than 10 per cent of company's common stock. 1,000 common at $3.50 - private purchase on March 19, 1974. Keith R. Reed, vice president. 2,800 common. 2,300 at $5.00 and 500 at $5 - open market sale on April 17, 1974. 1,250 common at : 1,200 at $5.50 and 50 at $5.375 - open market sale on April 30, 1974. Stanley G. Peschel, beneficial owner of more than 10 per cent of the company's common stock, chief executive officer, director, president.

**Hi-Shear Corp.** 6,800 shares at prices ranging from $16 to $17.25 in 23 separate transactions between April 1-30, 1974. Frank A. Klaus, beneficial owner of more than 10 per cent of common stock.

**Holly's Inc.** 100 common at $4.50 Open market purchase on April 10, 1974; and 300 common at $4.50 - open market purchase on April 18, 1974. Samual Weiss, director and treasurer.

**Hudson Bay Mining and Smelting Co.,** 900,000 common at $22,500,000 - private purchase on April 30, 1974. Anmercosa Investments Limited, direct owner of 34.7 of per cent of Hudson Bay stock.

**Hyster Co.** 500 common at $16.375 - open market purchase on April 15, 1974. George W. Green, vice president.

**Illinois Power Co.** 100 common at $21.00 - open market purchase on April 29, 1974; and 200 common at $19 - open market purchase on May 6, 1974. Wendell J. Kelley, president and director.

**Indiana National Corp.** 1,000 common 100 at $18.50 and 900 at $18.25 - open market purchase on April 25, 1974. Ben Domont, director.

**Indian Head Inc.** 100 common at $18.75 - open market sale on April 4, 1974. Richard K. LeBlond 2nd , former director.

**International Nickel Co. of Canada Ltd.,** 400 common: - 100 at $31.875 and 300 at $32 - open market purchases on April 26, 1974. David W. Barr, director.

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# Insider Trading

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**Iowa Electric Light & Power Co.** 500 common at $14. - open market purchase on April 25, 1974. James A. van Allen, director.

**Jamesbury Corp.** 1,000 common at $11 - open market sale on January 16, 1974. Julian S. Freeman, officer and director.

**Johnson Service Co.** 100 common at $24.125 - open market purchase on March 28, 1974 and 100 common at $25 - open market purchase on April 24, 1974. James H. Keyes, treasurer & asst. secy. 100 common at $25.375 - open market purchase on April 24, 1974. Kenneth J. Kammeraad, secretary.

**Josten's Inc.** 500 common at $14.75 - open market purchase on April 23, 1974. Carl R. Erickson, director.

**Kansas City Southern Industries Inc.** 1,200 common at $15.125 - open market purchases between May 9, 1974 and May 13, 1974, in three separate transactions of 700; 400 and 100 shares respectively. Rufus C. Kemper Jr., director.

**The Kansas Power and Light Co.** 500 shares common at $18.50 open market purchase on April 24, 1974. Thaddeus A. Kostanski, vice president-finance. 100 common at $18 - open market purchase on April 25, 1974. Duane L. Walrafen, vice president. 100 common at $18.875 - open market purchase on April 23, 1974. Carl W. Didde, director. 200 common at $18.50 - open market purchase on April 24, 1974. William L. Perdue, vice president, area relations. 300 common at $18.75 - open market purchase on March 27, 1974. Cloud L. Cray, Jr., director.

**Kawecki Berylco Industries Inc.** 20,000 common at $13.75 and $14 - open market purchases between April 17, 1974 and April 19, 1974 in three separate transactions of between 500 and 800 shares. Milton S. Stearns Jr. Director.

**Kennecott Copper Corp.** 500 common at $38.50 - open market purchase on May 8, 1974. Milton Stern, vice president.

**Kentucky Jockey Club Inc.** 100 common at $14 - purchase on April 23, 1974. Richard C. Crisler, director.

**Keystone Consolidated Industries Inc.** 200 common at $17.50 - open market purchase on April 2, 1974; and 100 common at $17.00 - open market purchase on April 5, 1974. Donald R. Moore, president and chief executive officer and director. 700 common at $18.50 - open market purchase on May 2 1974. David B. Sutton, comptroller. 100 common stock a $19.125 - open market purchase on April 25, 1974:: and 200 common stock at $19.25 - open market purchase on April 26, 1974. Warren G. Reynolds, corporate secretary.

**Koppers Co. Inc.** 100 common at $50.375 - open market sale on April 30, 1974. Arthur W. Cowles, vice president.

**S.S. Kresge Co.** 100 common at $34.625 - open market sale on May 15, 1974. 60 common at $34.50 - open market sale on May 15, 1974. Kenneth L. Dunkel, vice-president merchandise systems and D.C. Operations.

**W.A. Krueger Co.** 1000 common at $7.75 - open market sale on April 29, 1974. James L. Koley, director.

**Laribee Wire Inc.** 2,500 common at from $3.50 to $3.75 - open market purchases between April 1, 1974 and April 30, 1974 in five separate transactions of 500 shares each. Kenrich Corp., beneficial owner of more than 10 per cent of common stock. **Lazare Kaplan International Inc.** 1,100 common at $9.375 - private purchase on April 30, 1974. Leo L. Kaplan, president, director and beneficial owner of more than 10 per cent of common stock. 1,400 at $9.375 - private purchase on April 30, 1974. George R. Kaplan, vice chairman of the board, treasurer and beneficial owner of more than 10 per cent of common stock.

**Lea-Reanal Inc.** 500 common at $12.125 - open market purchase on April 1, 1974. Barnet D. Ostrow, president and director. 500 common at $12.125 - open market purchase on April 5, 1974. Fred I. Nobel, vice president and secretary.

**Leigh Products, Inc.** 500 common at $7 - open market purchase on April 18, 1974. 100 common at $6.50 - open market purchase on April 25, 1974. 100 common at $6.25 - open market purchase on April 26, 1974. Philip A. Uzielli, director.

**Libby, McNeil & Libby** 15,000 common at $5.50 - open market purchase on April 5, 1974. Nestle Alimentana S.A., beneficial owner of more than 10 per cent of the company's common stock.

**Libbey Owens Ford Co.** 300 common at $29.875 - open market purchase on March 15, 1974. Floyd E. Schwertferger, vice president.

**Londontown Manufacturing Co.** 500 common at $9.75 - open market purchase on April 19, 1974. Robert F. Eisen, director.

**LSM Corp.** 1,500 common at $1.38 - open market purchase on April 29, 1974. Robert D. McCullough, director. 1,600 common at $1.38 - open market purchase on April 1, 1974. 700 common at $1.38 - open market purchase on April 3, 1974. Melvin Roth, director. 1,000 common at $1.50 - open market purchase on April 15, 1974. Bud N. Grossman, director.

**LTV Corp.** $600,000 7½ per cent convertible notes '77-0' at $102.6 - open market sale on April 29-May 3, 1974. Edwin L. Cox, director.

**Marathon Manufacturing Co.** 1,000 common at $12.00 - open market purchase on April 8, 1974; and 1,000 common at $12.00 - open market purchase on April 22, 1974. John R. Butler, director.

**Mark Controls** 1,200 common: 1,000 at $7.00 and 200 at $7.125 - open market purchases on April 8, 1974. Merle H. Banta,director.

**Marion Corp.** 500 common at $4.65676 - purchase on April 26, 1974 1,500 common at $4.62477 - purchase on April 26, 1974. Charles H. Price, director.

**May Department Stores Co.** 300 common at $24.75 - open market sale on February 6, 1974. Peter Sterling, vice president.

**May Petroleum Inc.** 6,500 common at $11.35 - open market sale on March 11, 1974. John C. Snyder (no relationship company given).

**McCormick & Co. Inc.** 500 common at $31.50 - open market sale on April 4, 1974. Douglas G. Reed Sr., retired.

**McDonald's Corp.** 100 common at $55.00 - open market sale on May 2, 1974.

**McGraw-Edison Co.** 100 common at $19.625- private purchase on February 27, 1974. 104 common at $20.875 - private purchase on March 11, 1974. 38 common at $21.375 - private purchase on March 15, 1974. 1,000 common at $21.375 - private purchase on March 20, 1974. McGraw-Edison Co. Profit sharing turst, beneficial owner of more than 10 per cent of company's outstanding common stock.

**McQuay-Perfex Inc.** 100 shares at $14.50 - open market sale on January 31, 1974. Paul Victor Grambsch, director.

**Mechanical Technology Inc.** 25,000 common at $2.00 - private purchase on April 29, 1974. Masco Corp., holder of warrants for more than 10 per cent of the stock.

**Medcom Inc.** 1,000 common at $8.25 - open market sale on April 4, 1974 200 common at $8.25 - open market sale on April 5, 1974. 3,000 common at $8.25 - open market sale on April 17, 1974. David P. Lauler, director.

**Meenan Oil Co., Inc.** 500 common at $4.00 - open market sale on March 1, 1974. 1,000 common at $4.50 - open market sale on March 12, 1974. Clarence Schwerin 3rd, director.

**Memorex Corp.** $50,000 5¼ per cent convertible subordinated debentures due 1990 at $230 per $1,000. Open market purchase on April 5, 1974. Donald M. Campbell, treasurer.

**Miller-Wohl Co. Inc.** 500 common at $5 - purchase on April 9, 1974. Gerald J. Levy, director and vice president of finance and administration. 500 common at $4.75 - purchase on April 25, 1974; and 500 common at $4.75 - purchase on April 30, 1974. Philip Brous, vice president and director.

**Mine Safety Appliances Co.** 200 4½ per cent preferred at $24.50 - open market purchase on April 4, 1974; and 60 common at $33.50 - open market purchase on April 19, 1974. Milton G. Hulme Jr., officer and vice president.

**Minnesota Mining & Manufacturing Co.** 300 common at $75.00 - sale on April 18, 1974; and 800 common at $75.00 - sale on April 23, 1974. Edward J. Kane, group vice president and director.

**Mississippi Power Co.** 25 8.80 per cdnt preferred stock at $101.15 - open market purchase on April 19, 1974. W. Harvey Hurt Jr., director.

**Mississippi Valley Gas Co.** 100 common at $13.10 - open market sale on April 30, 1974. William W. Pointer Jr., director senior vice president and secretary.

**Molecular Energy Corp.** 500 Class A at prices ranging from $8.00 to $8.25 - open market purchases in five separate transactions between April 13, and April 19, 1973. Irving Hillman, vice president, secretary-director & 10 per cent owner of Class B Stock.

**Monfort of Colorado Inc.** 6,611 at $4.00 - private purchase on April 23, 1974. Duane E. Flack, director and vice president. 6,611 common at $4.00 - private purchase on April 23, 1974. Wayne J. Harrison, vice president. 6,11 common at $4.00 - private purchase on April 23, 1974. LeRoy H. Johnson, vice president. 6,611 common at $4.00 - private purchase on April 23, 1974. Eugene M. Mapelli, director and vice president. 6,611 common at $4.00 - private purchase on April 23, 1974. Roland L. Mapelli, director and vice president. 1,000 common at $4.50 - open market purchase on April 23, 1974. Kenneth W. Monfort, director, president and owner of more than 10 per cent of company's common stock. 6,611 common at $4.00 - private purchase on April 23, 1974. A. L. Sullivan, vice president. 13,222 common at $4.00 - private purchase on April 23, 1974. Clark E. Weaver, vice president.

**MPOV VIDEOTRONICS, Inc.** 4500 common at $2.25 - open market purchases on nine separate transactions between April 5, 1974 and April 17, 1974. Montauk Corp., beneficial owners of more than 10 per cent of company's common stock.

**Nashua Corp.** 100 common at $33.50 - open market purchase on April 29, 1974. Lewis F. Steinbach, vice president - finance.

**National Chemical Corp.** 70,000 common at $2.50 - private purchase on April 11, 1974. 20,500 common at $1.00 - private purchase on April 11, 1974. National Steel Corporation, beneficial owner of 10 per cent of company's common stock.

**National Chemical Corp.** 70,000 common at $2.50 - private purchase on April 11, 1974. Southwire Co., beneficial owner of more than 10 per cent of company's common stock.

**National Convenience Stores Inc.** 1,400 common at from $9.75 to $10.375 - open market purchases between April 11, 1974 and April 30, 1974, in seven separate transactions of between 100 and 500 shares. Guy J. Robertson, director.

**National Information Systems Corp.** 400,000 common at $1.10 - private sale on May 14, 1974. National Liberty Corp., beneficial owner of more than 10 per cent of common stock.

**National Savings Corp.** 600 common at $6.50 - private purchase on April 4, 1974. 400 common at $6.13 - private purchase on April 16, 1974. William W. Farris, secretary and director.

**NBC Co.** 423 common at $189.00 - open market purchase on April 11, 1974; and 500 common at $18.50 - open market purchase on April 25, 1974. Paul C. Schorr 3rd,- director.

**NBT Corp.** 200 common at $19.50 - open market purchase on April 17, 1974 Charles W. Oliphant, director.

**New Jersey National Corp.** 272 common at from $26.42 to $27.96 - open market purchases between January 15, 1974 and April 18, 1974, in three separate transactions, two of 36 and one of 200 shares. Richard G. Macgill, chairman and director.

**Newpark Resources Inc.** 500 common at $2.50 - open market purchase on May 3, 1974. Richard J. Shopf, president and director.

**Norlin Corp.** 5,000 a common at $15.875 - open market purchase on April 8, 1974. 900 common at $15.50 - open market purchase on April 16, 1974. George Herbert Walker, Jr., director.

**North Carolina Telephone Co.** 5,237 common at prices ranging from $1.25 to $1.35 in six separate transactions between April 11 - 29,1974. Private purchase. Mid-Continent Telephone Corp., beneficial owner of more than 10 per cent of the company's common stock.

**Northern States Bancorp.** 100 common at $15.375 - purchase on April 18, 1974. Russel A. Swaney, director.

**Nortrust Corp.** 1,916 common at $36.00 - distributed under provisions of Plan on April 4, 1974; and 2,700 common at $38.25 and $39.50 - open market purchases between April 5, 1974 and April 29, 1974 in five separate transactions, four of 500 and one of 700 shares. The Northern Trust Co. as trustee of the Northern Trust Co. Thrift-Incentive Plan Trust.

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# Insider

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**Oceanic Exploration Co.** 1,200 common at $17.25 - sale on April 26, 1974. Wesley N. Farmer, officer and director.

**Orange & Rockland Utilities** 200 common at $12.25 - open market purchase on April 29, 1974. Patrick J. Chambers Jr., vice president.

**Pabst Brewing Co.** 100 common at $18.00 - open market purchase on April 9, 1974. 100 common at $15.875 - open market purchase on April 25, 1974. Norman W. Bergemann, assistant treasurer.

**Pacesetter Industries Inc.** 10,000 common at $1.00 per share - private sale on April 1, 1974. Jeffrey E. Britz, president, director and beneficial owner of more than 10 per cent of the company's common stock. 10,000 common at $1.00 per share - private purchase on April 1, 1974. Frank Lloyd, secretary and director.

**Pacifica American Industries Inc.** 500 common at $3.375 - open market purchase on April 19, 1974. Alfred Lushing, director.

**Pacific Power & Light Co.** 145 common at $21 - open market purchase on April 5, 1974. J. Dierdorff, director emeritus. 100 common at $21 - open market purchase on April 23, 1974. C. M. Bishop Jr., director.

**Pacific United Services Corp. Inc.** 1,229 class A common at $11 - private purchase on April 24, 1974. Hal W. Brown, chairman.

**Parker-Levitt Corp.** 406,675 common at $0.10 - sale on April 15, 1974; and $333,333.33 principal amount of 8 per cent notes at a price equal to the principal amount plus interest - payment of notes in full on April 15, 1974. Hilda B. Parker as executrix of the estate of Maurice Parker (deceased) - former officer, director and 10 per cent stockholder of the company. Irving F. Levitt, former officer, director and 10 per cent stockholder reported similar transactions. $11,000 principal amount of 8 per cent notes at a price equal to the principal amount plus interest - payment of notes in full on April 15, 1974. Robert B. Levitt, former vice president.

**Patagonia Corp.** 5,200 common at $7.125 - purchase on April 5, 1974. 300 common at $7.00 - purchase on April 11, 1974. 4,500 common at $7.00 - purchase on April 16, 1974. Westphalian American Associates, beneficial owner of 10 per cent of common stock and of 8 per cent debentures.

**Pennsylvania Life Co.** 1,000 common at $2.00 - purchase on April 5, 1974. 2,000 common at $2.00 - purchase on April 19, 1974. Charles F. Hovey, director.

**Pennsylvania Real Estate Investment Trust** 600 shares of beneficial interest at $11.875 - open market purchase on April 1, 1974. Martin G. Bergman, trustee.

**Penn Traffic Co.** 400 common at $16.75 - open market on April 26, 1974. Richard L. Corbin, vice president and director.

**Penn Virginia Corp.** 100 common at $58.50 - open market purchase on April 16, 1974. E. B. Leisenring Jr., director and officer.

**Pennzoil Co.** 200 common at $25.875 - open market sale on April 19, 1974; and 100 common at $26.00 - open market sale of April 19, 1974. William E. Gipson, vice president.

**Pet Inc.** 120 shares common at: 100 at $25.00 and 20 at $24-⅞ - open market sale on April 22, 1974. Gene Mayfield, vice president and assistant secretary.

**Peter Paul Inc.** 100 shares common at $13.875 - open market purchase on February 22, 1974. 900 shares common at $14.125 - open market purchase on February 22, 1974. Walter E. Cohen, vice president.

**Polaroid Corp.** 464 common at: 300 at $60.875 and 164 at $61.00 - open market sale on May 8, 1974. Peter C. Wensberg, senior vice president.

**Potlatch Corp.** 5,463 common at from $33.25 to $34.25 - open market sales between May 8, 1974 and May 10, 1974, in six separate transactions of between 63 and 4,100 shares. William G. Gray, group vice president - paper.

**Power Conversion Inc.** 40,000 common at $0.01 - sale on April 25, 1974. Anthony J. Fennelli Jr., director. 20,000 common at $0.01 - purchase on April 25, 1974. Bruce Jagid, president and director. 20,000 common at $0.01 - purchase on April 25, 1974. Martin G. Rosansky, chairman of the board and secretary.

**Publicker Industries Inc.** 25 $4.75 preferred stock at $41.00 - open market purchase on April 2, 1974: and 50 $4.75 preferred stock at $42.00 - open market purchase on April 22, 1974. A. E. Lang, director and president. 100 preferred at $42.00 - private purchase on April 22, 1974. Leo Vernon, director, vice president and secretary.

**Public Service Co. of Colorado** 5,000 common at $14.00 - open market purchase on May 7, 1974. Frank H. Ricketson, director.

**Quantor Corp.** 1,000 common at $5.50 - open market sale on May 13, 1974. 200 common at $5.00 - open market sale on May 15, 1974. 800 common at $4.75 - open market sale on May 15, 1974. Frank Wilkins McBee Jr., director.

