Mushrooms or Toadstools?

One way to tell is to eat them. If you live they are mushrooms. The safe way to find out is to take them to a botanist.

One way to tell whether an investment is good is to buy it. If you don't lose it's good.

The safe way is to have the experts of The Brookmire Investment Service analyze it before you buy it.

They know from years of experience which investments are safe and WHEN to buy them. The WHEN controls your profits.

Send to-day for free booklet 27 on "Scientific Investing." It shows how Brookmire clients made unusual profits last year WITHOUT GAMBLING.

BROOKMIRE ECONOMIC SERVICE, INC. 21 West 45th Street, New York

Investment Information

Business Troubles

Petitions in Bankruptcy

The following petitions in bankruptcy were filed yesterday in the United States District Court:

ALL METALS SALES CO., INC.—Involuntary. Dealers in hollow fixtures, 542 Atlantic av.

SWITZ ELECTRICAL MOTOR CO.—Involuntary. Supplies for electric motors, 42 Centre st.

Receivers in Bankruptcy

The following receivers in bankruptcy were appointed yesterday in the United States District Court:

Owen Clark, Jr., for Morris Zeiff, silks, 31 West 27th st., with bond of $1,000.

Bertha Hornbaugh, for Star Dress Mfg. Co., 25 West 26th st., with bond of $1,000.

Joseph Lewinson, for L. & S. Leather Goods Co., Inc., 465 Broome st., with bond of $500.

Ida K. Clark, for Technical Products Co., Inc., machinery, 200 Madison ave., with bond of $1,000.

Schedules in Bankruptcy

The following schedules in bankruptcy were filed yesterday in the United States District Court:

PAUL SCHLAND—Liabilities, $2,584; assets, $1,122.

Judgments Filed

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

Archbishop and Consistory of the Russian Orthodox Greek Catholic Church—M Illinsky $5,919.00

A. Smith Sons Co—Miller Bros Est Co., Inc 15,272.12

Amberg, Maxwell H—H M Adels 215.83

Bear, John M—S Sahadi 1,293.85

Same—Same 1,168.64

Bissel, James A—Continental Dresser Service Corp 346.44

Carles, Edw S—F J Cowles 182.70

Dating, Jacob—H Geller 241.60

Ernest, Rene—D Wolff 236.50

Reporters Credit Bureau, Inc—J Medow 777.04

Pagana, Ida M—W H Morris 340.00

Reschmidt, Esther—Public National Bank of New York 175.10

Rachlestein, Morris—J Friedman et al 215.63

Rothman, Julius— DLepow 819.36

Farrell, John, and Patrick (Farrell Bros)—Vapor Vacuum Heating Co 1,112.48

Franklin, Tulmore Con, Inc—George W Miller & Co, Inc 122.55

Gammon, Chas W—C De Mayo 431.20

Gerk, Anne—Gibraltar Credit Union 708.75

Gerard, Robert—P J Kelly 1,027.70

Hildebrand, Corr, E—Oppenheim, Collins & Co 797.47

Hand, Talmadge S—Mitra Trust Co 340.60

Johnson, Delos M—Orange Screen Co 446.04

Kirk, Morris—Swift & Co, Inc 5,952.36

Lassiko, Andrew—J Marinaro et al 365.20

Lorenz, Lester—Henry Wrights Sons 274.41

Moonshine, Hyman—E H Sayre et al 156.03

Miller, Wm A—Mitra Trust Co 168.15

Mansford, Geo D—One Lexington Avenue, Inc 2,623.26

Meehan, Frank P.—Fidelity and Deposit Co. of Md 1,020.08

Pillowitz, John and Cornelia F Muldoon—H Kaplan 870.41

Same—J Breslee 280.11

Perry, Chas. G.—Manufacturers Trust Co. 140.40

Rosenmann, John—C H. Kroll 2,266.90

Rulisch, Max—R. R. Wilner 6,065.32

Smith, John and Samuel Eichen (Smith & Eichen)—Press Pub. Co. 327.67

Schiller, Julius and Harry Katz—125th St. Convent Avenue Realty Co. 1,319.51

Teiowitz, Rose, and Abraham Marshak—H. Sammet 480.58

Toumanians, Ervand or Edward Toumanians—S Weis et al 8,387.80

Waud, John F.—J. M. McTiernan 1,261.17

Wallace, William—Fidelity and Deposit Co of Maryland 1,020.52

Wehl, Eugene J. (Allerton Roofing and Sheet Metal Works)—D. Mayer 286.17

In Bronx County

The first name is that of the debtor:

