C. V. Rich Resigns From National City; Goes Abroad To-day

Long Contemplated Action, Says Vice-President, Who Came To Be Known as One of 'Vanderlip's Boys'

Charles V. Rich, one of the four executive managers of the National City Bank of New York, coming to the institution under the regime of Frank A. Vanderlip, resigned yesterday and is sailing with Mrs. Rich and their two children for Europe to-day for a long vacation.

"I have been trying to get away from the bank for a long time," Mr. Rich told The Tribune over the telephone yesterday from his White Plains country home, "and finally I have been able to make the move. I have no plans for the future. I don't know how long I shall remain abroad. I expect, however, to get a good long rest."

The announcement of Mr. Rich's resignation came as more or less of a surprise to Wall Street, where his name was mentioned at one time as a possible successor to James A. Stillman, former president of the bank, a position since filled by Charles E. Mitchell, president of the National City Company.

Mr. Rich handed his formal resignation at noon yesterday to Mr. Mitchell, and it will be presented to the board of directors when they hold their regular routine meeting on Tuesday.

In discussing his action with a Tribune representative Mr. Rich was emphatic in his statement that his decision to resign was not hurried. He made it quite plain that he had been considering such action for a long time. He recalled that three years ago he had sought to resign, but the board of directors would not let him go.

"The situation has shaped up lately in a way that has made it possible for me at least to break away," said the banker, "and I'm looking forward with great pleasure to my trip abroad. I have not decided when I shall return or what I shall do when I do return."

Mr. Rich during his career of twenty years in Wall Street came to be known as one of "Vanderlip's boys." He got his first start in the banking world in the Illinois Trust and Savings Bank, of Chicago, under John J. Mitchell, which is now merged into the Continental and Commercial, but he left that institution. He was fifteen years old at the time. Previously he had done some work for the men who were running the World's Fair in Chicago in 1893, and as a result of the acquaintances made during the fair he entered the Illinois Trust as a messenger boy. He made rapid promotion and soon became an assistant to the cashier of the bank.

It was there that Mr. Rich first came to know Frank A. Vanderlip, later the head of the National City Bank. When Mr. Vanderlip went to Washington to become Assistant Secretary of the Treasury in the first McKinley Administration he took young Rich along with him and when Mr. Vanderlip came to the New York Mr. Rich was engaged as private secretary to Lyman J. Gage, Secretary of the Treasury. When Secretary Gage retired Mr. Rich was named private secretary to Mr. Vanderlip... He decided to make a try at Wall Street. His first connection in the district was with Farson, Leach & Co., a firm which has since been dissolved. Subsequently he joined Mr. Vanderlip at the City Bank and after working his way up to the head of the bond department he was made assistant to the president, keeping in close contact with Mr. Vanderlip until the latter resigned. For the past two years Mr. Rich has been one of the executive managers of the bank.

To Pass Armour Dividend

Previous Disbursement, Also Omitted, Bought Up

CHICAGO, June 3.—The quarterly dividend on the $10,000,000 7 per cent cumulative preferred stock, due July 1, will be passed by Armour Leather, it was announced to-day.

The previous dividend, similarly passed, was bought up by Armour & Co. as when earned. The entire issue is outstanding.

London Metal Market

LONDON, June 3.—Standard copper, spot £72 15s; futures, £73 5s. Electrolytic, spot £76; futures, £77. Tin, spot £170 7s 6d; futures, £171 12s 6d. Lead, spot, £22 2s 6d; futures, £22 12s 6d. Zinc, spot, £26 12s 6d; futures, £27 12s 6d.

Dividends

	Rate	Period	Payable	Stockholders of Rec.
Ala-Chi Mf Co.	$1.00	Q	Aug. 16	July 25
do pf	$1.75	Q	July 15	June 24
Am Sm S pf A	1½%	Q	July 1	June 13
do pf B	1¼%	Q	July 1	June 13
Buf G Elec Co.	2%	Q	June 30	June 15
Int Harv Co.	$1.25	Q	July 15	June 24
do com stk	2%	—	July 25	June 24
Manati Sug pf	1¾%	Q	July 1	June 15
Mfrs Lt & Ht	2%	Q	July 15	June 30
Okla G & El pf	1¾%	Q	June 15	May 31
Pitts Rolls pf	1¾%	Q	July 1	June 25
Royl Dut Pet	25%	—		
Shell Trs&Trd	25%	—	July 5	
Web & Hei Co	.50	S-A	June 27	June 17