**Ranier Companies Inc.** 1,000 common at $4.00 - open market purchase on March 14, 1974. 100 common at $4.00 - open market purchase on March 19, 1974. 100 common at

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# Insider Trading

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$4.00 - open market purchase on March 21, 1974. 1,000 common at $4.00 - open market purchase on April 15, 1974. 6,300 common at $4.00 - open market purchase on April 19, 1974. The Molson Companies Ltd. beneficial owner of more than 10 per cent of the company's common stock.

**Realty Income Trust** 10,776 common shares of beneficial interest at $10.00 - private purchase on April 3, 1974. Robert P. Freeman, senior vice president and trustee. 10,777 common shares of beneficial interest at $10.00 - private purchase on April 3, 1974. Ronald E. Kutrieb, president and trustee. 43,103 common at $10.00 - private sale on April 8, 1974. Royal Little, chairman of trustees. 43, 103 common at $10.00 - private sale on April 8, 1974. Royal Little, chairman of trustees.

**Redman Industries Inc.** 2,000 common at $4.125 - open market purchase on December 12, 1973; and 1,400 common at $4.25 - open market purchase on December 26, 1973. W. Ray Wallace, director.

**Residex Corp.** $1,400,000 common at $1.25 - private purchase on April 1, 1974. 1,500,000 of 9 per cent subordinated debenture private purchase on April 1, 1974. Sun Ventures Inc., beneficial owner of more than 10 per cent of company's common stock.

**Revere Racing Association Inc.** 1,000 capital stock - common at $9.125 - open market purchase on April 9, 1974; and 1,000 capital stock - common at $9.00 - open market purchase on April 11, 1974. Joseph M. Linsey, beneficial owner of more than 10 per cent of company's common stock.

**Ring Around Products Inc.** 22,000 common at $9.07 - sale to under-writers for public distribution on April 18, 1974. J. B. Sylvest Jr. and Edward V. Welch and Robert H. Collins 3rd as trustees under the Will of J. B. Sylvest Sr., beneficial owner of more than 10 per cent of the company's common stock.

**Roadway Express Inc.** 2,000 common at $40.375 - open market sale on April 1, 1974; and 1,000 common at $38.50 - open market sale on April 24, 1974. Galen J. Roush Jr., director.

**Rochester & Pittsburgh Coal Co.** 100 common at $17.75 - open market purchase on March 11, 1974. Robert E. Olson, vice president - administration.

**Rochester Gas & Electric Corp.** 150 common: - 100 at $17.25 and 50 at $17.375 - open market purchases on April 5, 1974. Paul A. Miller, director.

**Rodale Electronics Inc.** 14,000 common at $3.50 - private purchase on April 11, 1974. Jules P. Lester, vice president, treasurer and director.

**Royal American Corp.** 1,000 common at $2.50 - open market purchase on April 8, 1974. Donald J. LaBauve, controller.

**Rust Craft Greeting Cards Inc.** 600 common at $8.00 - open market purchase on April 30, 1974. Wilbert Lynn, vice president and controller.

**St. Paul Companies Inc.** 100 common at 28.50 - open market purchase on May 10, 1974. Warren L. Peterson, senior computer operations officer.

**Saturn Airways Inc.** 2,500 common at $5.75 to $6.00 - open market purchases between April 17, 1974 and April 24,, 1974, in five separate transactions of between 200 and 900 shares. Howard J. Korth, chairman of the board of directors.

**Scholl Inc.** 750 common (disposed by gift) on April 15, 1974. 500 common at $23.00 - open market sale on April 23, 1974. 500 common at $23.00 - open market sale on April 23, 1974. 500 common at $22.00 - open market sale on April 25, 1974. 200 common at $22.00 - open market sale on April 26, 1974. 200 common at $22.00 - open market sale on April 26, 1974. 100 common at $22.00 - open market sale on April 26, 1974. Donald K. Cardy, vice president and director.

**Scientific-Atlanta Inc.** 300 common at $9.25 - open market sale on April 18, 1974. Glen P. Robinson Jr., chairman of the board.

**Scientific Inc.** 50,000 common at $2.00 - private purchase on February 4, 1974. Ingrid T. Mahan, more than 10 per cent stockholder.

**Scovill Manufacturing Co.** 500 common at $15.30 - open market sale on February 11, 1974. George W. Young, group vice president.

**Seaport Corp.** 400 eommon at $4.125 - open market purchase on March 6, 1974. 200 common at $4.125 - open market purchase on March 7, 1974. Daniel A. Porco, chairman of the board.

**Service Corp. International** 500 shares common at $5.75 - open market purchase on April 23, 1974. 500 common at $5.50 - open market purchase on April 24, 1974. Edward E. Williams, vice president.

**Silver Eureka Corp.** 5,000 common at $1.75 - open market sale on March 29, 1974. Freancis H. Williams, director.

**Simplex Industries Inc.** 100 common at $8.00 - open market purchase on December 29, 1972. 100 common at $7.75 - open market purchase on January 19, 1973. 100 common at $7.75 - open market purchase on February 13, 1973. 100 common at $6.875 - open market purchase on February 22, 1973. 200 common at $6.375 - open market purchase on April 24, 1973. 30 common at $6.50 - open market purchase on August 17, 1973. 100 common at $5.50 - open market purchase on July 11, 1973. Kenneth E. Schultz, vice president industrial relations.

**Skaggs Companies Inc.** 500 common at $11.00 - open market sale on April 18, 1974. 300 common at $11.25 - open market sale on April 22, 1974. 200 common at $11.25 - open market sale on April 23, 1974. Robert S. Lowen, director and officer.

**P. A. & S. Small Co.** 500 common at $8.125 - open market purchase on May 13, 1974. Gilbert R. Patton Jr., vice president.

**Soundscriber Corp.** 2,000 common at $2.375 - open market purchase on April 8, 1974; and 1,500 common at $2.375 - open market purchase on April 15, 1974. Stephen J. Ziff, director, president and beneficial owner of more than 10 per cent of outstanding shares.

**Source Capital Inc.** 1,800 common at prices ranging from $9.375 to $9.625 in hine separate transactions between April 2-24, 1974. Open market purchases. Blue Chip Stamps, beneficial owner of more than 10 per cent of the company's common stock.

**Southern Bankshares Inc.** 200 common at $23.50 - sale on May 7, 1974; and 200 common at $22.50 - sale on May 10, 1974. H. Hiter Harris Jr., chairman of the board and president.

**Southern Film Extruders Inc.** 700 common at $5.00 - open market purchase on April 25, 1974. Jodie Leroy Bull, Jr., director & president.

**Southern Mutual Investment Corp.** 559,517 common at $0.22 - restricted private sale on April 4, 1974. Richard B. Harding, president, director, and beneficial owner of more than 10 per cent of company's stock.

**Southern National Corp.** 20 common at $21.00 - private purchase on April 19, 1974; and 500 common at $21.00 - private purchase on April 26, 1974. M. C. Carr Gibson, director.

**The Southland Corporation** 4,000 common at $18.50 - open market sale on April 9, 1974. 4,000 common at $19.00 - open market sale on April 10, 1974. William W. Overton, director.

**Southland Racing Corp.** 1,840 common at $14.00 - open market purchase on April 9, 1974. Sportsystems Corp., beneficial owner of more than 10 per cent of company's common stock.

**Sprague Electric Co.** 800 common at $17.625 - open market sale on April 19, 1974. 1,220 common - distribution from trust on December 28, 1973. Robert C. Sprague, Jr., senior vice president and director.

**Square Industries Inc.** 17,500 common at .5625 - purchase on April 4, 1974. Daniel R. Schein, officer, director and beneficial owner of more than 10 per cent common. 17,500 common at .5625 - private sale on April 4, 1974. Edmond C. Nagel, officer. 17,500 common at .5625 - open market purchase on December 18, 1973. Edmond C. Nagel, officer.

**Sta-Rite Industries Inc.** 1,500 common at $9⅜ - open market sales in four separate transactions between January 1, 1974 and January 18, 1974. J. G. McCollow, secretary.

**Stauffer Chemical Co.** 2,000 common at $43.25 - direct sale on April 4, 1974. 100 common at $44.75 - direct sale on April 24, 1974. 200 common at $44.625 - direct sale on April 24, 1974. 700 common at $44.625 - direct sale on April 29, 1974. Christian deGuigne, chairman of the board.

**Steak & Brew Inc.** 300 common at $1.75 - open market in two separate transactions on April 16, 1974. Lawrence Ellman, president, director & beneficial owner of more than 10 per cent of company's common stock.

**The Stride Rite Corp.** 1,000 common at $8.25 - open market purchase on April 25, 1974. Peter H. Solomon, vice president and director.

**Sun Chemical Corp.** 1,000 shares common at prices ranging from $15.75 on up to $17.00 - open market sale in 10 separate transactions between April 1-30, 1974. Norman E. Alexander, president and director.

**Sun Oil Co.** 200 common at $42.00 - private purchase on April 30, 1974. Robert W. Donahue, director and executive vice president. 200 common at $44.875 - private purchase on April 4, 1974. Robert G. Dunlop, director and chairman of the board of directors.

**Super Food Services Inc.** 1,000 common at $6.125 - open market purchase on April 5, 1974. Jack Twyman, chairman of the board.

**Super Valu Stores Inc.** 600 common: 500 at $17.75 and 100 at $17.625 - open market on April 8, 1974.

**Sterling Drug Inc.** 6,375 common at from $25.125 to $27.50 - open market sales between April 1, 1974 and April 16, 1974, in four separate transactions of between 250 and 2,875 shares. Alvin L. Burridge, vice president.

**Tandy Corp.** 200 common at $24.00 - open market purchase on April 18, 1974. Herschel C. Winn, assistant secretary.

**Technicon Corp.** 200 common at $12.60 - private purchase on April 9, 1974. John W. Whitehead, senior vice president. 1,450 common at $12.60 - private purchase on April 9, 1974. Michael C. Foster, senior vice president.

**Tektronix Inc.** 100 common at $41.25 - open market purchase on April 7, 1974. John D. Gray, director.

**Tenneco Inc.** 1,800 common at $22.25 - open market purchase on April 16, 1974. Sydney T. Ellis, executive vice president. 200 common at $23.50 - open market on April 3, 1974. Tracy S. Park, Jr., vice president. 973 warrants exercisable through April 1, 1979 at $4.15 - open market purchase on April 9, 1974. Allen T. McInnes, vice president.

**Texasgulf Inc.** 2,900 common at $28.00 - open market sale on May 3, 1974. Gino P. Giusti, vice president.

**Texstar Corp.** 1,000 common: 900 at $3.625 and 100 at $3.50 - private purchase on April 26, 1974. George Bremster Jr., director, president and chairman of board.

**Textiles Inc.** 700 common at $11 - open market purchases on May 13, 1974 in two separate transactions of 300 and 400 shares. Hugh D. Whitner, senior vice president and director.

**T. G. Bancshares Co.** 4,000 common at $15.25 - open market purchase on April 5, 1974. John D. Weiss, chairman of the board, chief executive officer and director.

**Toledo Edison Co.** 25 common at $22.00 - open market purchase on April 20, 1974. 12 common at various-purchase by trustee on December 31, 1973 to March 31, 1974. Howard B. Fox, vice president and director. 200 common at $22.00 - open market purchase on April 30, 1974. Floyd M. Canter, director. 100 common at $22.00 - open market purchase on April 30, 1974. 14 common at various-purchases by trustee on December 31, 1973 to March 31, 1974. Thomas J. Kozak, vice president and director.

**Tower Properties Co.** 150 common at $22.75 - open market on April 4, 1974; and 300 common at $22.25 - open market on April 11, 1974. James M. Kemper Jr., director and president. 380 common: 180 at $22.75 and 200 at $22 - open market purchases on April 25, 1974. Lewis L. Dail, director.

**Tracor Inc.** 1,000 common at $4.50 - open market purchase on March 26, 1974. John M. Hopkins, vice president.

**Transcontinental Gas Pipe Line** 2,000 preferred at $100 a share redeemed by company. Investors Mutual Inc.

**Unionamerica Inc.** 200 common at $7.68 - open market purchase on April 11, 1974. 800 common at $7.68 - open market purchase on April 11, 1974. Robert H. Volk, president and director.

**Union Trust Bancorp.** 1,000 common at $24.75 - open market purchase on April 10, 1974. 800 common at $24.50 - open market purchase on April 16, 1974. Morton K. Blaustein, director and 10 per cent stockholder.

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# Securities now in Registration

(N) indicates additions in since previous issue (R) items revised (I) initial public offering

## Companies in Registration

**A&W RESTAURANT PROPERTIES**
460 South Spring Street, Los Angeles, CA, Feb. 28, 1974 filed 7,000 shares of beneficial interests, to be offered at $1,000 per share. Proceeds will be used to purchase A&W family restaurants developed by A&W International Inc., a subsidiary of United Brands Co. **Bateman Eichler, Hill Richards, Inc.**, Los Angeles, CA, will manage the underwriting. Offering expected in early June.

**AMERICAN BRANDS, INC.**
245 Park Ave., NY, March 1, 1974 filed $100,000,000 of debentures due 1999; and $50,000,000 of notes due 1982, both to be offered at 100 per cent. The company, which is one of the largest manufacturers of tobacco products, and engages in foods, beverages and various other business, will use its proceeds for debt repayment. **Morgan Stanley & Co., Inc.**, NY, will manage the underwriting.

**AMERICAN GENERAL INSURANCE CO.**
2727 Allen Parkway, Houston, TX, April 22, 1974 filed $100,000,000 of subordinated debentures due May 1, 1994, exchangeable into common stock of Texas Commerce Bancshares, Inc., through 1979, and with interest thereafter at 6¾ per cent annum. The company is primarily engaged through subsidiaries in the life and health insurance, and liability insurance businesses, and also renders other financial services, including mortgage banking, and management and distribution services of mutual funds. Texas Commerce Bancshares is the fourth largest bank holding company in Texas. Proceeds will be used for debt retirement and for other corporate purposes. **Goldman, Sachs & Co.; Lehman Brothers Inc.; and Keefe, Bruyette & Woods Inc.**, NY, will manage the underwriting. Offering expected June 6.

**BORG WARNER ACCEPTANCE CORP.**
1 IBM Plaza, Chicago, IL, Jan. 9, 1974 filed $50,000,000 of senior debentures due Feb. 1, 1999, to be offered at 101 per cent. The company, which is engaged in the finance business, will use its proceeds for debt repayment. **Goldman, Sachs & Co.**, NY, will manage the underwriting. V.217, p.224.

**BRUCE-LAKE INDUSTRIES INC.**
390 East Lincoln Highway, Coatesville, PA, Feb. 28, 1974 filed 550,000 shares of common, to be offered at $6 per share (50,000 shares to provide for over allotment). The company, which manufactures and markets tubular steel poles to support high voltage electric power transmission lines, will use the proceeds to purchase capital equipment, reduce debt, and as working capital. **Phillips, Appel & Walden, Inc.**, NY, will manage the underwriting. Offering expected in July. (I)

**BUCYRUS-ERIE CO.**
P.O. Box 56, South Milwaukee, WI, May 3, 1974 filed $50,000,000 of sinking fund debentures due 1999, to be offered at 101 per cent. The company, which designs, manufactures and sells mining and construction machinery, will use the proceeds for debt repayment and for construction. **Paine, Webber, Jackson & Curtis Inc.**, NY, will manage the underwriting. Offering expected in early June.

**J.P. CABOT SHORT-TERM FUND, INC.**
104 South Central Ave., Valley Stream, NY, May 1, 1974 filed 5,000,000 shares of common, to be offered at $1 per share. The company is a no-load, on non-diversified, open-end investment company. **J.P. Cabot Advisory Corp.**, Valley Stream, NY, is the adviser. Offering expected on July 1. (I)

**CAL-TEX SEMICONDUCTOR, INC.**
2390 Walsh St., Santa Clara, CA, Dec. 17, 1973 filed 402,500 shares of common, to be offered at $17 per share; and 24,375 shares of common, to be offered at $20.40 per share. The company, which is engaged in the design, manufacture and marketing of integrated circuits, will use its proceeds for expansion, debt retirement, and for general capital purposes. **Bateman Eichler, Hill Richards, Inc.**, Los Angeles, CA, will manage the underwriting. V.218, p.1801.

**CENCOR, INC.**
1003 Walnut, Kansas City, MO, May 15, 1974 filed $5,000,000 of subordinated notes; and $5,000,000 of junior subordinated notes, both to be offered at 100 per cent. The company, which is in the business of personal services, including consumer finance, day care and preschool learnings, temporary help, tax return preparation and paramedical education, will use the proceeds to reduce shortterm indebtedness.

**CHRYSLER FINANCIAL CORP.**
16250 Northland Dr., Southfield, MI, March 8, 1974 filed $100,000,000 of notes due 1981, to be offered at 100 per cent. The company, which is engaged in the wholesale and retail financing of Chryslers, will add its proceeds to its general funds, and, to pay for company debentures due May 1, 1974. **Merrill Lynch, Pierce, Fenner & Smith Inc.; and First Boston Corp.**, NY, will manage the underwriting. V.218, p.1505.

**CITY OF HELSINKI**
Finland House, 540 Madison Ave., NY, Feb. 21, 1974 filed $25,000,000 of external loan bonds, due March 15, 1999 to be offered at 100 per cent. Proceeds will be added to the general funds of the city and used for improvements. **Merrill Lynch, Pierce, Fenner & Smith Inc.**, NY, will manage the underwriting.

**CORDIS CORP.**
125 N.E. 40th St., Miami, FL, Dec. 28, 1973 filed 60,000 shares of common, including 10,000 by selling shareholders, to be offered st $35 per share. The company designs, manufactures and sells specialized medical products and services. Proceeds will be used to purchase equipment, as advances to a subsidiary and for general corporate purposes. **C.E.Unterberg Towbin Co.; and F.S. Moseley Estabrook Inc.**,NY, will manage the underwriting. V.218 p.1721.

**CONSOLIDATED EQUITIES PARTNERS, LTD.**
1280 West Peachtree St., Atlanta, GA, May 16, 1974 filed 10,000 units of limited partnership interests, to be offered at $500 per unit, with a minimum purchase of 5 units. **Financial Service Corp. of America** Atlanta, GA, is the depositor. Offerig cted in September.

**CURRENT INTEREST, INC.**
711 Polk St., Houston, TX, May 1, 1974 filed 1,500,000 shares of common, to be offered at $10 per share. The company is a no-load, diversified, open-end investment company. **Fund, Inc.**, Houston, TX, is the advisor. Offering expected on June 10. (I)

**CUMMINS ENGINE CO., INC.**
432 Washington St., Columbus, IN, May 16, 1974 filed 250,000 shares of cumulative convertible preferred, to be offered at $100 per share; and an indeterminate amount of common, issuable upon conversion of the preferred. The company manufactures and sells a diversified line of diesel engines. Proceeds will be used for capital expenditures and working capital requirements. **First Boston Corp.**, NY, will manage the underwriting. Offering expected on June 12. V.219, 7399, p.26.