Buckley, John J—Clason Point Military Academy, Inc $874.66

Chuck, Samuel—N Y Telephone Co 45.01

Jaque Corpn—Standard Oil Co of N Y 4,211.13

Katz, Bertha—Wool Novelty Co, Inc 118.46

Klaus, Philip & Jacob J—Berlington Realty Corpn 684.63

Novek, Bernard—C Sideson 116.25

Powell, John—M C Dougan 73.70

Reiter, Sol M—Earlington Realty Corpn 816.26

Tyrol Realty Corpn—M Pontanas 287.26

Satisfied Judgments

In New York City

The first name is that of the debtor, the second that of the creditor and date when judgment was filed:

Belleleine, Richard—Anderson & Price Co, Inc; Oct 21, 1921. ..... $116.02

Bassalum, Sophie and Philip—H Kappoll; Dec 2, 1919. (Vacated) 275.26

Belmont, Roy—F S Brown et al; June 8, 1917 ..... 239.07

Beppen, Rudolph C—Schwartz & Weisner Holding Corp; Nov 15, 1919 ..... 474.66

Moran, Dora—M S Hamill; Nov 10, 1922 ..... 500.00

Cardis, Louis—People, etc; July 11, 1922 (vacated) 500.00

Bradleson, Benjamin, and Fidelity & Casualty Co of N Y—People, etc; Feb 25, 1922 (vacated) 1,000.00

W. & L. E. Gets U. S. Loan

WASHINGTON, Nov. 25.—A loan of $500,000 from the treasury to the Wheeling & Lake Erie railroad was authorized to-day by the Interstate Commerce Commission. The company has approximately $3,400,000 of bonded indebtedness maturing in the near future, the commission order said, and will require the assistance from the government to carry out refunding obligations.

Application was filed with the commission today by the Detroit & Mackinac railroad, asking permission to issue $450,000 in 4 per cent securities for payment of obligations already incurred.

To Hinor Sir Gilbert Parker

The Rt. Hon. Sir Gilbert Parker, member of Parliament from 1900 to 1918, will be the guest of honor at the Economic Club's dinner at Hotel Astor to-morrow at 7 p. m. The subject for discussion will be "The Balance Sheet of Europe: Reparations and International Debts." The speakers will be: Theodore E. Burton; Ogden L. Mills; Dr. E. R. A. Seligman, of Columbia University, and Henry Morgenthau, former ambassador to Turkey. William Church Osborn, president of the club, will preside.

"What's Behind Active Stocks"

Question—If you issue a reprint of the articles "What's Behind Active Stocks" I would be glad to receive a copy and pay ye uthe price asked.—F. B. M.

Answer—We have long since exhausted our supply of reprints of the first thirty of the series of analyses called, "What's Behind Active Stocks," and have no plans for making further reprints. We advise you to clip the discussions as they appear daily, except Monday, at the bottom of the "In Wall Street" column on the first financial page of The Tribune. The series will be continued until all active stocks have been analyzed. For back numbers we suggest you consult the files of The Tribune at the New York Public Library newspaper reading room, Forty-second Street and Fifth Avenue. The circulation department of The Tribune may be able to furnish you with recent editions.

Central Copper Co.

Question—I bought 250 shares of Central Copper stock and would like to know if it is a good investment. Please write me what you know about it.—C. F. D.

Answer—We do not see how a stock on which no dividends have ever been paid can be regarded as an investment. In our opinion an interest in Central Copper Company of Arizona must be regarded simply as a speculation in a mining venture which may or may not prove successful. If you are willing and able to assume the risks involved we know of no reason why you should not use your capital as you wish. It was our understanding that purchases of the stock were limited to 125 shares, for which $100 was asked. Has the company made an exception in your case and permitted you to buy 250 shares in your own name? The company was incorporated in February, 1919, and owns and leases claims in the Tevis and Dos Cabezas mining districts, about fifteen miles southeast of Willcox, Ariz. Central owns thirty claims and leases fifty-six from the Mascot Copper Company on a 50 per cent royalty basis for twenty years. Considerable development work has been done. The company's balance sheet, issued in January, shows capital stock issued to the amount of $831,730 and stock sold on deferred payments to the amount of $1,145,877. The capital stock has a par value of 50 cents a share and is being sold by the company at a premium of 60 per cent, which apparently goes toward organization expenses. As we have said, we do not regard the shares as suitable for investment purposes and if they are bought they should be taken by those who can afford to assume the risks of a mining speculation.