Stocks Ex Dividend

Date	Company	Per cent
June 4	Mackay Companies	1½
June 4	do pfd	1
June 4	Mergenthaler Linotype Co.	2½
June 7	Railway Steel Spring Co. pfd	1¾
June 4	Underwood Type Co.	2½
June 4	do pfd	1¾

Equipment Bonds

(Quoted on income percentage basis)

Name	Rate	Maturity	Bid	Ask
Atl Coast Line	6½	1922-'27	7.00	6.30
Balt & Ohio	4½	1921-'27	7.50	7.00
Beth Steel	7	1921-'30	7.50	7.00
Boston & A.	4½	1921-'30	7.25	6.50
Buffalo R & P	4½-5	1921-'33	7.35	6.50
do	6	1921-'33	7.25	6.50
Canadian Nat.	7	1935	7.10	6.90
Canadian Nor.	4½-5-6	1924-'29	7.50	7.00
Canadian Pac.	6	1921-'32	7.15	6.40
do	4½	1921-'28	7.15	6.40
C C C & St L	5	1921-'29	7.25	6.50
do	6	1921-'27	7.25	6.55
Ches & Ohio	6½	1924-'36	6.90	6.35
C R I & P	4½-5	1921-'27	7.50	6.50
Chi & N W	4½	1921-'23	7.25	6.50

Sanger B. Steel Named Bond Club President

R. C. Bortle Chosen Vice-President, L. L. Vivian Secretary and J. W. Jones Treasurer

At the annual meeting of the Bond Club, of New York, yesterday Sanger B. Steel, of J. G. White & Co., was elected president to hold office for one year. Other officers chosen were Rollin C. Bortle, of the National City Company, vice-president; L. L. Vivian, of Floyd-Jones, Vivian & Co., secretary, and J. W. Jones, of the Federal Reserve Bank, treasurer. To fill the places of those governors whose terms expired at yesterday's meeting the following were elected: Grosvenor Farwell, of Hitt, Farwell & Park; Donald Durant, Lee, Higginson & Co., and Medley G. B. Whelpley, of the Mechanics' and Metals National Bank. Mr. Farwell is the outgoing president.

Harvester Cuts Dividend

Rate on Common Reduced From 7 to 5 Per Cent

CHICAGO, June 3.—Directors of the International Harvester Company today voted to reduce the dividend rate on the common stock from 7 to 5 per cent and voted a stock dividend of 2 per cent, payable July 25.

The quarterly cash dividend is payable July 15 to stockholders of record June 24. Stock outstanding totals $92,000,000.

No further reduction in the dividend rate is probable, a statement by the directors said.

Support Grain Bill

WASHINGTON, June 3.—Qualified support of the Capper-Tincher bill to regulate grain exchanges was given today by the Kansas State Grain Dealers' Association before the Senate Agriculture Committee. George T. McDermott, of Topeka, counsel for the association, said the Kansas grain men felt that some good would come from enactment of a bill.

Bank of Montreal Now Ready to Pay Grand Trunk Bonds

Coupons To Be Honored at New York Agency; Technical Default Brought About by Rail Dispute

The New York agency of the Bank of Montreal announced yesterday it would now pay interest coupons due April 1, 1921, detached from Grand Trunk Railway 4 per cent mortgage Prairie Section Series A and Mountain Section B and Lake Superior branch, bonds. The coupons had not been previously paid on the due date because of a squabble between the railway officials and the Dominion government officials, which resulted in a technical default.

In the arbitration for fixing the value at which the Canadian government was going to take over the Grand Trunk Railway, the date of April 9 was decided upon for the Grand Trunk to complete the arbitration and actually turn over the road, it was explained yesterday. As that date approached it became evident that the arbitration would not have been completed in time to turn over the road by the date agreed upon. The Dominion government then insisted that the English directors of the Grand Trunk Railway resign and that they should be replaced by nominees of the Canadian government. It was also insisted by the Canadian government that until that was done it would not pay any more money to take care of Grand Trunk obligations. While the obligation of the Grand Trunk Pacific is guaranteed by the Grand Trunk, the Grand Trunk Pacific is in the hands of the Dominion Minister of Railways as receiver.