**DONBAR DEVELOPMENT CORP.**
405 Lexington Ave., NY, April 29, 1974 filed 770,000 shares of common, to be offered at $3.50 per share; and 70,000 shares of common, to be offered at $10 per share, issuable upon exercise of warrants. The company, which is engaged in limited producing licensing of a new heat transfer device known as rotary heat exchanger, will use the proceeds to repay debt, for capital equipment, and for product development. **Philips, Appel & Walden, Inc.**, NY, will manage the underwriting. Offering expected in early July.

**ENTERTAINMENT COMMUNICATIONS, INC.**
555 City Line Ave., Bala Cynwyd, PA, Dec. 28, 1973 filed 100,000 units consisting of 1 share of common and 1 callable warrant to purchase 1 share of common, to be offered at $15 per share; 10,000 units, consisting of 1 share of common and 1 callable warrant to cover over allotment, to be offered at $15 per share; 10,000 warrants, to be offered at $0.01 per warrant, 110,000 shares of common, to be offered at $22.50 per share, reserved for issuance upon exercise of warrants; and 10,000 shares of common, to be offered at $18 per share issuable upon exercise of warrants. The company, which is in the business of radio broadcasting, will use its proceeds for reduction of bank loans incurred in connection with the acquisition of radio stations. **Babbitt, Meyers & Waddell**, Pittsburgh, PA, will manage the underwriting. (I)

**EUROPEAN COAL & STEEL COMMUNITY (ECSC)**
c-o Jon Ato Krag, 2100 M. St. Washington, D.C. March 12, 1974 filed $25,000,000 of sinking fund bonds due April 1, 1999; and $25,000,000 of notes due April 1, 1979, both to be offered at $1,000. This ECSC, which under a treaty is to aid the development of the economies of the member states through the creation of a common market for coal and steel, will use its proceeds to finance part of the cost of projects for the modernization and improvement of coal and steel production, and or the re-employment of labor with the "ECSC". **Kuhn, Loeb & Co.; First Boston Corp.; Lazard Freres & Co.; and Warburg-Paribas, Inc.**, NY, will manage the underwriting.

**EXTRACTABLE RESOURCES INC.**
1411 Walnut St., Philadelphia, PA, March 22, 1974 filed 4,840,000 shares of common (including 440,000 shares to cover over-allotment), to be offered at $12.50 per share. The company, which is a new, diversified, closed-end management investment company, will invest primarily in companies engaged in some form of the extractable resources business. **Bache & Co., Inc.; and Harris, Upham & Co., Inc.**, NY, will manage the underwriting.

**FOXBORO CO.**
38 Neponset Ave., Foxboro, MA, April 3, 1974 filed $25,000,000 of convertible subordinated debentures due 1994, to be offered at 100 per cent. The company manufactures and distributes instrumentation and systems for process management and control. Proceeds will be used to repay debt and for working capital. **Paine, Webber, Jackson & Curtis Inc.**, NY, will manage the under writing.

**GAMBLE-SKOGMO, INC.**
5100 Gamble Drive, Minneapolis, MN, May 6, 1974 filed $65,000,000 of subordinated income capital notes due 2004, to be offered at 100 per cent. the company, which is engaged in retail and wholesale merchandising business, will use the proceeds for general corporate purposes. **Edwards & Hanly** NY, will manage the underwriting. Offering expected mid-June. V.218, p.1213.

**GENERAL MOTORS ACCEPTANCE CORP.**
767 Fifth Ave., NY, May 15, 1974 filed $250,000,000 of debentures due June 1, 1999, to be offered at 101 per cent. The company finances the acquisition by dealers for resale of new products manufactured by General Motors. Proceeds will be added to general funds of the company and will be available for the purchase of receivables for the repayment of debt. **Morgan Stanley & Co., Inc.**, NY, will manage the underwriting. Offering expected on June 4. V.218, p. 1320.

**GENERAL SIGNAL CORP.**
280 Park Ave., NY, March 29, 1974 filed 1,200,000 shares of common, to be offered at $43.75 per share by a selling stockholder. **Blyth Eastman Dillon & Co. Inc.; Kuhn, Loeb & Co.; and Paine, Webber, Jackson & Curtis, Inc.**, NY, will manage the underwriting.

**GOLD & MINERALS CO.**
1522 K St., N.W. Washington, D.C., April 30, 1974 filed 300,000 shares of common, to be offered at $2.50 per share; and 30,000 shares of common, to be offered at $3.20 per share, issuable upon exercise of warrants. **Bronwen Corp.**, Washington, D.C., will manage the underwriting. Offering expected in early June. (I)

**HOMCO INTERNATIONAL, INC.**
3701 Holmes Rd., P.O. Box 2442, Houston, TX, March 11, 1974 filed 580,000 shares of common, to be offered at $12.50 per share, (275,000 shares by the company; 275,000 shares by selling shareholders; and 30,000 shares for over-allotment). The company, which supplies oilfield services will use the proceeds to acquire certain new equipment, to retire debt, and to increase working capital. **Rauscher Pierce Securities Corp.** Dallas, TX, will manage the underwriting. (I)

**HOOKER CHEMICAL CORP.**
1900 St. James Pl., Houston, TX, March 13, 1974 filed 2,500,000 shares of common. The company produces and markets industrial chemicals equipment and processes agricultural chemical fertilizers and related products, and conducts oil & Gas operations. **Kidder, Peebody & Co. Inc.; and Blyth Eastman Dillon & Co. Inc.**, NY, will manage the underwriting. V.218, p.1.

**INDUSTRIAL DEVELOPMENT BANK OF ISRAEL, LTD.**
9 Ahad haam, Tel Aviv, Israel, Nov. 30, 1973 filed $50,000,000 of 7½ per cent registered capital notes, due 1999, to be offered at $1,000 per note to non-residents of Israel. Proceeds will be used as part of the capital of the Bank. **Capital for Israel, Inc.** will manage the underwriting. V. 203, p. 1342.

**INFORMATION MAGNETICS CORP.**
5743 Thornwood Dr., Goleta, CA, April 17, 1974 filed 484,000 shares of common (300,000 of which are offered by company, 140,000 by selling shareholders, and 44,000 for over-allotment), to be offered at $7 per share. The company, which designs, manufactures and sells magnetic recording heads used principally in computer memory systems, will use the proceeds to reduce debt. **New York Securities Co., Inc.**, NY; **and Seidler, Arnett, Spillane & Harris, Inc.**, Los Angeles, will manage the underwriting. Offering expected in early June.

**INTERNATIONAL HARVESTER CO.**
401 North Michigan Ave., Chicago, IL, May 17, 1974 filed $150,000,000 of sinking fund debentures due 2004, to be offered at 100 per cent. The company manufactures and sells self-propelled heavy machinery and vehicles. Proceeds will be used to reduce short-term indebtedness. **Morgan Stanley & Co., Inc.**, NY, will manage the underwriting. Offering expected on June 6. V.219, 7407, p.6

**JACUZZI BROS. INC.**
11511 New Benton Highway, Little Rock, AR, Nov. 14, 1973 filed 430,000 shares of common (185,076 by the company and 44,924 by selling shareholders) to be offered at $22 per share. The company designs, manufactures nd sells pumps and water systems. Proceeds will be used for capital expenditure and working capital. **William Blair & Co., Chicago, IL; and Salomon Brothers**, NY will manage the underwriting.

**MATRIX COMMODITIES, INC.**
8 King St., NY, Oct. 29, 1973 filed 200,000 shares of Class A common, to be offered at $5 per share. The company is in the business of trading commodity futures. **Phillips, Appel & Walden, Inc.**, NY will manage the underwriting. Offering June 15.

**METAL SALES MANUFACTURING CORP.**
4001 Produce Lane, Louisville KY, Nov. 6, 1973 filed 50,000 shares of cumulative preferred stock with a par value of $15, to be offered at $20 per share; 15,000 shares of common, issuable upon exercise of warrants, to be offered at $8.75 per share; and 15,000 warrants to purchase common. The company manufactures and markets metal roofing and siding panels. Proceeds will be used to provide funds for additional working capital. **The Ohio Co.**, Columbus, OH will manage the underwriting.

**MODICON CORP.**
P.O. Box 83, Shawseen Village Station , Andover, MA, April 26, 1974 filed 325,000 shares of common, to be offered at $21.50 per share (150,000 shares offered by the company, 150,000 by selling shareholders, and 25,000 to cover over-allotment). The company, which develops, manufactures and sells programmable controllers and associated equipment, will use the proceeds to repay debt, to finance product development, additions to plant and equipment, and to provide additional capital to finance growth. **Alex Brown & Sons**, Baltimore, MD; and **Tucker, Anthony & R.L. Day**, NY, will manage the underwriting. Offering expected in June 10.

**NORTHWEST ACCEPTANCE CORP.**
310 Northeast Oregon St., P.O. Box 14490, Portland, OR, April 29, 1974 filed 325, 000,000 of intermediate term senior notes, to be offered at 100 per cent. The company, which is in the business of financing capital equipment, will use the proceeds for debt repayment.

**ORANGE-CO., INC.**
2011 Riverside Dr., Columbus, OH, April 26, 1974 filed $2,500,000 of serial debentures due serially from 1975 to 1981; and $2,500,000 of sinking fund debentures, both to be offered at 100 per cent. The company is engaged in the production, processing and sale of fresh citrus fruit and frozen concentrate orange juice and in the operation and licensing of others to operate specialty restaurants under the name "Arthur Treacher's Fish & Chips." Proceeds will be used to refund long-term bank indebtedness and capital expenditures. **The Ohio Co.**, Columbus, OH, will manage the underwriting. Offering expected in early June. V.219, 7402, p.45.

**PARKVIEW ASSOCIATES**
27489 Parkview Blvd., Warren, MI, May 10, 1974 filed 5,200 limited partnership interests, to be offered at $500 per unit, with a minimum purchase of 5 units. The partnership was formed to acquire Parkview Village and to hold same for rental purposes. **Piper, Jaffray & Hopwood, Inc.**, Minneapolis, MN, will manage the underwriting. Offering expected July 1.

**POWER RESOURCES CORP.**
303 Petroleum Bldg., Casper, WY, March 26, 1974 filed 500,000 shares of common, to be offered at $1.50 per share; 45,000 shares of common, to be offered at $1.80 per share; and 45,000 warrants to purchase common, to be offered at $0.0001 per share. The company, which is engaged in acquisition, exploration, development, operation and sale of oil, gas and other mineral properties, will use the proceeds to repay debt, for certain acquisition costs, and other operating expenses. **B.J. Leonard & Co.**, Denver, CO, will manage the underwriting. Offering expected in May.

**REGAN OFFSHORE INTERNATIONAL, INC.**
1301 Regan St., P.O. Box 150 San Pedro, CA, March 8, 1974 filed 320,000 shares of common, to be offered at $17.50 per share (200,000 by the company; 200,000 by the underwriter; and 100,000 by shareholders); 20,000 shares of common, to be offered at $21 per share; and 20,000 warrants, to be offered at $0.05 per warrant, underlying the common. The company, which develops and sells offshore drilling and production equipment for the petroleum industry, will use the proceeds to reduce debt and for capital expenditures. **Bateman Eichler, Hill Richards, Inc.**, Los Angeles, CA, will manage the underwriting. Offering expected early June. (I)

**ROTEL OF AMERICA, INC.**
2642 Central Park Ave., Yonkers, NY, May 1, 1974 filed 100,000 shares of common, to be offered at $2.50 per share; 10,000 warrants to purchase common; and 10,000 shares of common, to be offered at $3.50 per share, issuable upon exercise of the warrants. The company sells high fidelity and stereo components which are manufactured in Japan and Taiwan. Proceeds will be used for working capital. **Maynard, Merel & Co., Inc., NY**, will manage the underwriting.

**SOUTHWEST CHEMICAL SERVICES, INC.**
410 Two Shell Plaza Houston, TX, Nov. 2, 1973 filed 586,000 shares of common, to be offered at $15 per share (400,000 by the company and 146,000 by selling stockholders, and 40,000 subject to a 30 day option granted to underwriters). The company, which provides certain services for the plastics industry, and producing

## *Important Notice*

**The tabulations excluded issues filed prior to October 1973 for which specific offering dates have not been announced. These issues will be reinstated when information regarding the dates when the offerings are to be made is available.**

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specialty chemicals, will use its proceeds for plant improvement and expansion projects. White, Weld & Co., Inc., NY will manage the underwriting.

**TELECOM EQUIPMENT CORP.**
34-21 Review Ave., Long Island City, NY, filed 110,000 units to be offered at $12 per unit (2 shares of common, to be offered at $8 per smare, issuable upon exercise of warrants). The company, which, sells and installs telephone equipment services which are interconnected with regulated telephone company lines, will use its proceeds for accounts receivable, to obtain additional inventory, and for general working capital. Executive Security, Miami, FL, will manage the underwriting.

**TELESCIENCES, INC.**
351 New Albany Rd., Moorestown, NJ, April 5, 1974 filed 550,000 shares of common, of which 100,000 shares are to be sold by the company; 350,000 shares to be sold by selling stockholders; and 100,000 shares issuable upon exercise of outstanding warrants. The company, which designs and manufactures electronic systems, will invest the proceeds in short term marketable securities until needed for general corporate purposes. Paine, Webber, Jackson & Curtis Inc., NY, will manage the underwriting.

**TERRA CHEMICALS INTERNATIONAL, INC.**
507 Sixth St., Sioux City, IA, May 10, 1974 filed 1,977,000 shares of common (of which 300,000 are by the company, 1,500,000 by selling stockholders, and 177,000 to cover over-allotments), to be offered at $11 per share. The company sells chemical fertilizers, other crop production chemicals and feed ingredients. Proceeds will be used for general corporate purposes. First Boston Corp., NY; and Piper, Jaffray & Hopwood, Inc., Minneapolis, MN, will manage the underwriting. Offering expected in June. (I)

**TEXSTAR CORP.**
802 Ave. J East, Grand Perry, TX, May 3, 1974 filed $5,193,750 of subordinated debentures due 1989 and common stock purchase warrants expiring 1980 for its outstanding 6½ per cent convertible debentures due 1984 at an exchange a rate of $750 principal amount of new debentures and a number of warrants to be determined later for each $1,000 principal amount of outstanding debentures. Faulkner, Dawkins & Sullivan Securities Corp., NY, will manage the underwriting. Offering expected in June.

**THERMAL COMPONENTS INC.**
2760 Gunter Park Drive West, Montgomery, AL, March 29, 1974 filed 200,000 shares of common with warrants, to be offered at $12.50 per share; 200,000 warrants to purchase common; and 200,000 shares of common, to be offered at $12.50 per share, to be reserved for issuance upon exercise of the warrants. The company, which designs and manufactures tube mills and machines for the air conditioning and automotive industries, will use the proceeds to retire debt and for working capital. George M. Wood & Co., Inc., Montgomery, AL, will manage the underwriting.

**UNION CORP.**
Jones St., Verona, PA, May 3, 1974 filed 143,476 shares of common, to be offered under an exchange offer to holders of common of Puerto Rico International Airlines, Inc. at .425 company common and $0.05 cash for each common of Puerto Rico. Arthur R. Hefren & Co., Inc., Pittsburgh, PA, will manage the underwriting. Offering expected in mid-June. V.219, 7401, p. 23

**UNITED NUCLEAR CORP.**
101 Executive Boulevard, Elmsford, NY, April 1, 1974 filed 1,017,539 shares of common, to be offered at $14.25 per share by a selling shareholder. First Boston Corp., NY, will manage the underwriting. Offering expected mid-June.

**UNITED STATES LEASING CORP.**
633 Battery St., San Francisco, CA, March 1, 1974 filed $15,000,000 of senior notes due March 15, 1979, to be offered at 102 per cent. The company, directs equipment leasing to industrial and commercial businesses, and will use its roceeds for short-term debt reduction. Smith, Barney & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Smith Inc., NY, will manage the underwriting.

**VARO SEMICONDUCTOR, INC.**
2800 W. Kingsley, Garland, TX, Nov. 6, 1973 iled 800,000 units, consisting of 1 share of common and 1 warrant to purchase 1-2 shares of common, to be offered at $25 per unit; and 400,000 shares of common issuable upon exercise of warrants to be offered at $22.50 per share. The company produces solid state high voltage rectifiers for use in consumer and industrial electronic products. E. F. Hutton & Co., Inc., NY will manage the underwriting.

**VIRGINIA HOME INSURANCE CO.**
18 Koger Executive Center, Norfolk, VA, April 26, 1974 filed 300,000 shares of common, to be offered at $5 per share; 300,000 shares of common purchase warrants; and 300,000 shares of common, to be offered at $5 per share, issuable upon exercise of the warrants. These shares will be sold in units consisting of one share of common and one warrant. First Securities Co., Providence, RI, will manage the underwriting.

**WESTERN ACCEPTANCE CO.**
2107 Grand Ave., Kansas City, MO. Dec. 28, 1973 filed $50,000,000 of debentures due 1994, to be offered at 100 per cent. The company, which since 1961 has purchased from Western Auto & Supply Co. certain customer receivables arising from retail credit sales by independently owned and operated stores associated with Western Auto, will use its proceeds to make the initial purchase of customer receivables, which have arisen from sales by Auto's Co. owned stores. Blyth Eastman Dillon & Co., Inc. NY will manage the underwriting.

**WICKES CORP.**
110 West A St., San Diego, CA, April 1, 1974 filed $40,000,000 principal amount of subordinated debentures due May 1, 1999 at 62½ per cent, under an exchange offer to holders of the company's ⅛ per cent convertible subordinated ddbentures due May 1, 1994 at an unannounced rate. Goldman, Sachs & Co.; and Merrill Lynch, Pierce, Fenner & Smith, Inc., NY, will manage the underwriting. V.218, p.1578.

# Oil-Gas Real Estate

**AMERICAN PROPERTY INVESTORS IV**
1776 S. Jackson St., Denver, CO., Dec. 11, 1973, filed 60,000 units of limited partnership interests, to be offered at $500 per unit, with a minimum investment of $2,500. The partnership will invest primarily in approved commercial real estate which is leased to others. Blyth Eastman Dillon & Co., Inc., NY; Kelly & Morey, Inc., Denver, CO., will manage the underwriting.

**Baker Oil Tools, Inc.,**
7400 E. Slauson Ave., Los Angeles, CA, May 22, 1974 filed 500,000 shares of common, to be offered at $31 per share. The company, which manufactures and markets a wide range of products and provides related services to the petroleum and mining industries throughout the world for extraction, recovery and processing of oil, gas and other minerals, will use the proceeds to prepay bank debt. Goldman, Sachs & Co.; and Hornblower & Weeks-Hemphill, Noyes Inc., NY, will manage the underwriting. Offering expected in mid-June. V.218, p.497.