Bonds for Woman's $300,000

Question—I am inclosing herewith a list of bonds recommended to my mother as an investment for her entire fortune of $300,000. Her two requirements are absolute safety without any attention and a yield of about 5½ per cent. Would you kindly advise in your very interesting column if the inclosed list meets your approval in every way, and should she go ahead and buy these bonds? I will be guided almost entirely by your kind advice. I would like to add my word of praise to your admirers for your valuable and interesting articles. Here is the list: $15,000 of each of the following: Canadian Northern sinking fund 7s, 1940; New York Edison first lien and refunding 6½s, 1941; New York Telephone refunding 6s, 1941; Standard Oil of California 7s, 1931; Great Northern 7s, 1936; Northern Pacific refunding and improvement 6s, 2047; Pennsylvania Railroad 6½s, 1936; United States Rubber 7½s, 1930; Southern Pacific 4s, 1928; Oregon Short Line 4s, 1929; New York Central debenture 6s, 1935; Swift and Company 6s, 1932; General Electric 6s, 1940; Pacific Telephone and Telegraph refunding 5s, 1942; American Smelting and Refining 5s, 1947; Humble Oil and Refining debenture 5½s, 1932; American Telephone and Telegraph collateral 4s, 1929; Chicago, Rock Island and Pacific refunding 4s, 1934; $3,000 each of the following: Brazil 8s, 1941; Chile 7s, new issue; Canadian 6½s, 1929; Denmark 6s, 1942.—W. K.

Answer—The corporation bonds suggested for your mother's funds are of uniformly good grade. The General Electric 6s must be eliminated, since these bonds have been called for redemption early next year. Substitute the 5s for the 6s. The United States Rubber 7½s do not meet the required grade, but before suggesting a substitute we wish to point out the desirability of using part of this large fortune in the purchase of good municipal bonds. Besides their superiority as to security, good municipals have the added attraction of furnishing tax exemption, which is needed in the case of a large estate. We suggest City of Buffalo 4¼s, 1942, and Philadelphia 4s, 1952. These could be substituted for the Rubber 7½s, Rock Island 4s, Brazil 8s and Chile 7s. We do not feel that the two South American issues belong in this investment. Even after omitting the Rock Island 4s, this list would contain too large a percentage of railroad issues, and we believe, therefore, that you might well consider the elimination of one more issue—the Great Northern 7s, for instance. A good substitute for this issue would be Province of Ontario 5½s, 1937.

Beneficial Loan Society 6s

Question—This office has received a number of requests for information regarding a 6 per cent gold debenture bond of the Beneficial Loan Society, whose home office is in the Essex Building, Newark, N. J. We are informed that these bonds have attached a profit-sharing certificate which has made the total yield for the last six years at 11 per cent. I am wondering whether or not you could give us any information as to the character of the operation of this company and the ability and integrity of the management. This department has been endeavoring to protect members against the activities of the fly-by-night promoters, and we shall appreciate any information that you can give us which will throw any light upon the investment value of the securities of this company, as well as upon the nature of its operation.—E. C. A.

Answer—The Beneficial Loan Society was incorporated in Delaware in 1913 to engage in the small loan business. The entire system, composed of branch offices in about a dozen states, is engaged in making loans of $300 or less to married men of good character. The company appears to have a satisfactory record with such loans. The 6 per cent debentures are not secured by a mortgage, but by collateral mortgage on personal property pledged for loans. It is our understanding that the company has never found it necessary to take a man's pledged furniture, because its previous investigation has restricted loans to individuals of integrity. Of the authorized issue of $10,000,000 about $4,500,000 have been sold. Earnings of the society have steadily increased and interest has been paid regularly on the debentures since issue. Profit sharing distributions have been paid amounting to 1 per cent in 1914, 2 per cent in 1916 and 5 per cent annually since. The small loan business in most states has been put on a sound basis in recent years, interest rates being limited in most cases. The society's branch offices operate under supervision of state officials. The value of the security depends largely on the ability and character of the management, and the holder should be in a position to assure himself that the present management, or one as efficient, is in control. The bonds may be bought and sold through Clarence Hodson & Co. or dealers in unlisted securities. Although the ratio of security behind the bonds is less than in railroad and industrial bonds of better grade the earning power of the business has been demonstrated and the larger return compensates for the greater risk. The bonds are suitable for a person willing to assume these risks, although they cannot be classed with readily marketable investments.

From North Pole to Oil Stocks

Question—I wonder what the game is? I have just received the inclosed circulars.—J. W. H.

Question—I own 150 shares of the Pilgrim Petroleum Company, which are apparently worthless. The Petroleum Producers' Association wishes me to turn the stock over to them and pay 25 per cent of the par value in cash to them in exchange for their stock. Is the Petroleum Producers' Association any good?—W. A. B.

Question—As a reader of your valued paper, I shall be greatly indebted to you for your expert advice concerning the offer as explained by the inclosed letters received from the Allied Oil Company. Since my large losses in 1920 I have learned the wisdom of 6 per cent and safety. Besides, as I am now a married man, I can little afford to throw good money after bad. I am the unfortunate victim to the extent of 1,500 shares in the above corporation. Have you information as to status of the Petroleum Producers' Association? Shall I enter the merger, hang on or tear the certificates up?—C. H. V.