Payment of these coupons was not originally guaranteed by the Canadian government and they were allowed to go to default while the Grand Trunk was calling a shareholders' meeting so that the latter could authorize the Dominion government's nominees as directors. A few days ago various representatives of the Dominion's representatives had been elected. The government now being virtually in control of the road, payment of the defaulted coupons has been authorized.

Unsold Sugar Stocks Tie Up Cuban Credit

Approximately 75 Per Cent of Supplies Pledged as Security for Loans

The island of Cuba was described yesterday by bankers with an intimate knowledge of the serious condition of affairs there as a great iceberg of frozen credit, due to the collapse of the sugar market and the consequent difficulties confronting business and industry on the island in their efforts to liquidate.

Stocks of raw sugar piled high in warehouses along the waterfronts at the huge ports of Cuba amounted to 1,322,000 tons. Of this huge accumulation which is having a poor market abroad, approximately 75 per cent is pledged as security against banking loans which cannot be liquidated until the sugar has been sold. The amount of the loans on this sugar at the current price is estimated at upward of $40,000,000, and is held by Cuban, American and Canadian banks.

The latest advices received from the island indicate that the situation is extremely grave. The banks are doing their best, it was said, to meet the needs of the situation, but it will take a long time for Cuba to work out of her present difficulties. The possibility of an American loan to Cuba to tide over the crisis is not considered by the bankers.

Dividends Earned By Union Pacific Without U. S. Aid

Market Value of Other Railroad Securities Held by Company Much Below Book Value, Report Shows

The Union Pacific operating ratio in 1920 was 75 per cent. This was not considered a particularly low ratio of expenses to revenues prior to 1917, but if all of the larger roads had a 75 per cent or lower operating ratio in 1920 there would be no railroad problem facing Congress and those directly interested in the solvent operation of the 260,000 miles of railroads in the United States. In 1919 the Union Pacific's operating ratio was 69, with an operating ratio of 75 and with gross revenues of $209,050,000, the Union Pacific earned $39,261,000 net. This is the result of the actual operation of the property as a railroad, disregarding any rentals or guaranteed income which the government owes to the corporation. Even in the corporation income account the Union Pacific does not include in the year's revenues $4,661,000, which is the amount guaranteed to the company for the six months —March to August, inclusive—over and above what the company earned.

Leaving out this amount, the net income from investments, and the income to the corporation, including rentals for the first two months and income from investments, the total income from all sources was $48,261,000, and the amount available for dividends after the payment of interest was $32,674,000. After the payment of 4 per cent dividends on the preferred there was an amount equal to $12.90 a share left for the common. In 1919 the amount left for the common was equal to $13.69 a share.

The Union Pacific's annual report for 1920 appears to answer the question so often asked recently as to whether there is any railroad common stock left which is a reasonably safe investment. Even were the banking business of the Union Pacific to be divorced from its railroad business, the railroad could continue under the conditions of 1920 to earn interest charges and a fair return on that portion of the capital stock which represents investment in railroad property.

Half Main Line

The company operates 8,192 miles of railroad, of which almost exactly half may be considered main line and the other half branch lines. Of the main line mileage, over 18 per cent is laid with the heaviest of modern standard rail, weighing 100 pounds a yard, and 72 per cent is laid with 90-pound rails. The greater part of the branch line mileage is laid off with 75 and 80 pound rail.

Apparently, the Union Pacific has been holding bad order locomotives out of the shops rather than repair any that are not essential to the present olume of traffic. Thus, at the end of 1920 23 per cent of the locomotives required repairs, but only a little over 7 per cent of the total were in shops. In 1920 the average cost of repairs of all locomotives was $10,416. It was only a few years ago that an average of $3,500 was considered high for repairs to locomotives. In only small part is this tripling of cost due to larger locomotives, and a large part of it must be due to the comparative inefficiency of the shop labor, since the whole of it cannot be accounted for by increased wage schedules and increased cost of material.

The cost of repairs per car mile was 33 cents in 1920. Here again the cost has just about tripled within the last few years.

Clark's Interest Bought

Recently, it will be remembered, the Union Pacific bought a half interest in the Los Angeles & Salt Lake, which had been owned by Senator William A. Clark. The road had been financed jointly by Senator Clark and the Union Pacific, and the Union Pacific prior to 1921 had owned 50 per cent of the stock. The road was built a number of years ago when the Union Pacific still owned a controlling interest in the Southern Pacific and the two were operated as the Harriman system. It was not obvious at that time why the Union Pacific should want a second line from Ogden to California. Whether or not Mr. Harriman and his associates at that time anticipated the possibility of the application of the Sherman law to the divorcement of the Union and Southern Pacific it is impossible to say, but as things have worked out it proved to be a factor of safety.