**BALCOR REALTY INVESTORS LTD. - 74**
125 South Clark St., Chicago, IL, March 6, 1974 filed 12,500 limited partnership interests, to be offered at $1,000 per interest, with a minimum purchase of 5 interests. This recently organized Illinois limited partnership will invest in income-producing real property and unimproved real estate currently being developed or expected to be developed. The proceeds will be distributed to the partners. Blyth Eastman Dillon & Co., Inc., NY; and Robinson-Humphrey Co., Inc., Atlanta, GA, will manage the underwriting. Offering expected in May. V.218, p.879.

**BIG RIVERS FUNDS — 1974**
TPA Bldg., 115 St. Ann St., Owensboro, KY, May 6, 1974 filed 750 preformation subscriptions and limited partnership interests, to be offered at $1,000 per interest. The partnership will drill exploratory and development gas and oil wells. J.J. B. Hilliard, W.L. Lyons, Inc., Louisville, KY, will manage the underwriting. Offering expected in late June or early July.

**CAPITAL RESOURCES REAL ESTATE INCOME PARTNERSHIP**
307 North Michigan Ave., Chicago, IL, Feb. 11, 1974 filed 10,000 interests in the limited partnership, to be offered at $1,000 per interest, with a minimum investment of 5 units. The partnership will acquire only income producing commercial, industrial and residential real properties. First Nation Securities Inc., Chicago, IL, will manage the underwriting.

**CARLYLE REAL ESTATE LIMITED PARTNERSHIP-74**
875 N.Michigan Ave., Chicago, IL, March 18, 1974 filed 16,000 limited partnership interests, to be offered at $1,000 per interest, with a minimum investment of $5,000. The company will invest in income-producing real estate. Shearson Hammill & Co., Inc.; Clark Dodge & Co. Inc., NY, will manage the underwriting.

**DERAND REAL ESTATE INVESTMENT TRUST**
1815 North Fort Meyer Dr., Suite 400, Arlington, VA, April 2, 1974 filed 210,000 shares of beneficial interest, to be offered at $10.875 per share under a rights offering to shareholders on a 1-for-1 basis. Shares not so purchased will be offered to the public. Proceeds will be used to make real estate investments. DeRand Investment Corp. of America, Washington, D.C., will manage the underwriting. Offering expected in mid June.

**ENERGEX CORP.**
600 Houston Natural Gas Bldg., Houston, TX, Jan. 29, 1974 filed 1,800 units of participation in Vance Sanders Drilling Program-1974, to be offered at $5,000 per unit plus possible additional assessments of $500, with a minimum subscription of 1 unit. Vance, Sanders & Co., Inc., Boston, MA, will manage the underwriting.

**GROWTH REALTY INVESTMENT LIMITED PARTNERSHIP**
2 E. Fayette St., Baltimore, MD, Jan. 23, 1974 filed 3,000 limited partnership interests, to be offered at $1,000 per interest, with a minimum purchase of 2 interests. The partnership will invest in residential and commercial real estate. Legg, Mason & Co., Inc. Baltimore, MD; and Wood, Walker & Co., Inc., NY, will manage the underwriting.

**HEITMAN MORTGAGE INVESTORS**
12th Floor, 225 Franklin St., Boston, MA, Oct. 31, 1973 filed $30,000,000 of senior subordinated notes due 1980, to be offered at 100 per cent. The company is a real investment trust. Bear, Stearns & Co, NY will manage the underwriting.

**IDS REALTY TRUST**
IDS Tower, Minneapolis, MN, May 15, 1974 filed $243,623,215 of variable yield series E subordinated debentures, due May 31, 1994, to be offered at 100 per cent. The company is a real estate investment trust. Investors Diversified Services, Inc., Minneapolis, MN, is the underwriter. V.218, p.805.

**JMB INCOME PROPERTIES, LTD. II**
875 North Michigan Ave., Chicago, IL, May 13, 1974 filed 10,000 limited partnership cnterests, to be offered at $1,000 per interest, with a minimum purchase of 5 interests. The partnership intends to invest primarily in existing commercial real properties. Merrill Lynch, Pierce, Fenner & Smith, Inc., NY, will manage the underwriting. Offering expected some time in September.

**LAND-VEST PROPERTIES 1974 LIMITED PARTNERSHIP**
14 Kilby St., Boston, MA, Feb. 11, 1974. filed 5,000 limited partnership interests, to be offered at $1,000 per unit, with a minimum investment of 5 units. Proceeds will be invested in undeveloped real estate. Hornblower & Weeks-Hemphill, Noyes, Inc., NY; and Janney Montgomery Scott Inc., Philadelphia, PA, will manage the underwriting.

**MGF OIL CORP.**
1126 Vaughn Bldg., Midland, TX, Feb. 8, 1974 filed $6,000,000 in preformation limited partnership subscriptions, to be offered at $1,000 per unit, with a minimum subscription of 5 units. The partnerships will explore and develop oil and gas properties. Thomson & McKinnon Auchincloss Kohlmeyer Inc., NY; and Roberts, Scott & Co., Inc., San Diego, CA, will manage the underwriting.

**MAENNER-AMERICAN PROPERITES**
10050 Regency Circle, Omaha, NE, Nov. 6, 1973 filed 25,000 units of preformation limited partnership interest, to be offered at $100 per unit with a minimum purchase of 25 units. The partnerships will invest n income producing real property. First Mid America Inc., Lincoln, NE will manage the underwriting.

**MASSMUTUAL MORTGAGE & REALTY INVESTORS**
1295 State St., Springfield, MA, Nov. 20, 1973 filed $40,000,000 of senior notes due 1980, to be offered at 100 per cent. This real estate investment trust will use proceeds to reduce short term borrowings. White, Weld & Co., Inc. NY will manage the underwriting. V. 216, p. 919.

**MCCULLOCH PROPERTIES CREDIT CORP.**
6740 East Camelback Road, Scotsdale, AZ, April 5, 1974 filedW $20,000,000 of debentures due May 15, 1984 to be offered at 100 per cent. The company, which provides financing to McCulloch Oil Corp., will use the proceeds to purchase installment receivables from McCulloch Oil. Halsey, Stuart & Co., Inc., Chicago, IL, will manage the underwriting. V. 219 7407, p. 22.

**MIDLANTIC MORTGAGE INVESTORS**
60 Park Place, Newark, NJ, Oct 26, 1973 filed 1,250,000 shares of beneficial interest, to be offered at $20 per share. The company is a real estate investment trust formed to invest primarily in short-term construction, land acquisition and development loans. Goldman, Sachs & Co; and Reynolds Securities Inc, NY will manage the underwriting.

**MULTIVEST REAL ESTATE FUND, LTD., SERIES VIII**
22255 Greenfield, Southfield, MI, May 15, 1974 filed 30,000 units of limited partnership interests, to be offered at $500 per unit, with a minimum purchase of 2 units. The partnerships will invest in improved real property. Multivest Securities, Inc., Southfield, MI, will manage the underwriting. Offering expected in August.

**MID-HUDSON LAND PARTNERS**
680 Fifth Ave., NY, Jan. 19, 1974 filed 2,000 units of limited partnership interests, to be offered at $1,093 per unit, with a minimum purchase of 2 units. This partnership will invest in undeveloped real estate in New York state. Scherl, Egener & Bassuk, Inc., NY, will manage the underwriting.

**OCCIDENTAL PETROLEUM CORP.**
10889 Wilshire Blvd., Los Angeles, CA, April 10, 1974 filed 4,000,000 units consisting of one share of cumulative preferred stock and one warrant to purchase common stock, to be offered at $25 per unit; and 4,000,000 shares of common, issuable upon exercise of the warrants, to be offered at $11 per share. Proceeds will be used for debt reduction. Kidder, Peabody & Co. Inc.; and Blyth Eastman Dillon & Co. Inc., NY, will manage the underwriting. V.218, p.999. Offering expected in late May.

**ROWAN CO., INC.**
1900 Post Oak Tower, 5051 Westheimer Rd., Houston, TX, Jan. 23, 1974 filed 750,000 shares of common, to be offered at $33.50 per share. The company, which is in the business of contract drilling of oil and gas wells for others, will use the proceeds for construction and other capital expenditures. Lehman Brothers, NY, will manage the underwriting.

**TEXLAND PETROLEUM, INC.**
1329 Fort Worth National Bank Bldg., Ft. Worth, TX, March 7, 1974 filed 300 preformation limited partnership interests, to be offered at $10,000 per interest plus possible assessments not to exceed $5,000, with a minimum investment of $10,000, and additional subscriptions in multiples of $5,000. The partnerships will explore and produce oil and gas. McDonald & Co., Cleveland, OH, will manage the underwriting. Offering expected on June 17. V.218, p.499.

**UNION AMERICA MORTGAGE & EQUITY TRUST**
9595 Wilshire Blvd., Beverly Hills, CA, Dec. 28, 1973 filed $25,000,000 of senior subordinated notes due Dec. 31, 1980, to be offered at $1,009. The company, which is a diversified real estate investment trust, will use its proceeds to reduce short term borrowings incurred to finance newly made investments. Lehman Brothers, Inc.; and White, Weld & Co., Inc. NY, will manage the underwriting. V. 215, p. 1414.

# Utilities

**ALABAMA POWER CO.**
600 North 18th St., Birmingham, AL, May 3, 1974 filed $100,000,000 of first mortgage bonds due 2004, to be offered at competitive bidding. This unit of Southern Co. will use the proceeds to finance 1974 construction expenditures. Bids expected at 11 a.m., on June 12. V.219, 7401, p.23.

**ARKANSAS POWER & LIGHT CO.**
Ninth and Louisiana Sts., Little Rock, AR, May 10, 1974 filed $40,000,000 of first mortgage bonds, due 2004, to be offered at competitive bidding. Proceeds will be used to reduce debt incurred for construction. Bids expected on June 20 at 11 a.m. V.219, 7404, p. 25.

**BELL CANADA**
1050 Beaver Hall Hill, Montreal, Canada, April 25, 1974 filed 749,992 shares of common, to be offered at $43.44 per share, by the selling shareholder American Telephone & Telegraph Co. Salomon Brothers; Merrill, Lynch, Pierce, Fenner and Smith Inc.; and Paine, Webber, Jackson & Curtis, Inc.,NY, will manage the underwriting.

**CENTRAL ILLINOIS LIGHT CO.**
300 Liberty St., Peoria, IL, May 9, 1974 filed 750,000 shares of common, to be offered at $19 per share. Proceeds will be used to repay debt incurred for construction. Blyth Eastman Dillon & Co., Inc., NY; and Dean Witter & Co., Inc., San Francisco, CA, will manage the underwriting. Offering expected on June 4. V.219, 7402, p.24.

**CENTRAL ILLINOIS LIGHT CO.**
300 Liberty St., Peoria, IL, May 9, 1974 filed $25,000,000 of first mortgage bonds, due 2004, to be offered at competitive bidding. Proceeds will be used to repay debt incurred for construction. Bids expected on June 4 at 11 a.m. V.219, 7402, p. 24.

**CENTRAL POWER & LIGHT CO.**
120 North Chaparral St., Corpus Christi, TX, May 10, 1974 filed $40,000,000 of first mortgage bonds, series N, due June 1, 2004, to be offered at competitive bidding. Proceeds will be used to finance construction. Bids expected on June 19 at 11 a.m. (Chicago time). V.219, 7402, p. 24.

**CINCINNATI GAS & ELECTRIC CO.**
139 East Fourth St., Cincinnati, OH, May 17, 1974 filed 400,000 shares of cumulative preferred, to be offered at $100 per share. Proceeds will be used to repay debt incurred for construction and to finance further construction. Morgan Stanley & Co., Inc.; and W.E. Hutton & Co., NY, will manage the underwriting. Offering expected on June 18. V.219, 7407, p.25.

**COLUMBIA GAS SYSTEM, INC.**
20 Montchanin Rd., Wilmington, DE, April 10, 1974 filed $40,000,000 of debentures due May 1999, to be offered at competitive bidding. This public utility holding companx will use the proceeds to finance subsidiary capital expenditures. Bids expected at 11 a.m. on June 19.

**COMMONWEALTH EDISON CO.**
37th floor, First National Plaza, PL P.O. Box 767, Chicago, IL, May 14, 1974 filed $125,000,000 of first mortgage bonds, to be offered at competitive bidding. Proceeds will be used to repay short term notes. Bids expected at 11 a.m. (Chicago time) on June 5. V.219, 7407, p.25.

**CONSUMERS POWER CO.**
212 West Michigan Ave., Jackson, MI, April 11, 1974 filed 1,500,000 shares of common, to be offered at $22.75 per share. Proceeds will be used to finance construction. Morgan Stanley & Co. Inc., NY., will manage the underwriting. V.219 7392, p.18.

**DELMARVA POWER & LIGHT CO.**
800 King St., Wilmington, DE, April 22, 1974 filed $35,000,000 of first mortgage and collateral trust bonds due June 4, 2004, to be offered at competitive bidding. This utility company will use the proceeds to retire debt incurred for construction. Bids expected at noon, on June 13. V.219, 7401, p.23.

**FLORIDA POWER CORP.**
¾¼?⅛ ¾½TH St., South, St. Petersburg, FL, April 26, 1974 filed 1,800,000 sharems of common, to be offered at $30 per share. Proceeds will be used to repay debt incurred for construction. Kidder, Peabody & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Smith, Inc., NY, will manage the underwriting. Offering expected on June 20. V.219, 7394, p.21.

**INDIANA & MICHIGAN ELECTRIC CO.**
2101 Spy Run Ave., Fort Wayne, IN, May 14, 1974 filed $70,000,000 of first mortgage bonds and 300,000 shares of cumulative preferred, both to be offered at competitive bidding. Proceeds will be used for debt repayment. Bids

**HOLDS INDEX**

The following list "holds" covers securities filed with the SEC that are presently considered inactive. They were shown at their respective filing dates in previous publications, dating back from Sept. 1973. Records of other registrations are available from our library. Additional information can be obtained by calling, visiting or writing directly to us.

| SECURITIES | DATE APPEARED IN CHRONICLE |
|---|---|
| Autodynamics, Inc. | Oct. 26, 1973 |
| Bowers & Ruddy Galleries, Inc. | Sept. 3, 1973 |
| CVI Laser Corp. | Nov. 10, 1973 |
| Capehart Hospital Supply Co. Inc. | Sept. 3, 1973 |
| Central Mortgage & Realty Trust | Oct. 27, 1973 |
| Charter Investment Co. | Nov. 24, 1973 |
| Clothes-Out, Inc. | Sept. 3, 1973 |
| Consolidated International Inc. | Jan. 5, 1974 |
| Consolidated International Pictures | Sept. 5, 1973 |
| Diversified Microwave Application | Nov. 3, 1973 |
| Educational Book Publishers | Oct. 6, 1973 |
| Hartman Group Second Fund, Ltd. | Nov. 10, 1973 |
| Hydro Technology Inc. | Oct. 6, 1973 |
| Inatrome Fragrance Corp. | Jan. 22, 1973 |
| International Leisure Industries | Sept. 3, 1973 |
| Lexington Income Fund, Inc. | Sept. 3, 1973 |
| Oil Interest Ltd. | Oct. 6, 1973 |
| Pacific Coast Investors | Sept. 21, 1973 |
| Pacific West Realty Trust | Oct. 6, 1973 |
| Pagination, Inc. | Oct. 6, 1973 |
| Pleasure Industries Inc. | Oct. 6, 1973 |
| Polydex Chemicals Ltd. | Nov. 10, 1973 |
| Steer West Inc. | Oct. 1, 1973 |
| Sunbanc Corp. | Sept. 3, 1973 |
| Titleresearch, Inc. | Sept. 3, 1973 |
| Vista Labs Inc. | Oct. 6, 1973 |
| Zondervan Corp. | Oct. 6, 1973 |

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expected on June 18, at 11 a.m. for the bonds and at 11:45 a.m. for the preferred. V.219, 7407, p.25.

LONG ISLAND LIGHTING CO.
250 Old Country Road, Mineola, NY, May 15, 1974 filed $60,000,000 of first mortgage bonds, series Y, due 2004, to be offered at competitive bidding. Proceeds will be used for construction and the repayment of debt. Bids expected at noon, on June 17. V. 219, 7401, p.23.

JERSEY CENTRAL POWER & LIGHT CO.
Madison Ave., at Punch Bowl rd., Morristown, NJ, Feb. 14, 1974 filed 350,000 shares of cumulative preferred, series F, to be offered at competitive bidding Proceeds will be used to repay debt incurred for construction. Bids expected at 11 a.m. on June 3. V.218, p.1069.

MICHIGAN WISCONSIN PIPE LINE CO.
One Woodward Ave., Detroit, MI, April 26, 1974 filed $50,000,000 of first mortgage pipeline bonds due 1994, to be offered at competitive bidding. Proceeds will be used for debt repayment. Bids expected at 11:30 a.m. on June 3. V.219, 7384, p.26.

MISSISSIPPI POWER & LIGHT CO.
P.O. Box 1640, Jackson, MS, March 27, 1974 filed bonds, 75,000 shares of cumulative preferred stock, to be offered at competitive bidding. Proceeds will be used for debt repayment, and for other corporate purposes. V.219, 7392, p.18.

NIAGRA MOHAWK POWER CORP.
300 Erie Blvd., West, Syracuse, NY, May 14, 1974 filed 3,500,000 shares of common, to be offered at $11 per share . Proceeds will be used to reduce debt incurred for construction. Drexel Burnham & Co.; White, Weld & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Smith, Inc., NY, will manage the underwriting. Offering expected on June 11. V.219, 7409, p.24.

NORTH AMERICAN CAR COHP.
222 South Riverside Dr., Chicago, IL, April 26, 1974 filed $7,500,000 of equipment trust certificates first 1974 series due serially Nov 15, 1976 to Nov. 15, 1979; and $22,500,000 of equipment trust certificates first 1974 series due Nov. 15, 1994, both to be offered at 100 per cent. The company, which engages in the leasing of specialized railroad cars, general industrial equipment aircraft and computers, will use the proceeds to reduce revolving financing incurred for the assembling and purchasing of new railroad cars. Goldman, Sachs & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; and Dominick & Dominick Inc., NY, will manage the underwriting.

OHIO EDISON CO.
47 North Main St., Akron, OH, April 26, 1974 filed 3,000,000 shares of common, to be offered at competitive bidding. Proceeds will be used for debt repayment, and for construction. Bids expected at 4 p.m. on June 13. V.219, 7401, p.45.

PACIFIC NORTHWEST BELL TELEPHONE CO.
821 Second Ave., Seattle, WA, May 17, 1974 filed $90,000,000 of debentures due Jan June 1, 2008, to be offered at 100 competitive bidding. Proceeds will be used to repay debt incurred for construction. Bids expected at 11 a.m. on June 11.