Question—Will you please give me your opinion of the Petroleum Producers' Association, Fort Worth, Tex., which is partially described in their own circular herewith inclosed, which they sent me in an endeavor to have me convert some shares of Ajax Oil into shares of their association? A few years ago I bought stock in the Ajax Oil Company because of the convincing advertising by Farson, Son & Co. in reputable publications. I believe the Ajax Company has failed. I bought the Ajax stock purely on speculation, and it simply looks like one of those which didn't pan out. Can you tell me whether the Petroleum Producers' Association is a worth-while substantial organization, or should I forget them entirely?—C. S. P.

Question—I own 125 shares Hercules Petroleum Class A stock at $10 a share, and 50 shares of Ajax Oil Company stock. Both companies are merging with the Petroleum Producers' Association, whose address is twenty-first floor, F. & M. National Bank Building, Fort Worth, Tex. In order to convert the stock into shares of the Petroleum Producers' Association I am obliged to buy shares in the new company to the amount of 25 per cent of the face value of the old stock. The par value of the new stock is $1. Would you advise me to invest the additional amount in the new company? If not, what action would you advise me to take in the matter? Will you also furnish me with what information you can relative to the new company? I am inclosing papers received from them in the Ajax Oil Company, and have exactly the same papers from the Hercules Petroleum Company, for you to read, and would ask that you return the same the same with your answer to the above.—E. C.

Answer—The Petroleum Producers' Association was founded, according to the form letter to shareholders of Ajax Oil, Hercules Petroleum, Allied Oil, et al., "by its president, Dr. Frederick A. Cook, petroleum technologist"—and North Pole "discoverer"—"who has devoted all of his time during the last ten years"—since abandoning his lecture tour, apparently—"to the task of seeking for and developing new oil fields."

Frankly, we fail to see why an interest in Petroleum Producers' Association is likely to prove any more profitable in ultimate results to purchasers than shares of the old companies now being merged with it. The only material provided for arriving at a decision is the prediction of "Doc" Cook. We do not recommend continuing a speculation which has already proved unprofitable.

Glancing at Dr. Cook's form letter, you may read: "If you will study the ups and downs of the fortunate ones who are drawing big dividends in the older oil and other industrial corporations, you will find that each investor had the same experience in his company which you are now having, but those who held on through the difficult periods of mergers and consolidations are now the gainers. The losers were those who got cold feet and refused to 'chip in' in the time of need."

If this is true of the Standard Oil group, Eastman Kodak, American Telephone and Telegraph, Ford Motor Company and the score fo others frequently mentioned in literature of stock salesmen offering new securities, the facts have been carefully concealed. In fact, it would be interesting to determine—if that were possible—whether those who "got cold feet" were the losers or the gainers in some of the oil "mergers" and "consolidations" of the last few years.

There is another interesting paragraph in the form letters sent out by W. P. Welty, special trustee for stockholders of Ajax Oil Company, which O. L. Ray, special trustee for stockholders of Ajax Oil Company, which are identical except for signatures. This paragraph is:

"That you may understand the present status of your company and the new trend of affairs, which, in your interest, I am endeavoring to direct, a frank statement of previous difficulties and the good news of the coming prospects must be made. The company organized and quickly secured important acreage at a time when oil properties, like other values, reached the peak of inflated prices. Later, during the disastrous depression, there came a great and sudden deflation. Property previously valuable became a liability. Without reserve capital the company could not acquire new or develop old properties nor sell at any price; hence the inaction and receivership. Hard times continued, banks failed, credits froze, railroads, oil and other securities went to zero—then there came a business revival, a period of mergers and consolidations followed, the success of which proved that companies like ours must in self-defense combine with a larger organization."

Although the quoted movement of securities to zero may apply to Allied Oil, Hercules Petroleum, etc., we are under the impression that shares of "the older oil and other industrial corporations" still retained some intrinsic value. We do not know whether the King of Denmark is a stockholder in Petroleum Producers' Association nor how many gumdrops a share of Allied Oil would purchase, but we should be more tempted to buy if the author of "My Attainment of the Pole" were selling real estate in the Arctic.

Columbia Trust Stock

Question—May I presume on your time to ask your advice as to two shares of the Columbia Trust Company (New York) which I recently purchased at 228¾? This stock has taken a considerable drop since the announcement of the proposed merger with the Irving National Bank, and I am wondering if it would be better to take the loss which a sale at present market price represents, or run the risk of a still greater loss (or possible increase) by waiting until the market has had time to adjust itself.—Miss M. T. McC.