Heretofore the Union Pacific and Southern Pacific have worked in harmonious traffic relations, but as the stock of the two companies gets further and further distributed, and as the two organizations lose the feeling of comradeship developed during the years that the U. P.-S. P. were the Harriman system, it may be of great importance for the Union Pacific to have its own line to California, notwithstanding the fact that the Los Angeles & Salt Lake develops comparatively little local traffic and runs through an arid country with little prospects of ever developing any local traffic unless it be mineral traffic.

The following table shows the principal figures for operation of the Union Pacific Railroad property, disregarding rentals or guaranties.

	1920.	1919.
Average mileage operated	8,192	8,153
Freight revenue	$150,160,928	$128,914,471
Passenger revenue	38,170,277	35,738,572
Total operating revenue	209,049,510	177,447,698
Maintenance of way and structures	34,770,779	25,753,722
Maintenance of equipment	38,869,167	31,469,736
Traffic expenses	2,162,518	1,119,860
Transportation expenses	69,055,557	54,663,519
General expenses	7,318,804	5,289,549
Total operating expenses	156,939,935	122,682,049
State and county taxes	8,006,114	6,560,683
Total taxes, including state and county	12,086,046	8,908,937
Railway operating income	40,014,200	45,840,584

Banking Institution

The Union Pacific is a great banking institution as well as a railroad operating company. Most of its holdings are in the securities of other railroad companies, and in this respect it faces the same serious situation that private investors who are holders of railroad securities face. Outside of the securities of affiliated companies, the most important investments of the Union Pacific are $21,000,000 of New York Central stock, $22,500,000 of Illinois Central stock, $10,343,000 of Chicago & Alton preferred, $4,421,000 of Chicago and North Western common, and $8,594,000 common and $1,806,000 preferred of the Baltimore & Ohio. The total face value of stocks owned is $70,932,000 and the total face value of bonds owned is $115,282,000, exclusive of $15,232,000 liberty bonds. The Union Pacific held $4,132,000 of the Northern Pacific-Great Northern joint 4s, due July 1. It carries its stock at $90,445,000, and its bond investments at $107,950,000. The market value of the stocks is now about $45,436,000.

Lumber Prices Firm

Structural lumber prices remain fairly stable, despite disturbing influences, such as building strikes, lockouts and other less tangible difficulties in the labor situation, according to this week's review by Lumber, St. Louis.

Bankers Hesitant About Bidding for State Bonus Bonds

Possibility of Unconstitutionality of Securities Drawback in Offering; $41,800,000 To Be Sold

Wall Street banking groups planning to submit bids on the $41,800,000 issue of New York State 5 per cent serial bonds of various descriptions to be sold on June 9 have raised the question of the constitutionality of the $10,000,000 issue of soldiers' bonus bonds included in the total offering, and the opinion was expressed in well informed circles that few if any bids would likely be received by the State Comptroller in this particular portion of the flotation.

Of the $41,800,000 new state bonds to be sold at par or better, $20,000,000 are highway bonds, $5,000,000 for the acquisition of lands for the state forest preserves, $6,800,000 for the construction of barge canal terminals and $10,000,000 for the payment of the bonus to soldiers in the World War.

The only issue on which the question of constitutionality has been raised is the $10,000,000 block of soldiers' bonus bonds. So far, the bankers say, they have received no satisfactory ruling regarding the constitutionality of this particular issue. The Comptroller and the Attorney General of the state have let it be known that the constitutionality of the bonus bonds could not be attacked by any one besides themselves in their official capacity, but this has not been satisfactory to the bankers, who are insisting that the "soldiers' bonus issue be given a clean bill of health by the highest court in the state, thus eliminating any chance of possible litigation in the future." Legal counsel representing the investment houses to whom the question has been referred have held that something more definite than a ruling by the Attorney General on the constitutionality of the bonus bond issue is desirable.

The point over which the question of constitutionality of the bonus bond issue is being raised has to do specifically with Section 1 of Article VII, which begins by declaring that "the credit of the state shall not in any manner be given or loaned to or in aid of any individual, association or corporation."