PENNSYLVANIA ELECTRIC CO.
1001 Broad St., Johnstown, PA, May 1, 1974 filed $50,000,000 of first mortgage bonds, series due 2004, to be offered at competitive bidding. Proceeds will be used to repay debt incurred for construction. Bids expected at 11 a.m. on June 13. V.218, p.219.

ROCHESTER TELEPHONE CORP.
100 Midtown Plaza, Rochester, NY, April 18, 1974 filed $30,000,000 of first mortgage bonds, series H, to be offered at competitive bidding. Proceeds will be used for debt reduction. Bids expected June 5 at 11 a.m. V.219, .23.

# Reg. "A's"

ANTARES OIL CORP.
924 Patterson Bldg., 555-17th St., Denver, CO, Dec. 20, 1973 filed a Reg. A 3201 34th St., South, St. Petersburg, FL, April 26, 1974 filed 1,800,000 shares of common, to be offered at $30 per share. Proceeds will be used to repay debt incurred for ANTARES OIL CORP.
924 Patterson Bldg., 555-17th St., Denver, CO, Dec. 20, 1973 filed a Reg. A covering 5,000,000 shares of common, to be offered at $0.10 per share, (4,500,000 shares to be offered at $0.10 per share to the public; and 500,000 shares to be offered at $0.05 per share to certain individuals in exchange for outstanding convertible promissory notes.) First Western Securities of Wyoming Inc., Caspar, WY will manage the underwriting. (I)

AVANT INDUSTRIES LTD.
P.O. Box 369, Farmingdale, NJ, Feb. 1, 1974 filed a Reg. A covering 300,000 shares of common, to be offered at $1.50 per share. Pars Securities Inc., Fort Lee, NJ, will manage the underwriting.

FORT DAVID LABORATORIES, INC.
14350 N.W. 24th Ave., Opa Locka, FL, Oct. 15, 1973 filed a Reg. A covering 90,000 shares of common, to be offered at $4 per share. Hurlash Solomon, Hollywood, FL, will manage the underwriting.

GEOTHERMAL ENERGY & MINERAL CORP.
325 South Third St., Suite 1, Las Vegas, NV, Nov. 16, 1973 filed a Reg. A covering 100,000 shares of common, to be offered at $2.50 per share. Priestly & Pace Securities Inc., Las Vegas, NV will manage the underwriting.

GOLDEN SCEPTER MINING CO., INC.
228 Mary St., Carson City, NV, Jan. 15, 1974 filed a Reg. A covering 10,000,000 shares of common, to be offered at $0.025 per share. Universal Underwriting Service Inc., Salt Lake City, UT, will manage the underwriting.

IMAGE MAGNIFICATION INC.
538 Bloomfield Ave., Verona, NJ, Oct. 29, 1973 filed a Reg. A covering 250,000 shares of common, to be offered at $2 per share. Gotham Securities Corp., NY will manage the underwriting. (I)

INTEGRATED SYSTEMS CO.
1928 Western Ave., Las Vegas, NV, Jan. 25, 1974 filed a Reg. A covering 400,000 shares of common, to be offered at $1.25 per share. Wilson-Davis & Co., Inc., Salt Lake City, UT, will manage the underwriting. Offering expected in Late April. (I)

NUCLEAR SILVER CORP.
Box 709, Wallace, ID, Jan. 23, 1974 filed a Reg. A covering 6,061,750 shares of common, to be offered at $0.04 per share. This company was formerly known as American Silver Gold Uranium. Paul Jones & Co., Salt Lake City, UT, will manage the underwriting.

OMNIBUS GROUP INC.
3445 Peachtree Rd., N.E., Ste. 925, Atlanta, GA, Oct. 29, 1973 filed a Reg. A covering 75,000 shares of common, to be offered at $6 per share. The company was formerly known as Omnibus Management Corp. Higgs Inc., Knoxville, TN, will manage the underwriting.

PACIFIC CROSS INTERNATIONAL
431 South 3rd East, Ste. 100, Salt Lake City, UT, Nov. 29, 1973 filed a Reg. A covering 100,000 shares of common, to be offered at $1 per share. E.H. Coltharp & Co. Salt Lake City, UT will manage the underwriting.

SAN JUAN DIARY INC.
40 Exchange Place, NY, Jan. 29, 1974 filed a Reg. A covering 100,000 shares of common, to be offered at $5 per share. The company was formerly known as International Resort Media Inc. Gotham Securities Corp. NY, will manage the underwriting. V.218, p.998.

SEMI-DYNE ELECTRONICS CORP.
44 Bennington Ave., Freeport, NY, Dec. 3, 1973 filed a Reg. A covering 125,000 shares of common, of which 114,600 shares are offered by the underwriter and 10,400 shares are offered by certain shareholders for account of selling stockholders, to be offered at $4 per share. Blinder, Robinsin & Co. Inc., NY will manage the underwriting. V.216, p.612.

SINKETTE CORP.
565 Coney Island Ave., Brooklyn, NY, Dec. 3, 1973 filed a Reg. A covering 3,000,000 shares of common, to be offered at $0.10 per share. Willis E. Burnside & Co., Inc., NY, will manage the underwriting. (I)

TELCOA INTERNATIONAL CORP.
16 Church St., Greenwich, CT, Oct. 10, 1973 filed a Reg. A covering 160,000 shares of common, to be offered at $3 per share. Universal Underwriting Service Inc., Salt Lake City, UT will manage the underwriting. (I)

TODD INDUSTRIES INC.
477 Boston Post Rd., P.O. Box 745, Orange, CT, Jan. 31, 1974 filed a Reg. A covering 320,000 shares of common, to be offered at $1.25 per share. Anchor Securities Inc., Minneapolis, MN, will manage the underwriting. Offering expected late May.

WICKER WORLD INC.
2900 West Bay Dr., Largo, FL, Jan. 23, 1974 filed a Reg.A covering 60,000 shares of common, to be offered at $1 per share. Metroland Securities Corp., Schenectady, NY will manage the underwriting. Offering expected on June 3. (I)

# Bank Holding Companies

BANKERS TRUST NEW YORK CORP.
280 Park Ave., NY, Dec. 21, 1973 filed $50,000,000 of series D debentures due 1981, to be offered at 100 percent. This registered bank holding company will add part of its proceeds to equity capital, and part to its general funds. Lehman Brothers, Inc., NY, will manage the underwriting. V.218, p. 1723.

CONTINENTAL ILLINOIS CORP.
231 South LaSalle St., Chicago, IL, Feb. 21, 1974 filed $100,000,000 of notes due March 1, 1982, to be offered at 102 percent. The bank holding company will add the proceeds to the general funds of the company. Halsey, Stuart & Co., Inc., Chicago, IL; and Goldman, Sachs & Co., NY, will manage the underwriting. Offering expected in May. V.218, p.1609.

DOMINION BANKSHARES CORP.
Roanoke, VA, March 28, 1974 filed $15,000,000 of debentures due 1999; and $10,000,000 of convertible subordinated debentures due 1999. This bank holding company, will use the proceeds to repay debt, and for general corporate purposes. First Boston Corp., NY; and Wheat, First Securities, Inc., Richmond, VA, will manage the underwriting. V.218, p. 1649-51.

HOSPITAL TRUST CORP.
One Hospital Trust Plaza, Providence, RI, Feb. 28, 1974 filed $20,000,000 of notes due Oct. 1, 1981, to be offered at 100 percent. This bank holding company will use the proceeds to repay debt and for general corporate purposes. Merrill Lynch, Pierce, Fenner & Smith, Inc., NY, will manage the underwriting.

INDIANA NATIONAL CORP.
1 Indiana Square, Indianapolis, IN, March 26, 1974 filed $60,000,000 of sinking fund debentures due 1999, to be offered at 100 per cent. This bank holding company will use the proceeds to repay debt and to finance expenditures. Salomon Brothers, NY, will manage the underwriting. V.218, p.735.

MICHIGAN NATIONAL CORP.
Box 589, Bloomfield Hills, MI, April 19, 1974 filed $40,000,000 of notes due May 15, 1982, to be offered at 100 per cent. This bank holding company will use the proceeds to finance acquisitions. Lehman Brothers Inc.; and Smith Barney & Co. Inc., NY, will manage the underwriting. Offering expected in early June.

Lehman Brothers, Inc.; and Smith, Barney & Co., Inc., NY, will manage the underwriting. Offering expected sometime in May. V.219, 7394, p.21.

NORTRUST CORP.
135 South La Salle St., Chicago, IL, March 26, 1974 filed $30,000,000 of notes due 1984. The corporation is a one bank holding company owning all of the capital stock of The Northern Trust Co. Halsey, Stuart & Co. Inc., Chicago, IL, will manage the underwriting. Offering expected late May.

SOUTH CAROLINA NATIONAL CORP.
1241 Main St., Columbus, SC, March 26, 1974 filed $25,000,000 of debentures due 1999, to be offered at 100 per cent. This bank holding company will use its proceeds for capital and general funds, and for various corporate purposes. Salomon Brothers, NY, will manage the underwriting.

# Mutual Funds

AMERICAN GENERAL OPTION INVESTORS, INC.
3910 Keswick Rd., Baltimore, MD, Nov. 9, 1973 filed 2,000,000 shares of common, to be offered at $25 per share; and 200,000 shares of common (registered to cover over-allotments), to be offered at $25 per share. The company is a new, closed-end, diversified management investment company whose primary objective will be to seek revenue in the form of premiums from writing puts and calls. Goldman, Sachs & Co.; Reynolds Securities Inc.; E.F.Hutton & Co., Inc., NY; and Alex Brown & Sons, Baltimore, MD, will manage the underwriting.

AMERICAN OPTION WRITERS FUND
6 Central Row, Hartford, CT, Oct. 19, 1973 filed 700,000 of limited partnership units, to be offered at $15 per unit. The company is a closed end investment company formed primarily to earn income from writing option contracts against a portfolio for securities. Advest Co., Hartford, CT, will manage the underwriting. V. 213, p. 1469.

CORPORATE INCOME FUND,
2ND SHORT TERM SERIES
May 2, 1974 filed 80,000 units, including 5,000 for resale. Merrill Lynch, Pierce, Fenner & Smith., Inc., NY, will manage the underwriting.

DAILY INCOME FUND, INC.
230 Park Ave., NY, May 17, 1974 filed 1,500,000 shares of common, to be offered at $10 per share. The company is a no-load, diversified, open-end investment company. Reich & Tang, Inc., NY, is the advisor. Offering expected in late June. (I)

FIRST INSURED MUNICIPAL
TRUST FUND, SERIES 1
Van Kampen, Wauterlek & Brown, Inc., 300 West Washington St., Chicago, IL, Feb. 28, 1974 filed 7,500 units (including 2,500 registered for resale), to be offered at $1050 per unit. The objective of the fund is tax-exempt income through municipal bonds. Van Kampen, Wauterlek & Brown, Inc., Chicago, IL, is the depositor.

HARRIS, UPHAM TAX-EXEMPT
FUND, FOURTH SERIES
May 2, 1974 filed 7,500 units (including 2,500 for resale). Harris, Upham & Co., Inc., NY, is the depositor.

MICHIGAN TAX EXEMPT BOND, 11th SERIES
Buhl Bldg., Detroit, MI, May 8, 1974 filed 4,000 units (including 500 units for resale). First of Michigan Corp., Detroit, MI, is the depositor. Offering expected mid-June.

MUNICIPAL BOND FUND, SERIES 12
May 13, 1974 filed 15,000 units. The fund is a unit investment trust formed to gain tax-exempt income through investment in tax-exempt bonds. Paine, Webber, Jackson & Curtis, Inc., NY; and Dean Witter & Co., Inc., San Francisco, CA, are the depositors.

MUNICIPAL INVESTMENT TRUST FUND,
10th PENNSYLVANIA SERIES
May 15, 1974 filed 5,000 units (including 1,000 units for resale). Merrill Lynch, Pierce, Fenner & Smith, Inc.; Bache & Co., Inc.; and Reynolds Securities, Inc., NY are the depositors. Offering expected in mid-June.

MUNICIPAL INVESTMENT TRUST FUND SERIES,
24TH MONTHLY PAYMENT
May 8, 1974 filed 45,000 units (including 5,000 units for resale). Merrill Lynch, Pierce, Fenner & Smith, Inc.; Bache & Co., Inc.; and Reynolds Securities, Inc., NY, are the depositors.

NATIONAL MORTGAGE FUND
1300 East Ninth St., Cleveland OH, May 15, 1974 filed $5,000,000 of floating rate, senior subordinated notes due 1983, to be offered at $1,000 each. The company is a real estate mortgage investment trust. Ohio Co., Columbus, OH will manage the underwriting. Offering expected around July. V.217, p. 1921.

NORTHWEST TAX EXEMPT BOND FUND, THIRD SERIES
May 20, 1974 filed 30,000 units with a minimum purchase of 10 units. Foster & Marshall Inc., Seattle, WA, is the depositor. Offering expected in late July.

NUVEEN TAX-EXEMPT BOND FUND,
SERIES 57 CHECK-A-MONTH PLAN
209 South LaSalle St., Chicago, IL, April 5, 1974 filed 150,000 units, to be offered at $105 per unit. John Nuveen & Co. Inc., NY, is the depositor.

TAX-EXEMPT BOND FUND
900 National City Bank Bldg., Cleveland, OH, May 17, 1974 filed 7,500 units (including 2,500 units registered for resale). The company is a unit investment trust formed for the purpose of investing in tax-exempt bonds. Prescott, Ball & Turben, Cleveland, OH is the depositor. Offering expected on June 17. V. 219, 7380, p. 19.

UNITED INCOME INVESTMENT PROGRAM
1 Crown Center, P.O. Box 1343, Kansas City, MO, Nov. 7, 1973 filed $10,000,000 of monthly investment programs under which an investor makes regular monthly investments at a price of $30 to $350 over a ten year period. The program offers an opportunity to indirectly accumulate shares of United Income Fund, which is a class of shares of United Fund Inc. Waddell & Reed, Inc.,Kansas City, MO, is the depositor.

# Issues Filed with SEC this Week

BANKERS TRUST NEW YORK CORP.
280 Park Ave., NY, May 21, 1974 filed 50,000 shares of common, to be offered at $33.1525 per share in connection with the proposed merger of the First National Bank of Cooperstown into a wholly-owned subsidiary of the company on a 5-for-1 basis. V.219, 7390, p.18. (N)

BLACK MARKET ENTERPRISES INC.
5653-55 Ogontz Ave., Philadelphia, PA, April 1, 1974 filed a Reg. A covering 240,000 shares of common, to be offered at $2 per share. (N)

CAESARS WORLD, INC.
1900 Ave. of the Stars, Los Angeles, CA, May 22, 1974 filed $18,000,000 of subordinated sinking fund debentures, to be offered at 100 per cent in connection with an exchange offer to holders of company common. E.F. Hutton & Co., Inc., NY, will manage the underwriting. V.219, 7409, p.45. (N)

CAPITOL LIFE SEPARATE ACCOUNT A
1600 Sherman St., Denver, CO, May 24, 1974 filed $10,000,000 of group and individual flexible payment variable annuity contracts, and individual single payment variable annuity contracts. Capitol Life Insurance Co., Denver, CO, is the depositor. (N)

CHINOOK INVESTMENTS INC.
Rte. 9, Box 424, Olympia, WA, April 1, 1974 filed a Reg. A covering 4,166 shares of common, to be offered at $60 per share. (N)

COLUMBIA GAS SYSTEM, INC.
20 Montchanin Rd., Wilmington, DE, May 24, 1974 filed 1,000,000 shares of cumulative preferred, series A, to be offered at competitive bidding. Proceeds will be added to company funds and used to finance construction. Bids expected on July 8 at noon. V.219, 7402, p. 24. (N)

COMMERCIAL PROPERTY DEVELOPERS, LTD.
Suite 208, Hollywood, FL, May 24, 1974 filed 2,000 limited partnership units, to be offered at $500 per unit, with a minimum purchase of five units. The partnership will engage in acquiring, improving, developing, operating and holding for investment commercial and residential properties, primarily in Florida. (N)

CONNECTICUT NATURAL GAS CORP.
233 Pearl St., Hartford, CN, May 24, 1974 filed 176,024 shares of common, to be offered at $33 per share; 3,000 shares of six per cent series A preferred; 4,100 shares of 6.25 per cent serial preferred; and 6,638 shares of 6 per cent series B preferred, all to be offered at $100 per share in connection with the proposed merger of the Greenwich Gas Co. into the company. (N)

E.I. DU PONT DE NEMOURS & CO.
1007 Market St., Wilmington, DE, May 22, 1974 filed 12,785 shares of common, to be offered at $175.375 per share by selling stockholders. V.218, p.1394. (N)

EMHART CORP.
950 Cottage Grove Rd., Bloomfield, CN, May 24, 1974 filed 190,206 shares of common, to be offered at $18.63 per share in connection with a proposed reorganization as a result of which Fellows Corp. would become a subsidiary of the company on a 2.2-for-1 basis. V.219, 7394, p.21. (N)

FIRST COMMERCIAL BANKS, INC.
60 State St., Albany, NY, May 23, 1974 filed $6,480,000 of 7½ per cent six-year non-assignable promissory installment notes, to be offered in connection with the proposed merger of a wholly-owned subsidiary of the company and the Oystermen's Bank & Trust Co. at either $45.36 cash for each bank capital stock share, or an installment note equal to 72 per cent of the cash amount ($32.66) plus 28 per cent ($12.70) of such amount in cash. V.218, p.949. (N)

FIRST NATIONAL BANCORP.
621 Seventeenth St., Denver, CO, May 23, 1974 filed 156,000 shares of common, to be offered at $22.71 in connection with an exchange offer to stockholders of U.S. Bank of Grand Junction on a 52-for-1 basis. (N)

HASTINGS CITY NATIONAL CO.
13th and N Sts., Lincoln, NB , May 23, 1974 filed 419,910 shares of common, to be offered at $7.50 per share; and 839,820 subscriptions rights to purchase the common, both offered in connection with an offering to holders of common of NBC Co. at on a 1-for-2 basis. (N)

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**HEUBLEIN, INC.**
Farmington, CN, May 24, 1974 filed 85,939 shares of common, to be offered at $35.15 per share in connection with the proposed merger of Zapata Foods, Inc. into the company. V.218, p. 1363. (N)

**IOWA ELECTRIC & POWER CO.**
Cedar Rapids, IA , May 24, 1974 filed $30,000,000 of first mortgage bonds, series N, due July 1, 2004, to be offered at competitive bidding. Proceeds will be used to reduce debt incurred for construction. Bids expected on July 11 at 10 a.m. (Chicago time). V.218, p. 1722. (N)

**MANITOBA HYDROELECTRIC BOARD**
1251 Ave. of the Americas, NY, May 23, 1974 filed $75,000,000 of bonds, series 3E, due June 15, 2004. Proceeds will be used for construction. **Merrill Lynch, Pierce, Fenner & Smith, Inc.; First Boston Corp.; Salomon Brothers; Wood Gundy, Inc.; and Richardson Securities, Inc.**, NY, will manage the underwriting. V.218, p. 1139. (N)

