

Russia Cannot Pay Loan Obligations Falling Due To-day

Bankers, Announcing Default, Give Hope to Bondholders Kolchak Government Will Meet Debts

Announcing yesterday a default on the Imperial Russian government's \$50,000,000 External 6 1/2 per cent loan, J. P. Morgan & Co., the National City Bank, the Guaranty Trust Co., Lee Higginson & Co. and Kidder Peabody & Co., comprising the bank grants that floated the bonds in this country made public the following letter from S. Ughet, charge d'affaires ad interim of Russia and financial attache to the Russian Embassy:

"On behalf of the government of Russia I desire to announce that due to circumstances beyond control I shall be unable to provide funds to meet at maturity the imperial Russian government \$50,000,000 6 1/2 per cent three-year credit.

"I have been in communication with the Allied government in Omsk, under Admiral Kolchak, and while I have received no reply as yet, the published accounts of Admiral Kolchak's communication to the Allied governments clearly state that the external obligations of the Russian government issued prior to November, 1917, will be recognized. I am sure this matter will be given earnest and serious consideration and I am confident that the holders of this obligation may reasonably expect arrangements to be made for the payment of this debt as soon as the All-Russian government is formally recognized."

An "unfortunate" situation The bankers, on their own behalf, said that "this unfortunate situation, while regrettable, is obviously unavoidable, due to the chaotic conditions which developed in Russia subsequent to the issue of this credit, and we have, therefore, in the interest of the holders of this obligation taken the matter up with the State Department of our government."

The attitude of the United States government in the matter of default of payment on the Russian government loan in this market is set forth in the following statement made by Acting Secretary of State Frank L. Polk:

"Owing to the present confusion in Russia it is not practicable at this time for the State Department to make any presentation of the legal claims of American citizens against Russia. The people of America, however, are now, as they have been in the past, most sympathetic with the great Russian people and eagerly desire to see them work out for themselves a stable form of government, and when that time comes the State Department will use its good offices to call such claims to the attention of that government. With reference to the \$50,000,000 credit established by certain banks in the United States, it will be remembered that this money was advanced in good faith when Russia was fighting for her life, and that the credit was primarily for buying supplies which were sorely needed by the Russian people for their military and civilian needs at the time.

Default Not Unexpected "Whatever stable government may ultimately assume control in Russia it is to be expected that it will follow the practice which enlightened governments have always followed, of recognizing the legitimate external loans of prior governments."

It had been known for many weeks that the funds to meet the maturity were not available. Several conferences of bankers have been held recently at the offices of J. P. Morgan & Co. in hopes of finding some way of getting the funds for the holders of the bonds. It is known that there are substantial deposits in the banks here to the credit of the Russian government, but these are being held by the individual banks against claims which they hold against Russia for losses sustained to property there.

Benjamin K. Sharrett, formerly with the dissolved firm of Sharrett & Young, a former partner in the firm of J. P. Morgan, formerly manager of the bond department of J. P. Morgan & Co. and under the name of Sharrett & Young for the purpose of doing a general investment and brokerage business.

Stockholders of the American Steel Foundry Company, who recently approved a resolution authorizing the issuance of \$25,000,000 new 7 per cent preferred stock, and which was approved by the board of directors, have been notified that the resolution which provided that no mortgage may be placed on the company's property without the consent of the preferred stockholders.

The common stock of the Manhattan Street Company, \$100 par value, has been removed from the New York Stock Exchange list and the temporary certificate for common stock, \$20 par value, has been admitted.

P. H. Middleton, formerly executive assistant of the Railway Business Association, has been appointed assistant manager of the foreign trade bureau of the Guaranty Trust Company of New York.

The Equitable Trust Company of New York announced as trustee, that an indenture of \$100,000,000 7 per cent preferred stock, represented by coupons Nos. 6 and 7, of the adjustment bonds certificates of the Idaho Irrigation Company, Ltd., has been declared and will be payable on July 1.

Fricht & Co. have purchased \$1,500,000 7 per cent cumulative preferred stock and a block of the common stock of the Hartford Loan and Trust Company, Ltd., offering of the issue will be made shortly.

A notice has been issued to holders of certificates of deposit of the first mortgage sinking fund gold bonds of the American Wire Paper Company, dated July 1, 1919, issued under deposit agreement No. 100,000,000, which has been declared and will be payable on July 1.

A special meeting of the stockholders of the Acta Explosives Company has been called for Thursday, July 18, for the purpose of taking action on the readjustment plan.