In the case of other states, when the same question of constitutionality has been raised and on about the same ground, an amendment has been made to the constitution covering this point, the bankers said, thus clearing any possible chance of legal complications after the bonds had been sold.

Financial Items

Milan R. Bump, chief engineer of the Henry L. Doherty & Co. organization, was elected president of the National Electric Light Association at the closing session yesterday of its four-day convention, held at Chicago.

Walter Wertheim, formerly manager of the Forty-ninth Street branch of the Pacific Bank, has become associated with Daniels & Co. as manager of their main office.

Le Roy Morand, formerly with Harriman & Co., and C. Milton Osborne, formerly with Kountze Brothers, have formed a partnership to deal in investment securities under the firm name of Morand & Osborne, with offices at 56 Pine Street.

Columbia Trust Company announced that temporary common and preferred stock certificates of the Amalgamated Leather Companies may now be exchanged for those in definitive form.

The Irving National Bank has been appointed registrar of a $1,500,000 twelve-year 8 per cent debenture bond issue of the Industrial Fibre Corporation, dated May 15.

Day's Dealings in Bonds

The Market

The principal feature of the bond market yesterday was the pronounced recovery in the Liberty loan 3½s, the tax exempt issue, which rebounded vigorously, jumping from $86.80 to $87.90 for a gain of more than 1¼ points. The rally in the 3½s recovered a good part of the loss suffered during the decline of the last week. The bonds were as strong yesterday as they were weak the preceding day. The bond market was without special explanation for the upward tendency in the 3½s, and it was viewed as a natural reaction from the weakness of recent days. Other government issues were somewhat better. The general bond market is still suffering from a plethora of offerings and some of the issues recently brought out are not acting well.

U. S. Government

The Tribune prints each day the maturity dates of all active bonds quoted on the New York Stock Exchange. The return on a bond to the investor depends upon three factors: the rate of interest the security bears, the market price and the distance of the maturity date. To figure the precise yield on a bond it is necessary to use yield tables, but the approximate yield can roughly be figured out by the following formula: Divide the closing quotation on a bond into the rate of interest it pays, and the result will be the annual return. If the bond is selling below par you must allow also for the appreciation of the principal. To do this subtract the market quotation from par, or 100, and divide the remainder by the number of years the bond has to run before maturity. For example, if a 6 per cent bond is selling at 90 and has ten years to run, the annual return will be 6.66 per cent. The difference between par and the market price will be 10 points, subtracting 90 from 100. Dividing ten

Miscellaneous Markets

Public Utility Securities

	Bid	Ask		Bid	Ask
Ad P & L	9	11	C P & L pf	29	32
do pf	73	77	El B&S pf	83	86
Am L & T	80	84	E D E pf	60	70
do pf	80	84	EG&Fl st 6s	93	96
A G & E	102	104	do cvn '24	83½	85½
do pf	38	39	ra 8s pf	83½	85½
Am P & L	57	60	do 8s c n	92	95
do pf	68	71	F L & Tr.	6	8
Am P Util	6	10	do pf	40	45
do pf	16	21	G & El S	150	250
Am W W	4½	5½	do pf	64	74
do 1st pf	49	51	Nrth St Pr	46	49
do par pf	9	11	do pf	80	83
Car P R&L	26	30	Rep Ry L	5½	7
Cnt St El	4	7	do pf	17	19
do pf	45	50	So Cal Ed	90	93
Cities Svc	219	224	do pf	100	103
do pf	63¾	64¼	S G & El	11½	13
do B sh	25¾	26¼	*do pf	34	36
do 7s ar B	117	122	T R L & P	1	2
do 7s da C	88	90	do pf	5½	6½
do 7s ds D	83½	85½	Ut L & R	25	27
do pf B	6	6¾	do 1st pf	61	63
Col Pwr	7½	9	West Pow	27	29
do pf	75	78	do nw pf	70	73
C P R & L	10	12			

Bonds

	Bid	Ask		Bid	Ask
A G & E 6s	76	78	M R P 5s	77	78½
A P & L 6s	68	70¼	Nr St P 6s	86½	88½
Appin P 5s	68	70	U Lt & R 5s	73	74½
Col P 5s	71	74	Utah Sec 6s	88	89½
El Paso 5s	77	83	Wis Ed 6s	80	82½