**MEDICO INDUSTIRIES INC.**
Elkan Estates Industrial Park, Elwood, KA, April 9, 1974 filed a Reg. A covering 110,000 shares of class B common, to be offered at $2 per share, of which 55,000 shaares are offered to key employees of 11 distributors pursuant to the 1974 Distributors Key Personnel Purchase Plan. (N)

**MERCANTILE BANKSHARES CORP.**
2 Hopkins Plaza, Baltimore, MD, May 23, 1974 filed 715,050 shares of common, to be offered at $5.98 per share in connection with an exchange offer to shareholders of First National Bank of Southern Maryland, Upper Marlboro, MD, on a - 7-for-1 basis. V.218, p. 1651. (N)

**NORTHERN STATES POWER CO.**
414 Nicollet Mall, Minneapolis, MN, May 24, 1974 filed 300,000 shares of cumulative preferred, to be offered at competitive bidding. Proceeds will be used to repay debt incurred for construction. Bids expected on July 10 at 10 a.m. (Chicago time). V.219, 7373, p. 19. (N)

**NUVEEN TAX-EXEMPT BOND FUND, SERIES 58 CHECK-A-MONTH PLAN**
209 LaSalle St., Chicago, IL, May 24, 1974 filed 150,000 units, to be offered at $105 per unit. **John Nuveen & Co., Inc.**, Chicago, IL, is the depositor. (N)

**OGR SERVICE CORP.**
230 E. Cook St., Springfield, IL, May 24, 1974 filed 150,000 shares of common, to be offered at $10 per share. The company, which is in the business of professional identification, management consulting, public relations, organizational, informational and educational services to the funeral service profession, will be use the proceeds to meet anticipated general, administrative and development costs. (N)

**PACESETTER FINANCIAL CORP.**
233 Washington St., Grand Haven, MI, May 22, 197X. filed 581,500 shares of common, to be offered in connection with a proposed reorganization as a result of which two banks will become subsidiaries of the bank: Alpena Savings Bank on a 1.14-for-1 basis; and Owosso Savings Bank on a 0.765151-for-1 basis. (N)

**PERKIN-ELMER CORP.**
Main Ave., Norwalk, CN, May 24, 1974 filed 1,724,000 shares of common, to be offered at $24.84375 per share in connection with the proposed merger of Interdata, Inc. into the company on a .8-for-1 basis. (N)

**PREMIER ANGUS, INC.**
5600 East Grand River Ave., Fowlerville, MI, May 22, 1974 filed 10,000 limited partnership interests, to be offered at t1,000 per interest, with a minimum purchase of 5 units. Partnerships to be formed will engage in cattle breeding and feeding operations. (N)

**SAFETY-KLEEN CORP.**
900 North State St., Elgin, IL, May 24, 1974 filed 2,319,600 shares of common, to be offered at $.99 per share in connection with the proposed recapitalization of Chicago Rawhide Manufacturing Co., of which the company is a wholly-owned subsidiary, as a result of which company common would be distributed to stockholders of Rawhide on a 3-for-1 basis. (N)

**SECURITY FIRST INCOME FUND, INC.**
1800 Ave. of the Stars, Los Angeles, CA, May 24, 1974 filed 1,000,000 shares of common. The company is a management-type, diversified, openend investment company and a mutual fund. (N)

**SOUTHWESTERN INVESTMENT CO.**
205 East Tenth St., Amarillo, TX, May 22, 1974 filed $5,000,000 of subordinated capital notes, due Sept. 1, 1984, of which $2,500,000 is being offered to the public in multiples of $1,000 and $2,500,000 is being offered in exchange for the company's 10 per cent capital notes. (N)

**TELEVEND, INC.**
3607 Anton Farms Rd., Baltimore, MD, March 29, 1974 filed a Reg. A covering 75,000 shares of common, to be offered at $5 per share. (N)

**VIKING GENERAL CORP.**
123 N.E. 79th St., Miami, FL, May 22, 1974 filed $3,600,000 of subordinated debentures due June 1, 1989, to be offered at 100 per cent in connection with an exchange offer to holders of company common. (N)

**WHITE SHIELD EXPLORATION CORP.**
16 East 16th St., P.O. Box 2139, Tulsa, OK, May 24, 1974 filed 26,000 stock purchase warrants; and 26,000 shares of common reserved for exercise of the warrants, to be offered at 52.31 per share. The company, which add engages in oil and gas exploration and development, will the proceeds to general funds. (N)

***Insider Trading--***
***Markets Page***

# Effective Registrations

**EDWARDS (A.G.) & SONS INC.**
**Florida Bancorp.** 250,000 shares of common offered at $10.50 per share, on May 24, by Edwards (A.G.) & Sons, Inc., St. Louis, MO. V. 218, p. 1576.

**FIRST BOSTON CORP.**
**Chesapeake & Potomac Telephone Co. of MD** $100,000,000 of 87-8 per cent debentures due 2009 rated Aaa by Moodys and AAA by Standard & Poors, offered at 99.20 per cent plus accrued interest, to yield 8.95 per cent, on May 29, by First Boston Corp.; Blyth Eastman Dillon & Co. Inc., NY; Halsey, Stuart & Co. Inc., Chicago, IL; Lehman Brothers Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Brothers; White, Weld & Co. Inc.; and Paine, Webber, Jackson & Curtis Inc., NY. V. 219 7399, p. 27.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION**
**Federal National Mortgage Association** $500,000,000 of 8.45 per cent debentures series SM-1976-I due Dec. 10, 1976; $650,000,000 of 8.45 per cent debentures series SM-1978-D due March 10, 1978; and $350,000,000 of 8.50 per cent debentures series SM-1980-D due June 10, 1980, all offered at 100 per cent, on May 28, by Peter J. Carney, Jr., Fiscal Agent, NY; with the assistance of a nation wide selling group of recognized dealers in securities. V. 219 7388, p.18.

**LEHMAN BROTHERS INC.**
**Philip Morris Inc.** $150,000,000 of 8⅞ per cent debentures due 2004, rated A by both Moodys and Standard & Poors offered at 99.375 per cent, plus accrued interest to yield 8.835 per cent; and $50,000,000 of 8.85 per cent notes due 1982 rated A by both Moodys and Standard & Poors offered at 100 per cent plus accrued interest, on May 30, by Lehman Brothers Inc.; Goldman, Sachs & Co.; and Kuhn, Loeb & Co., NY. V.219 7409, p.24.

**MORGAN STANLEY & CO. INC.**
**General Electric Credit Corp.** $100,000,000 of 87-8 per cent notes due June 1, 1982 rated Aa by Moodys and A by Standard & Poors, offered at 100 per cent plus accrued interest, on May 29, by Morgan Stanley & Co. Inc., NY. V. 219 7409, p. 23.

**MORGAN STANLEY & CO. INC.**
**Ohio Power Co.** $100,000,000 of 101-8 per cent first mortgage bonds due 1982, rated Aa by Moodys and A by both Standrard & Poors and Fitch, offered at 100.67 per cent, plus accrued interest, to yield 10 per cent, on May 28, by Morgan Stanley & Co. Inc.; Kuhn, Loeb & Co.; Drexel Burnham & Co. Inc.; Stone & Webster Securities Corp.; Goldman, Sachs & Co.; Hornblower & Weeks-Hemphill, Noyes Inc.; Loeb, Rhoades & Co.; Paine, Webber, Jackson & Curtis Inc.; Smith, Barney & Co. Inc.; Wertheim & Co. Inc.; White, Weld & Co., Inc.; NY; and Dean Witter & Co., Inc., San Francisco, CA. V. 219 7404, p. 24.

**MORGAN STANLEY & CO. INC.**
**United Illuminating Co.** 3000,000 shares of common offered at $18.75 per share, on May 29, by Morgan Stanley & Co., Inc., NY. V.219 7407, p.24.

THOMSON & MCKINNON AUCHINCLOSS KOHLMEYER INC.
**National Municipal Trust Third Series** 5,000 units offered at $1,013.06 per unit, with a minimum investment of $1,000, on May 22 by Thomson & McKinnon Auchincloss Kohlmeyer Inc., NY. V. 219 7409, p.24.

**Woolworth(F.W.)** $125,000,000 of 9 per cent sinking fund debentures due Jan. 1, 1999 rated A by both Moodys and Standard & Poors, offered at 99.25 per cent, plus accrued interest to yield 9.08 per cent, on May 29, by Goldman, Sachs & Co.; Clark Dodge & Co. Inc.; and Kidder, Peabody & Co., Inc., NY. V.219 7409, p.24.

# Prospective Offerings

**ATCHISON, TOPEKA & SANTA FE RAILWAY (7-9)**
May 28, 1974 it was reported that this road plans the sale of $15,000,000 of equipment trust certificates, due annually 1975-89. Underwriter — Competitive bidding. Bids expected on July 9 at noon.

**ATLANTIC CITY ELECTRIC CO. (7-24)**
May 20, 1974 it was reported that this company plans to sell about $20,000,000 of preferred stock. Method of sale is to be determined. Offering expected on July 24. V. 218, p.1215.

**ATLANTA GAS LIGHT CO.**
May 13, 1974 it was reported that this company plans the sale of $35,000,000 of 25-year first mortgage bonds and 75,000 shares of preferred some time in November. Method of sale to be determined. V.218, p.147.

**BALTIMORE GAS & ELECTRIC CO. (6-27)**
May 13, 1974 it was reported that this company plans the sale of $75,000,000 of 30-year first mortgage bonds. Underwriter — Competitive bidding. Bids expected at noon on June 27. V.219, No. 7399, p.27.

**BELL TELEPHONE CO. OF PENNSYLVANIA (7-15)**
March 4, 1974 it was reported that the company plans the sale of $175,000,000 of debentures, or a combination of debentures and notes. Method of sale is to be determined. Offering expected July 15. V. 217, p. 1515.

**BOSTON EDISON CO. (6-25)**
April 29, 1974 it was reported that this company plans to sell $75,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected at 11 a.m. on June 25. V.218, p.1215.

**BOSTON VLCC TANKER CO.**
May 20, 1974 it was reported that this unit of First National Boston Corp. plans to offer $32,000,000 of government guaranteed ship financing bonds, late next month. Underwriters — Blyth Eastman Dillon & Co. Inc.; and Hornblower & Weeks-Hemphill, Noyes Inc., NY. Offering expected June 10.

**CENTRAL MAINE POWER CO. (9-17)**
May 13, 1974 it was reported that this company plans the sale of $10,000,000 of common. Underwriter — Kidder, Peabody & Co., Inc., NY,. Offering expected on Sept. 17.

**CONSOLIDATED NATURAL GAS CO.**
May 28, 1974 it was reported that this company has cancelled plans for the sale of common and instead plans the sale of $40-$50,000,000 of preferred late in the year. Underwriter — Competitive bidding. V.219, 7402, p.24.

**DAYTON POWER & LIGHT CO. (8-14)**
May 20, 1974 it was reported that this company plans to sell about $30,000,000 of common. Underwriters — expected to be Morgan Stanley & Co. Inc.; and W.E. Hutton & Co., Inc., NY. Offering expected Aug. 14. V.218, p.1436.

**DELMARVA POWER & LIGHT CO.**
May 13, 1974 it was reported that this company plans the sale of up to 1,500,000 shares of common some time in the fourth quarter. Underwriter — Competitive bidding. V.219, No. 7404, p.24.

**HOUSTON LIGHTING & POWER CO. (9-11)**
April 8, 1974 it was reported that this company plans to sell $100,000,000 of first mortgage bonds, sometime in Sept. Underwriter — Competitive bidding. Bids expected at 11 a.m. on Sept. 11. V.219 7380, p.19.

**IDAHO POWER CO. (9-17)**
May 6, 1974 it was reported that this company plans to sell $50,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected at noon on Sept. 17. V.219 7380, p.19.

**INDIANA BELL TELEPHONE CO. (10-1)**
April 29, 1974 it was reported that this company plans to sell $80,000,000 of debt securities. Underwriter — Competitive bidding. Bids expected on Oct. 1.

**INDIANA GAS CO.**
April 15, 1974 it was reported that this company plans the sale of $13,000,000 of preferred stock and $7,500,000 shares of common, sometime by mid June. Underwriter — Goldman Sachs & Co., NY. V.218, p.982.

**KANSAS GAS & ELECTIRIC CO.**
May 28, 1974 it was reported that this company plans to raise $25-$30,000,000 via the sale of securities before the end of the year. Underwriters — Competitive bidding.

**LOUISVILLE GAS & ELECTRIC CO. (8-27)**
March 18, 1974 it was reported that this company plans the sale of about $25-30,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected on August 27 at 11 a.m.

**MICHIGAN CONSOLIDATED GAS CO. (7-30)**
March 11, 1974 it was reported that this company plans the sale of $40,000,000 f first mortgage bonds. Underwriter — Competitive bidding. Bids expected on July 30 ao 11 a.m. V.218, p.147.

**MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.**
March 25, 1974 it was reported that this company plans the sale of about $150,000,000 of equity securities, sometime mid-1974. Method of, sale is to be determined. V.218, p. 3.

**MOUNTAIN STATES TELEPHONE & TELEGRAPH CO. (8-6)**
April 22, 1974 it was reported that this company plans the sale of $175,000,000 of debt securities. Method of sale is to be determined. Offering expected on August 6. V. 218, p. 3.

**NATIONAL FUEL GAS CO. (8-14)**
April 29, 1974 it was reported that this company plans to sell $30,000,000 of debentures. Underwriter — Competitive bidding. Bids expected at 11 a.m. on August 14. V.219, 7394, p.21.

**NEW ENGLAND TELEPHONE & TELEGRAPH CO. (11-12)**
May 20, 1974 it was reported that this unit of American Telephone & Telegraph Co. plans to raise about $319,600,000 through seperate offerings of debentures and rights for common stock. The first part of this offering, scheduled for Nov. 12, will be for $150,000,000 debentures. Method of salenis to be determined. V. 218, p.1400.

**NEW ENGLAND TELEPHONE & TELEGRAPH CO.**
May 28, 1974 it was reported that this company plans the sale of 6,500,000 shares of common via rights to shareholders of record Oct. 4, with an oversubscription priviledge. Method of sale to be determined. V.218, p. 1400.

**NORFOLK & WESTERN RAILWAY (6-11)**
May 20, 1974 it was reported that this railroad plans the sale of $15,000,000 of equipment trust certificates due serially 1975-89. Underwriter — Competitive bidding. Bids expected on June 11.

**NORTHERN ILLINOIS GAS CO. (7-9)**
March 18, 1974 it was reported that this company plans the sale of $50,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expecte on July 9 at 11 a.m. V.218, p.219.

**NORTHERN INDIANA PUBLIC SERVICE CO.**
May 13, 1974 it was reported that this company plans to raise $40-$45,000,000 through the sale of senior securities. Method of sale to be determined. Offering expected some time in September. V.219, No. 7402, p.24.

**NORTHERN STATES POWER CO.**
May 13, 1974 it was reported that, in addition to the sale of preferred, the company plans the sale of about $50,000,000 shares of common some time in the fall. Underwriter — Competitive bidding. V.219, No. 7373, p.19.

**NORTHWESTERN BELL TELEPHONE (8-27)**
April 1, 1974 it as reported that this company plans the sale of $175,000,000 of debt securities. Underwriter — Competitive bidding. Bids expected on Aug. 27.

**PACIFIC GAS & ELECTRIC CO. (10-7)**
May 13, 1974 it was reported that this company plans the sale of up to $100,000,000 of common via rights. Underwriters — Blyth Eastman Dillon & Co., NY; and Dean Witter & Co., San Francisco, CA. Offering expected on Oct. 7. V.219, No. 7404, p.24.

**PACIFIC GAS & ELECTRIC CO.**
May 28, 1974 it was reported that this company plans the sale of $125,000,000 of 32-year first mortgage bonds some time in the fourth quarter. Underwriter — Competitive bidding. V.219, 7404, p. 24.

**PACIFIC LIGHTING SERVICE CO. (12-11)**
May 13, 1974 it was reported that this company plans the sale of $30,000,000 of debentures. Underwriter — Competitive bidding. Bids expected at 11 a.m. on Dec. 11. V.218, p.575.

**PACIFIC TELEPHONE & TELEGRAPH CO. (6-25)**
April 1, 1974 it was reported that this company plans the sale of about $250,000,000 of 37-year debentures; and $100,000,000 of 7-year notes. Underwriter — Competitive bidding. Bids expected at 11 a.m. on the debentures, and at noon on the notes, on June 25. V.217, .2017.

**PENINSULA RESOURCES CORP.**
May 20, 1974 it was reported that this company plans the sale of 150,000 shares of common. Underwriter — Lentz, Newton & Co., San Antonio, TX. Offering expected late June or early July. V.218, p.1394.

**PENNSYLVANIA ELECTRIC CO. (6-13)**
April 8, 1974 it was reported that this subsidiary of General Public Utilities Corp. plans the sale of 350,000 shares of preferred stock. Underwriter — Competitive bidding. Bids expected at 11 a.m. on June 13. V.218, p.217.

**PIONEER NATURAL GAS CO.**
May 20, 1974 it was reported that this company plans the sale of about $50,000,000 of debentures either late this year or early 1975. Underwriter — Expected to be Blyth Eastman Dillon & Co., NY. V.218, p.910.

**PUBLIC SERVICE ELECTRIC & GAS CO. (6-10)**
April 1, 1974 it was reported that this company plans the sale of 750,000 shares of $100 preferred. Underwriter — Competitive bidding. Bids expected at noon on June 10. V.219 7390, p.18.

**SOUTH CENTRAL BELL TELEPHONE CO.(9-17)**
April 22, 1974 it was reported that this company plans to offer $225,000,000 of debt securities. Method of sale is to be determined. Offering expected about Sept. 17. V.218, p.363.

**SOUTHERN CALIFORNIA GAS CO. ( 10-22)**
April 8, 1974 it was reported that this company plans the sale of $50,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected at noon on Oct. 22.

**SOUTHERN CALIFORNIA GAS CO.**
May 20, 1974 it was reported that this utility plans to sell 1,400,000 shares of common. Method of sale is to be determined.

**SOUTHERN CO. (9-10)**
May 20, 1974 it was reported that this company plans the sale of about $180-$185,000,000 of common. Underwriter — Competitive bidding. Bids expected on Sept. 10.

**SOUTHERN PACIFIC RAILWAY (6-25)**
May 20, 1974 it was reported that this road plans the sale of $15,000,000 f equipment trust certificates. Underwriter — Competitive bidding. Bids expected at noon on June 25. V. 219 7401, p.23.

**SOUTHERN RAILWAY (6-4)**
May 20, 1974 it was reported that this road plans to sell $15,000,000 of equipment trust certificates. Underwriters — Competitive bidding. Bids expected at noon on June 4. V. 219 7378, p. 24.