Commodities

Cotton Weakness developed in the cotton market yesterday, and at the close prices were 24 to 40 points net lower. There was a display of strength at the outset in response to firm Liverpool cables, July opening at 31.35, which was 13 points above the previous closing. This was the day's highest for July, however, and it subsequently dropped as low as 30.70. October began at 30.60, unchanged, and soon advanced to 30.72. In the decline it went to a low of 30.05. The range of prices was rather narrow, being 65 points for July and 55 for October.

A leading authority summed up the price situation by saying that better cables than expected improved Wall Street conditions and some unfavorable crop advices have combined to check selling. Demand for the raw article is not diminishing the large stocks carried. Active business is reported from the goods markets. Retail buying in many places is on the advance, and the purchase of summer merchandise is said to have been phenomenal in some of the cotton yards markets. Some time ago, with some houses already ahead of their June sales a year ago.

Spot prices in the South increased yesterday. New Orleans sold 1,221 bales, Savannah, 1,000 bales, and Little Rock, 175, in the local market. Middling uplands was quoted at 32.60. Exports were higher.

Prices for future contracts follow:

Table with columns: Month, Open, High, Low, Close, Prev. Close. Rows for July, August, September, October.

PORT RECEIPTS

Table with columns: Port, Receipts, Exports, etc. Rows for New York, Boston, Philadelphia, etc.

SOUTHERN SPOT MARKETS

Table with columns: Commodity, Price. Rows for Cotton, Rice, etc.

Liverpool Cotton Spot middling was quoted in the Liverpool market at 18.52. Sales were 4,000 bales, of which 2,000 were American.

Prices for future contracts were:

Table with columns: Month, Price. Rows for July, August, September, October.

Cereals Wheat—Exports of wheat last week were 4,800,000 bushels, against 4,000,000 the previous week. Flour exports were 354,000 barrels, against 740,717 the week before.

Oats—Oats prices moved in sympathy with corn. Country offerings were liberal and the cash demand good.

New York: Yesterday's Previous Year. Corn, No. 2 red, 1.06 1/4, 1.06 3/4.

Flour and Meal—Quotations were: New York: Yesterday's Previous Year. No. 1, 1.11 1/2, 1.12 1/2.

Cottontail Oil—Dullness ruled in the cottonseed oil market. Prices for future contracts were:

Table with columns: Month, Price. Rows for July, August, September, October.

Sugar and Coffee Sugar, granulated, per lb., 7.45. Coffee, Santos No. 4, per lb., 24 1/2.

Current 1 Year prices: Sugar, granulated, per lb., 7.45. Coffee, Santos No. 4, per lb., 24 1/2.

Previous Year: July, 29.60, 29.30, 29.50, 29.40, 29.50, 29.40.

Tea Increased demand for black teas has depleted the market. It was reported that the market is difficult to find an assortment of sorts of Java.

Butter, Cheese and Eggs Butter—Receipts were 25,110 packages, creamery, higher than extra, 15 1/2.

Cheese—Receipts were 4,168 boxes, Swiss, 10 1/2, white, 10 1/2.

Securities Must Be O. K'd in Michigan

LANSING, Mich., June 17.—In a decision said to be the most far-reaching ever rendered in any state having "blue sky" laws, the Michigan Supreme Court today held the sale of any stock not approved by the State Securities Commission is void.

Petitions in Bankruptcy THEO. JOFFE—A voluntary petition by Theo. Joffe, a presser of cloaks and suits, 175 Norfolk Street, shows liabilities of \$1,250 and no assets.

Judgments Filed The following judgments were filed yesterday, the first name being that of the debtor:

Table with columns: Debtor, Creditor, Amount. Rows for various individuals and companies.

Central Union Trust Co. 80 Broadway, New York.

Andrew J. McCormack, Auctioneer, 100 Broadway, New York.

BY ADRIAN H. MILLER & SON, OFFICE, 55 WILLIAM ST., WEDNESDAY, JUNE 18, 1919.

THE BOARD OF DIRECTORS has this day declared a quarterly dividend of Four (\$4) Dollars per share on each of the present outstanding shares of the capital stock of this Bank.

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The Farmers' Loan and Trust Company. Nos. 16, 18, 20 & 22 William Street. Branch Office, 475 Fifth Avenue. At Forty-first Street, New York.

BUY—SELL PRODUCERS & REFINERS CORPORATION. COMMON STOCK. CARL H. PFORZHEIMER & CO. DEALERS IN STANDARD OIL SECURITIES.

SALESMAN WANTED. A live business getter can make a profitable connection with an investment securities and commission house, which handles highest grade issues, on a salary basis, with a commission privilege.

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