Answer—We see no reason for feeling concern regarding the decline in price of Columbia Trust Company stock following an announcement of plans for merging that institution with the Irving National Bank. It is the opinion of officials that the decline merely represents the effort of the market to adjust itself to the new situation. In the light of the basis of exchange stock of the company was probably selling rather higher than justified, whereas stock of the Irving has by its advance indicated that it was selling too low. Experience has demonstrated that the unit resulting from amalgamation of two successful banking institutions possesses greater potential earning capacity than previously attached to the two. We think that you would be wise in accepting the decline as a temporary adjustment and in giving the merged institutions a chance to show what they can do.

Stevens-Duryea Outlook

Question—About a year ago I signed a contract to purchase on installment plan through a reorganization broker, a small amount of preferred stock of Stevens-Duryea. I was unable to complete the purchase after paying nearly one-half of amount agreed upon. I have been informed that Stevens-Duryea is virtually bankrupt, in which case, of course, I would make further effort to pay the balance due in order to get the stock. Can you advise me on this?—S. M. B.

Answer—Some idea of the worth of Stevens-Duryea units may be gained from the fact that they were recently quoted by dealers in unlisted securities at $8 bid, offered at $10.

Wants Short Term Bonds

Question—I am desirous of investing $1,500 in short term securities or in corporation bonds which will be paid on or before June, 1924. My wish is for safety with regard to payment at maturity, together with a reasonable return on my money in the interval. My idea is to split up this amount among three securities, buying $500 par value in each. Will you criticize the following list and designate the three best securities therein. If you can suggest others please do so: Short term securities—American Cotton Oil 8s, 1924; American Telephone & Telegraph 6s, 1924; Baltimore & Ohio collateral 6s; Federal Sugar Refining 6s, 1924; Hocking Valley 6s, 1924. Corporation bonds—St. Paul & Northern Pacific 6s, 1923; Market Street Railway collateral 6s, 1924.—M. B. B.

Answer—The American Telephone 6s, Hocking Valley 6s and Federal Sugar 6s are the most suitable for your purpose.

Cling Cutlery Unsuitable

Question—I have in mind purchasing some shares of the Cling Cutlery Corporation of Delaware. Their factory is in Elmhurst, L. I. Any information you can give me will be greatly appreciated.—G. L.

Answer—We do not recommend the purchase of Cling Cutlery shares for investment. Several selling organizations have been formed to dispose of shares and varying prices have been asked for "units" of stock. About $1,500,000 has been realized from sale of stock and no financial statement has been made available. The best bid we are able to report as being made for A shares is $2; no bid is made for B shares.

Earnings Increase

Question—Can you give me some information relative to American Zinc, Lead and Smelting and also Southern Railway? I understand the former company, after a shut-down, has started work again. Is each financially sound? I note you at times refer in the Investment Information column to Montana Power Company. Would you prefer it as an investment to Mississippi Power Company or Puget Sound Light and Power? Does the Columbia Electric and Power Company appeal to you as being reasonably safe as an investment? I have $600 to invest now and will have about $600 more to invest January 15, saved from daily wages; age fifty-five. Would like to avail myself of the opportunity to express my appreciation of Investment Information given in The Tribune. Had I followed it at an earlier date it would apparently have saved me about $2,250. What rate does the new stock ($25 issue) of Standard Oil of New York or Standard Oil of New Jersey pay?—R. P.

Answer—Net earnings, before depletion and depreciation, of American Zinc, Lead and Smelting for the first nine months of 1922 were $286,959, compared with a loss of $148,230 for the corresponding period of 1921. Net earnings of the Southern Railway Company for the nine months ended September 30, 1922, were $16,294,978, as against $10,354,740 for the corresponding period of 1921. The common stock of these companies is speculative and should have no place among investments. Our mention of Montana Power Company has generally been with reference to its 5 per cent bonds, which are a high-grade investment and preferable to the issues of the other companies you mention. Columbia Electric and Power 6s, 1947, are a good investment. No dividends have been declared on the $25 par value stock of the Standard Oil of New Jersey or Standard Oil of New York, although in the case of the former company it has been said by officials of the company that no increase in the amount to be distributed on the new stock is contemplated.

Has Loss in Goodyear

Question—I own at present two shares preferred and one share common Goodyear Rubber and Tire Company stock, all bought at par. After they took off dividends on both common and preferred the stock dropped considerably. I am still keeping some with the hope that some day I might realize at least what I paid for same. Would you advise me to hold same, or sell and take my loss, which would be about $235?—M. P.

Answer—You apparently have misconstrued the purpose of this column. We cannot attempt to predict future prices and we are, therefore, unable to advise you whether to hold or dispose of the stocks you mention. It may be said that the tire companies have been passing through a period of keen competition and reduced earnings. The outlook continues uncertain and the holder of such stocks should be in a position to assume the risks involved.

Denver & Rio Grande

Question—I own several hundred shares of Denver & Rio Grande preferred stock, for which I paid about $8 a share. Is there still any chance to realize more than 50 cents (present price) on this stock?—W. S. S.