**TENNESSEE VALLEY AUTHORITY**
May 20, 1974 it was reported that this company plans the sale of $100,000,000 of power bonds. Underwriter — Competitive bidding. Bids expected on July 16 at 11 a.m. V. 219 7402, p.24.

**UNION ELECTRIC CO. (12-3)**
May 20, 1974 it was reported that this company plans to sell about $50,000,000 of common. Underwriters — Merrill Lynch, Pierce, Fenner & Smith Inc.; and Lehman Brothers Inc., NY. Offering expected on Dec. 3. V. 219 7404, p.25.

**UTAH POWER & LIGHT CO.**
April 1, 1974 it was reported that this company plans to offer $35,000,000 in preferred stock, sometime this month. Method of sale is to be determined. V.219 7396 p.18.

**UTAH POWER & LIGHT CO.**
April 1, 1974 it was reported that in addition to the sale of preferred stock, this utility plans to sell $35,000,000 of first mortgage bonds, and $30,000,000 of common stock, later this year. V.219 7396 p.18.

**VIRGINIA ELECTRIC & POWER CO. (6-24)**
May 20, 1974 it was reported that this company plans to raise about $125,000,000 through the sale of 30-year first & refunding mortgage bonds. Underwriter — Competitive bidding. Bids expected on June 24. V. 218, p.1071.

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# New Issue Calendar as of June 3, 1974

**JUNE 3 (MONDAY)**

**Michigan Wisconsin Pipe Line Co.**
(Bids at 11:30 a.m.) $50, 00,000 bonds.
**Wicker World Inc.**
(Metroland Securities Corp.) 60,000 common.

**JUNE 4 (TUESDAY)**

**Bucyrus-Erie Co.**
(Paine, Webber, Jackson & Curtis Inc.) $50,000,000 debentures.
**Central Illinois Light Co.**
(Bids at 11 a.m.) $25,000,000 bonds.
**Florida Power Corp.**
(Kidder, Peabody & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.) $450,000 preferred.
**General Motors Acceptance Corp.**
(Morgan Stanley & Co. Inc.) $250,000,000 debentures.
**Northwestern Public Service Co.**
(Stone & Webster Securities Corp.) 160,000 common.
**Southern Railway**
(Salomon Brothers) $15,000,000 certificates.

**JUNE 5 (WEDNESDAY)**

**Central Illinois Light Co.**
(Blyth Eastman Dillon & Co. Inc.; Dean Witter & Co. Inc.) 750,000 common.
**Commonwealth Edison Co.**
(Bids at 11 a.m.) $125,000,000 bonds.
**Rochester Telephone Corp.**
(Bids at 11 a.m.) $30,000,000 bonds.

**JUNE 6 (THURSDAY)**

**American General Insurance Co.**
(Goldman, Sachs & Co.; Lehman Brothers Inc.; Keefe, Bruyette & Woods Inc.) $100,000,000 debentures.
**International Harvester Co.**
(Morgan Stanley & Co. Inc.) $150,000,000 debentures.

**JUNE 10 (MONDAY)**

**Current Interest Inc.**
(Funds, Inc.) 1,500,000 common.
**Merchants Marine Bonds**
(Blyth Eastman Dillon & Co., Inc.; Hornblower & Weeks-Hemphill, Noyes, Inc.) $32,000,000 bonds.
**Modicon Corp.**
(Alex Brown & Sons; Tucker Anthony & R.L. Day) 325,000 common.
**Public Service Electric & Gas**
(Bids at noon) 750,000 preferred.

**JUNE 11 (TUESDAY)**

**Niagra Mohawk Power Corp.**
(Drexel Burnham & Co. Inc.; White, Weld & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.) 3,500,000 common.
**Norfolk & Western Railway**
(Salomon Brothers $15,000,000 certificates.
**Pacific Northwest Bell Telephone Co.**
(Bids at 11 a.m.) $90,000,000 debentures.
**Philadelphia Electric Co.**
(Bids at noon) $100,000,000 bonds.

**JUNE 12 (WEDNESDAY)**

**Alabama Power Co.**
(Bids at 11 a.m.) $100,000,000 bonds.
**Cummins Engine Co.**
(First Boston Corp.) 250,000 preferred.

**JUNE 13 (THURSDAY)**

**Delmarva Power & Light Co.**
(Bids at noon) $35,000,000 bonds.
**Ohio Edison Co.**
(Bids to be received) 3,000,000 common.
**Pennsylvania Electric Co.**
(Bids at 11 a.m.) 350,000 preferred.
**Pennsylvania Electric Co.**
(Bids at 11 a.m.) $50,000,000 bonds.

**JUNE 15 (SATURDAY)**

**Matrix Commodities,Inc.**
(Phillips, Appel Walden Inc.) 200,000 common.

**JUNE 17 (MONDAY)**

**Long Island Lighting Co.**
(Bids at noon) $60,000,000 bonds.
**PBT Tax-Exempt Bond Fund**
(Prescott, Ball & Turben) 7,500 units.
**Texland Petroleum Inc.**
(McDonald & Co.) 300 interests.

**JUNE 18 (TUESDAY)**

**Baltimore Gas & Electric Co.**
(First Boston Corp.) 2,500,000 common.
**Indiana & Michigan Electric Co.**
(Bids at 11:45 a.m.) 300,000 preferred.
**Indiana & Michigan Electric Co.**
(Bids at 11 a.m.) $70,000,000 bonds.

**JUNE 19 (WEDNESDAY)**

**Central Power & Light Co.**
(Bids at noon) $40,000JUNE 19 (WEDNESDAY)
**Central Power & Light Co.**
(Bids at noon) $40,000,000 bonds.
**Cincinnati Gas & Electric Co.**
(Morgan Stanley & Co. Inc. $40,000,000 preferred.
**Columbia Gas System, Inc.**
(Bids at 11 a.m.) $40,000,000 debentures.
**Manitoba Hydro-Electric Board**
(Merrill Lynch, Pierce, Fenner, & Smith Inc.) $75,000,000 bonds.

**JUNE 20 (THURSDAY)**

**Arkansas Power & Light Co.**
(Bids at noon) $40,000,000 bonds.
**Florida Power Corp.**
(Kidder, Peabody & Co. Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.) 1,800,000 common.

**JUNE 24 (MONDAY)**

**Virginia Electric & Power Co.**
(Bids at noon) $125,000,000 bonds.

**JUNE 25 (TUESDAY)**

**Boston Edison Co.**
(Bids at 11 a.m.) $75,000,000 bonds.
**Florida Power Corp.**
(First Boston Corp.) $40,000,000 common.
**Pacific Telephone & Telegraph Co.**
(Bids at noon) $100,000,000 notes.
**Pacific Telephone & Telegraph Co.**
(Bids at 11 a.m.) 250,000,000 debentures.
**Southern Pacific Railway**
(Bids at noon) $15,000,000 certificates.

**JUNE 27 (THURSDAY)**

**Baltimore Gas & Electric Co.**
(Bids at noon) $75,000,000 bonds.

**JULY 1 (MONDAY)**

**J. P. Cabot Short-Term Fund, Inc.**
(J. P. Cabot Advisory Corp.) 5,000,000 common.
**Parkview Associates**
(Piper, Jaffray & Hopwood, Inc.) 5,200 interests.

**JULY 8 (MONDAY)**

**Columbia Gas System Inc.**
(Bids at noon) $50,00,000 preferred.

**JULY 9 (TUESDAY)**

**Atchison Topeka & Sante Fe Railway**
(Salomon Brothers) $150,000,000 certificates.
**Northern Illinois Gas Co.**
(Bids at 11 a.m.) $50,000,000 bonds.

**JULY 10 (WEDNESDAY)**

**Northern States Power Co. MN**
(Bids at 11 a.m.) $30,000,000 preferred.
**Wisconsin Public Service Co.**
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 1,000,000 common.

**JULY 11 (THURSDAY)**

**American Natural Gas Co.**
(Bids at 4 p.m.) $55,000,000 common.
**Iowa Electric Light & Power Co.**
(Bids at 11 a.m.) $30,000,000 bonds.

**JULY 15 (MONDAY)**

**Bell Telephone Co. of Pennsylvania**
$175,000,000 debentures.

Inc.) $50,000,000 common.
**South Carolina Electric & Gas Co.**
(Kidder, Peabody & Co. Inc.) $35,000,000 bonds.
**Tennessee Valley Authority**
(Bids at 11 a.m.) $100,000,000 bonds.

**JULY 17 (WEDNESDAY)**

**Georgia Power Co.**
(Bids at 11 a.m.) $130,000,000 bonds.
**Georgia Power Co.**
(Bids at noon) $60,000,000 preferred.

**JULY 18 (THURSDAY)**

**Tampa Electric Co.**
(Stone & Webster Securities Corp.) 750-1,000,000 common.

**JULY 22 (MONDAY)**

**Puget Sound Power & Light Co.**
(Merrill Lynch, Pierce, Fenner & Smith Inc.) $14.000,000 common.

**JULY 24 (WEDNESDAY)**

**Atlantic City Electric Co.**
$20,000,000 preferred.

**JULY 30 (TUESDAY)**

**Michigan Consolidated Gas Co.**
(Bids at 11 a.m.) $40,000,000 bonds.

**JULY 31 (WEDNESDAY)**

**Iowa Power & Light Co.**
(Bids to be received) $20,000,000 bonds.

**AUGUST 6 (TUESDAY)**

**Mountain States Telephone & Telegraph Co.**
$175,000,000 debt securitces.
**Wisconsin Electric Power Co.**
(Merrill Lynch, Pierce, Fenner & Smith Inc.) $35,000,000 common.

**AUGUST 12 (MONDAY)**

**Virginia Electric & Power Co.**
(Merrill Lynch, Pierce, Fenner & Smith Inc.; Morgan Stanley & Co. Inc.) 4,000,000 common.

**AUGUST 13 (TUESDAY)**

**Tucson Gas & Electric Co.**
(Blyth Eastman Dillon & Co. Inc.) $20,000,000 common.

**AUGUST 14 (WEDNESDAY)**

**Dayton Power & Light Co.**
(Morgan Stanley & Co. Inc.) $30,000,000 common.

**AUGUST 21 (WEDNESDAY)**

**Puget Sound Power & Light Co.**
(Bids at 11 a.m.) $30,000,000 bonds.

**AUGUST 27 (TUESDAY)**

**Louisvillé Gas & Electric Co.**
(Bids at 11 a.m.) $25, $25-30,000,000 bonds.
**Northwestern Bell Telephone**
$175,000,000 debt.

**SEPTEMBER 4 (WEDNESDAY)**

**National Fuel Gas Co.**
(Bids at 11 a.m.) $30,000,000 debentures.

**SEPTEMBER 10 (TUESDAY)**

**Southern Co.**
(Bids to be received) $18-185,000,000 common.

**SEPTEMBER 11 (WEDNESDAY)**

**Philadelphia Electric Co.**
(Drexel Burnham & Co., Inc.) $100,000,000 common.
**Houston Lighting & Power Co.**
(Bids at 11 a.m.) $100,000,000 bonds.

**SEPTEMBER 17 (TUESDAY)**

**Central Maine Power Co.**
(Kidder, Peabody & Co. Inc.) $10,000,000 common.
**Idaho Power Co.**
(Bids at noon) $50,000,000 bonds.
**South Central Bell Telephone Co.**
$225,000,000 of debt securities.

**SEPTEMBER 19 (THURSDAY)**

**Niagra Mohawk Power Corp.**
(Bids at 11 a.m.) $60,000,000 preferred.

**OCTOBER 1 (TUESDAY)**

**Indiana Bell Telephone Co.**
(Bids to be received) $80,000,000 debt securities.

**OCTOBER 4 (FRIDAY)**

**New England Telephone & Telegraph Co.**
6,500,000common.

**OCTOBER 7 (MONDAY)**

**Pacific Gas & Electric Co.**
(Blyth Eastman Dillon & Co. Inc.) $100,000,000 common.

**OCTOBER 8 (TUESDAY)**

**Public Service of New Mexico**
(Bids at 11 a.m.) $30,000,000 bonds.

**OCTOBER 17 (THURSDAY)**

**Montana-Dakota Utilities Co.**
(Bids at 11 a.m.) $20,000,000 bonds.
**Montana-Dakota Utilities Co.**
(Bids at noon) 100,000 preferred.

**OCTOBER 22 (TUESDAY)**

**Southern California Gas Co.**
(Bids at noon) $50,000,000 bonds.
**Tennessee Valley Authority**
(Bids at 11 a.m.) $100-150,000,000 bonds.

**NOVEMBER 6 (WEDNESDAY)**

**Alabama Power Co.**
(Bids at 11 a.m.) $80,000,000 bonds.

**NOVEMBER 12 (TUESDAY)**

**New England Telephone & Telegraph Co.**
$150,000,000 debentures.

**DECEMBER 3 (TUESDAY)**

Union Electric Co. $45,000,000 common.

**DECEMBER 10 (TUESDAY)**

**Georgia Power Co.**
(Bids at 11 a.m.) $130,000,000 bonds.
**Philadelphia Electric Co.**
(Bids at noon) $125,000,000 bonds.

**DECEMBER 11 (WEDNESDAY)**

**Pacific Lighting Service**
(Bids to be received) $30,000,000 debentures.

**JANUARY 21 (TUESDAY)**

**Tennessee Valley Authority**
(Bids to be received) $100,000,000 bonds.

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## San Antonio, Texas
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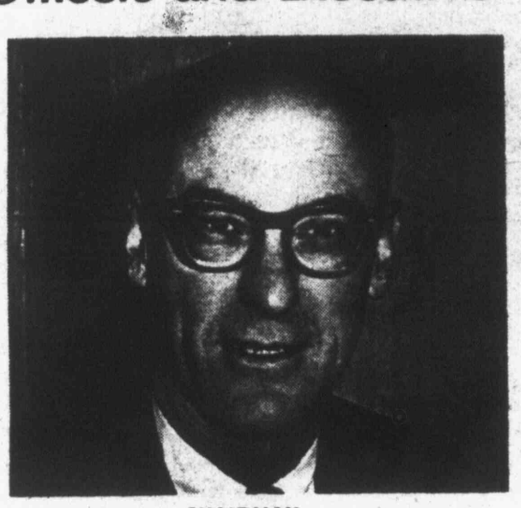

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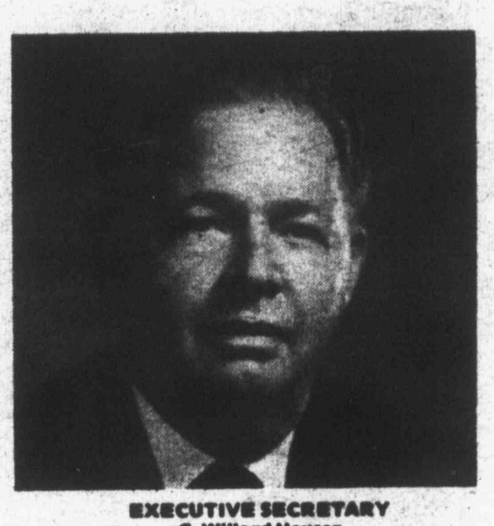

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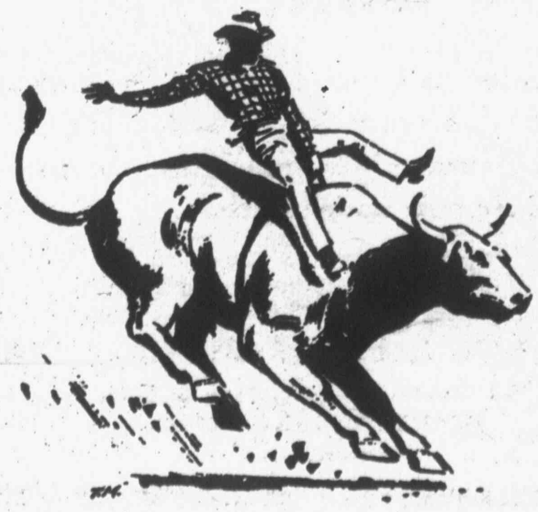

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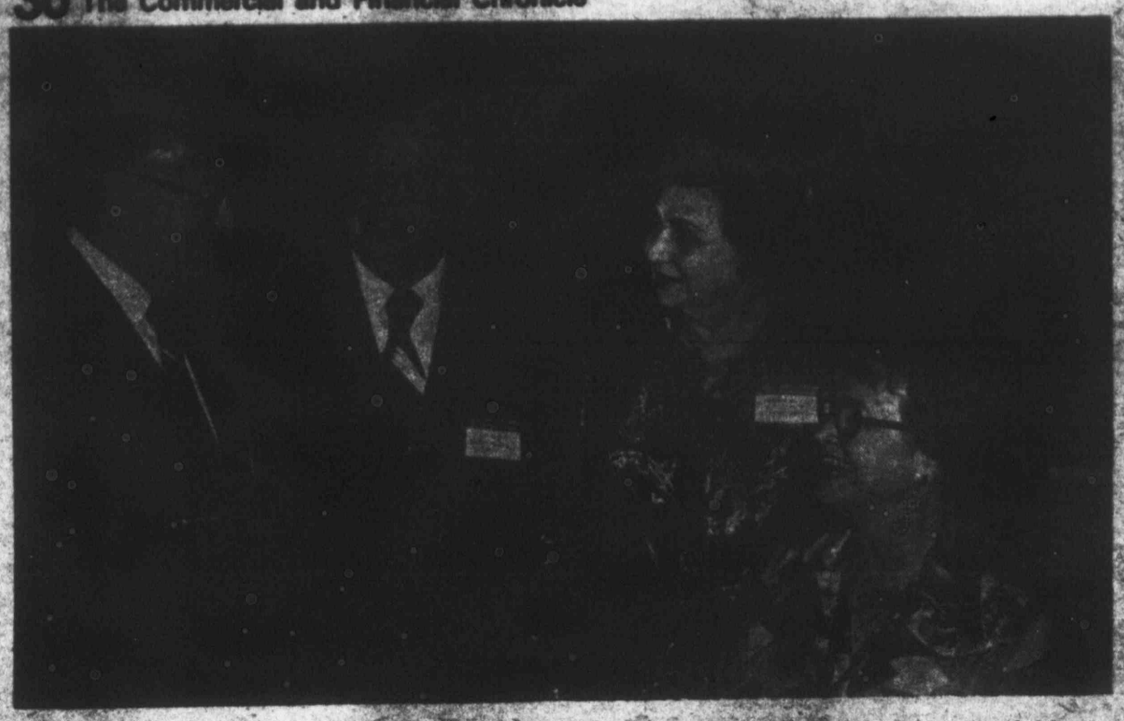

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# Market view: investments and inflation

Continued from Page 9

To try to come to grips with these questions, two of my associates in our investment staff, David Lindsay and Paul Dickinson, have studied six complete cycles of inflation and subsequent disinflation, two each in the United States, the United Kingdom and France.

We chose these countries because they represented industrialized nations for which fairly comparable data were available, and since similar investment alternatives were open to investors in each of the countries.

The investment alternatives which we studied were commodities, fixed income securities, real estate, and common stocks. I will summarize some conclusions.

In commodities, we studied the price action of silver and copper, among the metals, as well as two farm crops, wheat and corn. The conclusions here were not very startling: almost by definition, commodities perform very well during the worst part of an inflationary cycle, and those who have invested in them usually realize good returns during those periods.

But commodity prices have generally turned sharply downward during the immediate aftermath of an intense inflationary period, and investors have then realized very poor investment returns as inflation subsides. This may be happening currently.

Fixed income securities provide returns to investors in a pattern which is almost exactly the opposite of that from commodities. Without exception, in the six inflationary periods which we studied in the United Kingdom, France, and the United States, long-term bonds provided investors with the worst relative results during periods of intense inflation.

Better relative results were achieved from bonds as inflation ebbed, but holding long-term fixed income securities throughout an entire inflation-deflation cycle generally turned out to be one of the least rewarding ways to invest funds.

It is almost impossible to generalize with respect to returns achieved from real estate investment, since historical statistics are quite difficult to obtain, particularly with respect to France. In the United States, however, I think it is clear that real estate has performed very well during periods of intense inflation.

There seems to have been some tendency for real estate to provide somewhat lower returns than common stocks during periods of disinflation, but in looking at a complete cycle, the returns which real estate investors have realized have been fully competitive with common stocks.

## Those common stocks

Finally, looking at common stocks, we found that their performance lagged either commodities or real estate during the worst part of the inflationary cycle. This apparently is a time when corporations have difficulty passing on their increased costs and maintaining their profit margins, while, at the same time, investor psychology is dampened by the high rate of inflation and the anti-inflationary policies being followed by the respective governmental agencies.

As inflation subsides, but as the newly raised price level gets built into profits, investor psychology picks up, and stock performance improves. The most consistent result of our study was that common stocks were the best performing investment medium over a complete cycle of intense inflation and the following deflation, with real estate, which is, of course, another arm of equity investment, running a very close second.

One of the great paradoxes of an inflationary period, and particularly of our recent inflation, is that while everything else is becoming more expensive, common stocks, no matter how measured, are becoming considerably cheaper.

Back in 1964, price-earnings ratios were at 19.7, while they have now declined to under 10 times the latest twelve months earnings. In other words, an investor paid about $19.75 for each dollar of earnings being generated by a stock purchased in 1964. Today one dollar of earnings can be bought for about $9.75. That's quite a price reduction.

Similarly, back in the period from 1964 through 1966, investors paid an average of about two dollars for each dollar of book value on a corporation's balance sheet. Today, even after all of the inflation we have experienced in recent years, those same assets have been marked down substantially, so that a dollar of book value in the Dow Jones average can be bought for only about $1.23.

## Earnings debated

A question has been raised by many investors as to whether or not price-earnings ratios should fall during periods of intense inflation. Some people argue that p-e ratios should decline, since the quality of earnings being reported is severely affected by inflation.

Earnings may be overstated in an inflationary environment because of investor profits, inadequate depreciation, or gains resulting from currency devaluations.

On the other hand, however, it should be remembered that the dollars being invested have also been depreciated by inflation, just as the quality of earnings has been, so that I have to reject the argument that price-earnings ratios should be as low as they are today, merely because of inflation.

I think that is is clear that the key to investment success during the years ahead, for anything other than Treasury Bills or commercial paper, will lie with a decline in the rate of inflation.

Our study showed quite conclusively that investment returns from anything other than commodities, in either absolute or relative terms, were not at all satisfactory during periods of escalating inflation.

However, if we do realize a decline from the extraordinarily high rates of inflation which we have experienced during the past year, I then think that we will almost certainly see better returns from common stocks.

Earnings should continue to improve, and some return of investor confidence seems to be a reasonable expectation. Hopefully, investors will again remember that they are buying earning power, dividends, and tangible corporate assets — all at quite reduced prices as compared to most of our post-World War II experience.

## Qualified answers

But the answers to the two questions posed earlier, i. e., are common stocks still a competitive investment vehicle and can common stocks still be considered a hedge against inflation, can be given only in a qualified way.

Yes, stocks will provide competitive investment returns and they can be considered a hedge against inflation, but both of these events will come about only when, as, and if inflation moderates.

Additionally, if the rate of inflation does come down, fixed income securities should provide relatively good returns. With high quality bonds being available on over a 9 per cent yield basis today, I believe that bonds should be included in a well diversified portfolio at this time.

It is entirely possible, and I would concede even likely, that in an environment of slowing inflation and declining interest rates, common stocks might out-perform bonds.

But the 9 to 9½ per cent income return available on bonds today, together with some capital appreciation potential, seems sufficiently good to me to justify a modest commitment to bonds in the interest of diversifying the risks in a portfolio.

I also believe that an excellent case can be made for real estate investment at this time. Real estate returns have been good historically, and there has generally been less volatility in real estate investments than there has been in common stocks. I would, however, approach the real estate market quite carefully today, since some of the pitfalls in real estate investment have been all too apparent in recent months.

At The First National Bank, we have restricted our real estate purchases for corporate retirement funds to completed projects, thereby avoiding the many problems associated with the construction phase of a project.

We have also been an all-cash buyer in every one of our real estate investments, so that we are not subjected to the financing problems which have plagued so many developers recently. As a matter of fact, being a cash purchaser in the current real estate market seems to be giving us a number of good buying opportunities, as some of the more leveraged developers and investors seem to be under increasing pressure to sell off at least a portion of their holdings.

## The short term

In the current or shorter-term outlook for the stock market I find it hard to be terribly optimistic. Unfortunately for the stock market, this is not May, 1970, when we were in the midst of a real recession and the stock market reached its low point.

It is true that we have been having a recession of sorts, but our current recession does not seem to have been induced by fiscal or monetary policies. One has to look rather hard for evidence of either fiscal or monetary restraint in recent months which would account for this slowdown.

As a result, I believe it is questionable whether or not the economy has been slowed sufficiently to build up the necessary slack in our productive capacity to permit any kind of meaningful expansion from this point forward.

Most importantly, after the temporary inflationary bulge of the last several quarters has subsided, I think one has to question whether the underlying inflationary rate in our economy has been materially affected by this business slowdown.

From an investment viewpoint, I think that we would prefer to see an economy with excess productive capacity, with a slowing rate of inflation, and one which might be subjected to expansive fiscal and monetary policies.

As investors, those conditions do not exist now, and a continuation of this drifting stock market may be all that we can look forward to in the short term.

Stocks are cheap, and though our technical analysis indicates that the market's condition is improving, political and economic problems remain. It is hard to envision the stock market suddenly embarking upon a prolonged rally in the near future.

## Being realistic

Under these conditions, I think that we must be realistic in our investment policies and in our investment expectations. With stock markets depressed both here and abroad, with interest rates at near-record levels in the bond markets, and with opportunities existing in the real estate field, this could be the beginning of a very good period for investors.

But I believe realism demands we recognize that investment returns are earned over periods of time, and that these periods are most appropriately measured in years, and not in weeks or months.

# Coming events

**June 2-5, 1974 (Dallas, Tex.)**
Southwestern Graduate School of Banking Advanced Conference on the Bank Holding Company, at the Sheraton Hotel

**June 6-26, 1974 (Las Vegas, Nev.)**
Municipal Finance Officers Association 68th annual conference

**June 4, 1974 (Toronto, Canada)**
Canadian District, Securities Industry Association annual meeting

**June 7, 1974 (New York City)**
Bond Club of New York annual election of officers and field day at Sleepy Hollow Country Club, Scarborough, N. Y.

**June 9-12, 1974 (Canada)**
Investment Dealers Association of Canada 58th annual Convention at the Empress Hotel, Victoria, British Columbia

**June 9-21, 1974 (Ann Arbor, Mich.)**
Securities Industry Association Public Finance Institute at the Graduate School of Business, University of Michigan

**June 10, 1974 (New York City)**
Financial Accounting Standards Board public hearings on accounting issues related to foreign currency translation at the Waldorf Astoria Hotel

**June 12-13, 1974 (Minneapolis, Minn.)**
Twin City Bond Club annual outing at the North Star Inn and White Bear Yacht Club

**June 13-14, 1974 (New York City)**
Practicing Law Institute seminar on Option Trading at the Biltmore Hotel

**June 13-16, 1974 (Ponte Vedra, Fla.)**
Southern District Securities Industry Association annual meeting

**June 14-16, 1974 (Los Angeles, Calif.)**
Security Traders Association of Los Angeles annual spring outing at the Canyon Hotel, Palm Springs, Calif.

**June 15-18, 1974(Santa Barbara, Calif.)**
California District Ten Securities Industry Association annual convention at the Santa Barbara Biltmore

**June 20-21, 1974 (San Francisco, Calif.)**
Practising Law Institute seminar on SEC's 10b Series of Rules at the Sir Francis Drake Hotel

**June 20-22, 1974 (San Diego, Calif.)**
Practising Law Institute Seminar on Real Estate Securities at the Sheraton Harbour Island Hotel

**June 27-28, 1974 (Cleveland, Ohio)**
Cleveland Security Traders Association annual outing at the Acacia Country Club

**June 28, 1974 (New York City)**
Security Traders Association of New York third annual Golf & Tennis Outing at the Maplewood Country Club, Maplewood, N. J.

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## I remember Wall Street

# From coal-dealing to wheeler-dealing

By JACOE
Special to the Chronicle

**(Editor's note: Jacques Coe arrived on Wall Street in 1907. He was a runner, a secretary to a prominent Wall Streeter of the day, Andrew Freedman, and in 1916 became a security analyst for J. S. Bache & Co. He was a market letter writer once and possibly the Street's first chartist. After leaving Bache he founded his own firm, Jacques Coe & Co., which he ran for 38 years. He is now associated with Cowen & Co. as a limited partner. The following chapter is taken from a book manuscript authored by Coe.)**

Who ever heard of anyone starting a business delivering ice and coal house-to-house, but then winding up as one of the most successful stock market tycoons of the 1920's? Well, there was someone who did this.

His name was Solomon Schatzkin.

Schatzkin was born in Russia in 1860, and emigrated to the United States at the age of 28. He began work almost at once for Burns Brothers, the coal company, at the lowest level of employment. Before he was through he had elevated himself to a Burns Brothers vice president, as well as a vice president of the United States Distributing Corp. and the United States Trucking Corp.

Schatzkin bounded into Wall Street almost as soon as he was financially able, and from the beginning he was successful. He became so successful that he reached that plateau from which you must collapse in order to become one of the legends. This is not cynicism, really. Unless and until you succeed in establishing a very high mark, you cannot fall very far. The higher, the greater. No one whips a dead horse.

The former coal and ice man took a particular liking to me and had me accompany him to many negotiating lunches and dinners. When he finally went to the cleaners I held the definite opinion that certain factions in Wall Street were not sorry to see him disappear from the scene. Leaving the Street was no killing experience, however, for Schatzkin, who died in retirement at the age of 84.

## A threat is made

I remember once that Schatzkin and I were in a popular nightclub of the period. There were just the two of us. The markets were weak. All of them. And all of Schatzkin's stocks were under severe pressure. It was not a happy evening.

Suddenly a man appeared at our table and introduced himself. He was the head of a notorious bucket shop operation, who eventually went to jail.

Almost immediately he made a blunt proposal, the text of which I remember almost verbatim. "We know you're in a bad way," he said to Schatzkin. "Our crowd is on top of all your stocks. Give us options for six months on 20 per cent of all your holdings at these prices, and we will call off the dogs. In fact, we will put the market up. On the other hand, if you don't cooperate, we'll break you."

So far as I remember, there was no deal and eventually all Schatzkin's brokerage accounts were forcibly liquidated for lack of margin.

I never did find out how much reality there was in the threat. It was the nearest experience I had had with illegal bucket shop operations, the underworld, and probably the Mafia.

But when the going was good, the sky was the limit. One memorable incident took place in Hahn's famous restaurant, now no more, on Park Row.

Bache was going to underwrite a cosmetic company named "Vivadou." The president, Victor Vivadou, had persuaded Schatzkin the company was on the threshold of a fabulous increase in earnings. Vivadou distributed a talcum powder named "Mavis" that had caught on for reasons which escape me at this late date. Remember this took place more than 50 years ago.

Though Bache would underwrite, Schatzkin usually took the major risk. His crowd always came along. In the parlance of the Street, he had a loyal and enthusiastic following.

As the day of public issue approached, the demand, which should have been building up by previous standards, actually was spotty. Unresponsive is a better description. Schatzkin urgently needed distribution outside of the New York area. He asked two partners of a Philadelphia brokerage firm to come over for dinner at Hahn's on Park Row.

These young men were college bred, Ivy League, silk stocking blue bloods. Their English was impeccable. In contrast, Schatzkin had a gutteral lower East Side growl. However, he bore down on the Philadelphians with all the selling ability at his command.

But they wouldn't bite. They had what seemed to be a valid excuse. Their own firm was in the process of underwriting a deal of their own, Rockaway Rolling Mills, a modest steel concern.

Schatzkin would not be pushed aside, though. He asked how much the two were paying for Rockaway? At what price were they selling it to their clients? What would be the profit? Then he made a rapid calculation, asked a few questions about the business and made a deal right then and there.

As I remember, he rasped, "Okay, I'll buy your deal which will give you your profit. Now, you can concentrate on Vivadou and sell your customers this stock instead of Rockaway Rolling Mills." Then turning to me, he said, "You know if I could say a 'tousand' like you, I'd give a million."

Schatzkin's lack of polish and poor diction rarely got in his way though as the story that follows suggests.

## Enter George Naphen

During the early 1920's Wall Street attracted its usual quota of get rich quick promoters. Some were brash, some silver tongued, some over-powering.

Let's face it. In order to be a successful promoter, one needed all the qualifications the name implies.

Promote something not necessarily out of nothing, but something put together by bits and pieces, ultimately creating something of the whole, out of which the promoter obtained his reasonable percentage.

George Naphen not only had all the qualifications of a successful promoter, he was from a good family. He was Ivy League, had top connections, was a meticulous dresser, and had wide acquaintanceship in the best financial circles.

Naphen, furthermore, was a compulsive gambler, a generous spender, and nearly always stone broke between deals. The pattern was cyclical for such a long time that the valleys of scarcity were followed by peaks of abundance with nary a long interval.



JACQUES COE

In some manner with which I am not familiar, George Naphen managed to obtain a long time option on a vast area of potential oil bearing land in Venezuela. The corporate name was Lago Petroleum and the shares were traded in small amounts over the counter at a few dollars a share.

Standard Oil of New Jersey had started minor oil explorations in various sections of Venezuela. The territory covered by Lago could be of great importance to Jersey. Naphen, however, did not do things in the pragmatic manner. He shunned the idea of going directly to Jersey with his option. Or he may have tried and never gotten to first base.

At any rate, he took the long way around.

Among Naphen's intimate financial contacts was Otto Kahn, then senior partner of Kuhn, Loeb & Co. It was winter and Kahn was in Palm Beach for the season. The last time Naphen and Kahn had been together, our promoter friend was substantially in the chips — throwing parties here and there as if there were no tomorrow.

## Needed front money

This time Naphen was in one of his deepest valleys. In order to see and talk with Otto Kahn in Palm Beach he needed front money. Not just enough to take him down to Florida for a few days or a week. He had to be elegant, apparently in excellent financial shape, and on a level of instant equality with the upper crust.

I was still at J. S. Bache & Co. George Naphen came to the Bache office regularly usually around lunch time, because the Bache lunch cuisine had a Wall Street reputation for being tops. Around this same time, Solomon Schatzkin was one of Bache's most active customers, promoting one underwriting after another, buying and selling in large quantities. Of course, he was a constant luncheon guest and in this atmosphere became acquainted with George Naphen. Never could one imagine a greater contrast. There was Naphen, suave, debonaire, charming, and impeccable in manner. Then there was Schatzkin, coarse, gruff, gutteral and sloppy. At the time, Schatzkin was at his most prosperous. Naphen, however, was broke, but he had a deal on the fire. If Schatzkin would put up "front money" of $8,000 to $10,000 so Naphen could go to Palm Beach in the style in which he believed he should, a substantial portion of Naphen's anticipated profits would be turned over to Schatzkin.

In a little while, an agreement was reached and Naphen took the train to Florida. He didn't just buy a parlor car seat or even a compartment. Naphen hired a private car for two weeks, and had it parked on a siding alongside the famous Royal Poinciana Hotel.

Local Palm Beach newspapers were alerted, the upper crust contingent was notified, and Naphen arrived in Society style.

I am not aware of precisely what occurred between Naphen and Otto Kahn, who eventually did finance the Lago Petroleum option to a point where Standard Oil of New Jersey paid a handsome premium for control, and thereby made possible relatively large profits not only for Kahn, but for Naphen and Schatzkin. In fact, Lago Petroleum eventually became a solid part of what is known today as Creole Petroleum, which during the last 30 to 40 years has paid out in dividends averaging $200 million a year. Moreover, about 30 years ago the market value of Creole was in excess of $6.5 billion.

The resources that made this possible would undoubtedly one day have been developed, but the deal Naphen promoted was on shaky ground for a while, and only Schatzkin's roughness saved the day.

As I said, Naphen went to Florida in a private car on money Schatzkin had advanced him. Schatzkin, a man who protected his investments, followed Naphen to Florida, not in a private car, but in an ordinary train compartment. In their first evening in Palm Beach, Schatzkin and his wife ambled over to Bradley's where they gravitated toward the gambling room. Ordinarily the noises of Bradley's were a quiet hum of subdued conversation, the rolling of the little white pill around the roulette wheel, and the calling out of a winning number. This was Bradley's.

Not this evening, however. As Schatzkin entered the room someone was shouting and arguing with the croupier that he had had two $100 chips on the winning number. It was Naphen, who in today's vernacular, had lost his cool. The croupier was arguing that Naphen had not won, and finally the shouting became so loud, Bradley, the owner of the casino bearing his name, came out of his private office to investigate the disturbance.

Naphen had been in Bradley's before, but in those years when he had had money. It is not clear whether Bradley recognized him or whether he was more intent on quelling the noise. At any rate he motioned to the croupier to pay the bet.

Meanwhile, Schatzkin noticed that Naphen had no chips to continue playing. As it turned out, Naphen was broke. If he was not able to collect the winnings on his claimed bet, winnings that came to $7,200, he would have nothing at all to continue his promotion.

Schatzkin was furious when he learned this, and bodily ejected Naphen from the gambling room. Outside he threatened to expose Naphen's financial situation unless Naphen stayed away from Bradley's until his negotiations with Kahn had been completed successfully.

The threat worked, and Naphen made his deal go through.

***Read Eliot Janeway on the Opinion Page***

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