Answer—Argument on the appeal of stockholders of the Denver & Rio Grande Railroad in the St. Louis Circuit Court will begin on December 4. Developments in the Denver case have been few during the last few months, the latest important step being the announcement of the Sutro committee that it was taking deposits of the various classes of securities which had been deposited with other companies.

Too Much Diversification

Question—I am taking the liberty of inclosing for your criticism a list of bonds and stocks, and respectfully request you to give me your opinion of the same. The bonds total $80,000 par value and the stocks total $80,000. My average yield from the bonds is 5.75 current, and my average yield from the stocks is 8.60 at present level of prices as of November 11, 1922. Most of the stocks were purchased at 30 to 20 points below present prices, so that my purchasing yield from the stocks is about 7 per cent on the average. I will thank you to strike out those bonds or stocks which, in your opinion, I should dispose of. I am preparing to sacrifice some measure of safety in holding the common stocks, realizing that common stock holders assume the risks of the business. It is my intention to sell a majority of my common stocks and to use proceeds from sale of same for purchase of high grade or non-callable railroad bonds yielding from 4.85 to 5.50 per cent. I will have approximately $1,000 to invest every month commencing January 1, 1923, and will appreciate it if you will give me a list of bonds that yield between 4.25 and 5.50 per cent currently, preferably non-callable or railroad bonds, or any others that you might suggest as being safe and sound. I also own $16,000 United States Liberty bonds, various issues, and $2,000 United States Treasury 4¼s, new issue, and in addition hold real estate mortgages, first mortgages, aggregating $60,000, invested at 5½ and 6 per cent. If you do not approve of any of my holdings, kindly mark same or cross out the ones that do not appeal to you, assuring you of my gratefulness in favoring me with your reply to this communication. The list: Railroad bonds—$3,000 Canadian Northern 6½s, 1948; $1,000 Canadian Northern 7s, 1940; $1,000 St. Louis-San Francisco adjustment 6s, 1955; $1,000 Chicago, Milwaukee & St. Paul convertible 4½s, 1932; $2,000 Missouri Pacific 6s, 1945; $1,000 Baltimore & Ohio refunding 5s, 1995; $2,000 Southern Railway 5½s, 1956; $1,000 Southern Railway 4s, 1956; $1,000 Great Northern 7s, 1936; $1,000 Pennsylvania Railroad 6½s, 1936; $1,000 Missouri Pacific 4s, 1975; $1,000 Illinois Central 6½s, 1936; $1,000 New Orleans, Texas & Mexico 5s, 1935; $1,000 Louisville & Nashville 5½s, 2003; $1,000 Chesapeake & Ohio general 4½s, 1992; $1,000 Great Northern 5½s, 1952; $1,000 Atchison Railway consolidated 4s, 1955; $1,000 Atlantic Coast Line 4½s, 1964; $1,000 Hudson & Manhattan refunding 5s, 1957; $1,000 New York Central refunding 5s, 2013; $1,000 New York Central debenture 6s, 1935; $1,000 Chicago, Burlington & Quincy 5s, 1971; $1,000 Northern Pacific 6s, Series B, 2047; $1,000 St. Louis Southwestern 4s, 1932. Public utilities—$2,000 Texas Power and Light 6s, 2022; $2,000 Kansas Gas and Electric 6s, 2022; $1,000 Philadelphia Company refunding 5s, 1944; $1,000 Empire Gas and Fuel 7½s, 1937; $1,000 Toledo Edison 7s, 1941. Industrials—$2,000 in each of the following: Phillips Petroleum 7½s, 1931; International Mercantile Marine 6s, 1941, and Diamond Match 7½s, 1935; $1,000 in each of the following: American Agricultural Chemical 7½s, 1941; Kelly Tire 8s, 1931; Western Union 6½s, 1936; J. Kayser 7s, 1942; Bethlehem Steel 6s, 1948; Du Pont 7½s, 1931; Goodyear Tire 8s, 1941; International Paper 6s, Series A, 1947; North American Edison 6s, 1952; New York Edison 6½s, 1941; New York Telephone 6s, 1941; Northwestern Bell Telephone 7s, 1941; Chile Copper 6s, 1932; Goodrich Tire 6½s, 1947. Foreign—$1,000 State of Queensland 6s, 1947; $1,000 in each of the following: Norway 8s, 1940; Dutch East Indies 6s, 1962; Japan 6s, 1942. Stocks: 20 American Tobacco Class A, 20 Allis-Chalmers common, 20 Allis-Chalmers preferred, 10 American Beet Sugar preferred, 10 American Ice Preferred, 20 American Telegraph and Telephone, 10 American Can preferred, 10 American Woolen common, 10 American Woolen preferred, 10 American Snuff common, 10 American Smelting preferred, 10 American Car and Foundry common, 10 American La France common, 10 Atchison common, 5 Atlas Powder common, 10 Baldwin Locomotive preferred, 10 Borden Milk Company common, 10 Burns Brothers A common, 5 Bethlehem Steel B common, 10 Cosden & Co. preferred, 20 Cosden & Co. common, 10 Consolidated Gas common, 10 Chesapeake & Ohio preferred, 5 Childs Company 7 per cent preferred, 10 Chandler Motors common, 10 Canadian Pacific common, 10 Du Pont common, 10 Du Pont 6 per cent debenture preferred, 10 Eastman Kodak common, 10 Electric Storage Battery common, 10 Famous Players common, 10 Famous Players preferred, 10 Great Northern Iron Ore certificates, 10 General Motors 6 per cent preferred, 5 Galena Signal Oil 8 per cent preferred new, 4 Gulf Oil of Pennsylvania new when issued common, 10 Great Northern Railroad 7 per cent common, 10 Hayes Wheel common, 10 Hudson Motors common, 10 International Mercantile Marine 6 per cent preferred, 10 Imperial Oil of Canada common, 10 International Paper 5 per cent preferred stamped, 10 Illinois Central 7 per cent common, 10 Lima Locomotive 4 per cent common, 10 Kayser 8 per cent preferred, 10 May Department Stores common, 100 National Transit common, 10 North American Company preferred, 5 New York Lock preferred, 5 National Biscuit common, 5 New York Central common, 5 Otis Elevator common, 20 Postum Cereal common, 10 Postum Cereal preferred, 5 Pullman Company common, 10 Pan-American Petroleum common, 5 Pennsylvania Railroad common, 5 Philadelphia Company 6 per cent preferred ($50 par), 10 Southern Pacific common, 10 Studebaker preferred, 10 common, 10 Standard Milling preferred, 4 Standard Oil of Kentucky, 2 Standard Oil of Indiana, 3 Standard Oil of New Jersey, 5 Standard Oil of California, 1 Standard Oil of Kansas, 1 Standard Oil of New York, 1 Standard Oil of Ohio, 2 Southern Railway preferred, 10 St. Joseph Lead common, 20 Tennessee Electric 7 per cent preferred, 10 Texas Oil common, 10 Union Pacific common, 10 United States Rubber 8 per cent preferred, 10 United States Steel preferred, 20 Western Union common, 10 Wright Aero common, 10 Weber & Heilbroner common, 10 Western Electric preferred, 10 Westinghouse Electric common.—J. H. S.

Answer—There are some uncertainties in your list of industrial bonds, but they are not unreasonable securities for an investor who is willing and able, as you say you are, to assume the business risks that go with common stocks. Your railroad, foreign and utility bonds are all suitable. The common stock holdings are far too greatly diversified, for we believe that you could spread the risk in a desirable manner with one-quarter the number of separate issues now held. Remember that by dividing your funds in this way you are increasing the risk of not being able to give each common stock the amount of watching it deserves. You have about 850 shares of stock distributed among eighty issues, or an average of 8½ shares per issue. We will say, however, that your judgment in the selection of common shares has been good and for that reason it is difficult to differentiate between those that should be held and those that you might well dispose of. To correct this condition of over-diversification we suggest the sale of the following common stocks: Borden, Pan-American Petroleum; Postum Cereal; May Department Stores; Hayes Wheel; Great Northern Ore; Famous Players; Du Pont; Wright Aero; Weber & Heilbroner; Southern Pacific; St. Joseph Lead; American La France and Allis-Chalmers. You might also consider selling some of the preferred stocks and reinvesting in other and more choice preferred issues now held. As for your request for suggestions on bonds returning from 4.25 to 5.5 per cent, we believe that you might well confine yourself to the railroad and some of the better public utility bonds now held, since you own no more than $2,000 of any one issue. Among the utilities we suggest New York Telephone 6s, New York Edison 6½s; Western Union 6½s and Philadelphia Company 6s. We see no reason for extending the number of bonds now held.

Inquiries Should Be Signed

Inquiries addressed to this department of The Tribune are regarded as confidential, but to show the writer's good faith all should be signed and an address should be inclosed for reply. Letters from the following are being held for identification: H. M., A. B., Miss A. D., C. J. W., F. E. M., D. E. L., W. C., G. D. K., W. W., "Investor," J. P., A. A., M. K., J. T. C., W. A. B., W. W., J. G., J. H., W. E. H., M. R., G. F. S., J. B., and "Constant Reader."

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The Reading Co.'s Present Earning Power

(Continued from Page Seven)

assets at the close of 1921, as shown above, or $19,398,821.

The physical assets of the Reading company consist largely of railroad equipment which is leased to the railway company. The company also owns considerable real estate and some floating equipment. These items were carried on the books at the end of 1921 at an approximate value of $84,508,000.

Further assets include ownership in stocks and bonds of other affiliated companies, and also sundry advances, the total of which will reach a round $109,000,000. This figure may be regarded as conservative, for it includes Reading's ownership in the stock of Central Railroad of New Jersey, which has an equity value far in excess of its par value or the value at which it is carried on the Reading books.

We will now gather these items into tabular form, in order to obtain a centered perspective as to the equity value of the company's several stock issues.

Estimated Values

Philadelphia & Reading Railway equity	$184,200,000
Philadelphia & Reading Coal and Iron Company equity	104,637,000
Reading from Company equity	19,366,000
Physical assets: Reading Company	84,508,000
Securities and advances	108,000,000
Total asset value	$500,700,000
Deduct: Funded debt	136,100,000
Balance	$362,600,000

This balance is equivalent to an equity of $182 a share of $50 par value on the company's total share capital outstanding, both preferred and common stock.

If the preferred stock were retired at par, the equity remaining for the $70,000,000 common stock would amount to $214 a share of $50 par value.

Reading Company's stock issues consist of $328,000,000 first preferred and $42,000,000 second preferred, each issue being entitled to 4 per cent non-cumulative dividends annually in the order of their priority before anything can be paid on the common. The preferred and common stocks have equal voting power and in liquidation or dissolution of the corporation shall share equally in a pro rata distribution of assets. The second preferred is convertible, at the option of the company, half into first preferred and half into common.

The Reading Company reserves the right to redeem at any time either or both classes of preferred stock at par, in cash, if allowed by law. Whether or not this will be attempted remains to be seen, but in this connection it is well to note that the Supreme Court in a decision rendered May 29, 1922, held that preferred stockholders were entitled to share equally with the common stockholders in the distribution of stock in the new coal company to be formed under the segregation plan. The above explains why we have established two equity figures in the company's estimated asset value—one for the entire stock capitalization and the other for the common stock alone.

Dividend Record

Reading first preferred paid its initial dividend of 3 per cent in 1900. In 1901 4 per cent was paid, and in the following year 5 per cent. From 1903 to date the full 4 per cent annual rate has been paid.

Reading second preferred paid its initial dividend of 1½ per cent in 1903. In the following year and each succeeding year thereafter, the full 4 per cent annual rate has been paid.

Reading common paid its initial dividend of 3½ per cent in 1905. From 1906 to 1909, inclusive, the annual rate was 4 per cent. From 1910 to 1912 inclusive, the annual rate was 6 per cent. And from 1913 to date it has been 8 per cent.

Margin of Safety of Earnings

As a holding company, Reading Company's earnings are mostly made up of interest and dividends received from its ownership in subsidiary company securities, together with the rental paid by the Philadelphia & Reading Railway for the use of the railroad equipment owned by the parent company.

The point has been raised as to whether or not the Reading Company would continue to be able to pay its current dividends after the segregation of the coal company and also in case it is obliged to dispose of its holdings in Central Railroad of New Jersey stock. There seems no apparent reason to doubt the ability of the Reading Company to accomplish this under normal conditions.

By far the larger part of Reading's earnings comes from its railroad subsidiary. In fact during the past two years nothing in the way of income has been drawn from the coal company. Rentals paid by the railway for the use of equipment owned by the present company, rentals paid for leased lines in the form of interest and dividends on their securities, of which Reading owns a considerable portion; interest on the railway company bonds owned by the holding company, and, finally, dividends paid by the railway on its own stock, all of which is in the treasury of the Reading Company, will total a sum nearly sufficient under ordinary conditions to cover the Reading Company's interest and dividend requirements in full.

Segregation of the coal company will leave the Reading Company with smaller liability as to interest requirements, for the Supreme Court has decided that the coal properties must assume their fair share of the liability and interest charges of the $92,854,000 general mortgage 4s, which are a joint obligation of the two companies, but interest payments on which are being met by the Reading Company alone. And if the dissolution should compel the Reading Company to part with its Jersey Central stock it would also involve the elimination of $23,000,000 Reading bonds secured by this stock as collateral.

In the following table the margins of safety shown above interest and dividend requirements are those of the Reading Company alone. They represent the percentage that net income could decline and still leave sufficient to cover all payments made. Thus in 1912, if net income had been 12 per cent lower, enough would have remained to meet all fixed charges, preferred dividends and the 6 per cent paid on the common stock. A decline of 42 per cent would have wiped out all earnings for the common stock but would have left enough to cover interest and preferred dividends. A decline of 63 per cent would have left the first preferred dividend earned but nothing more, while a decline of 61 per cent would have left barely enough to cover fixed charges.