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DURANT HEADS BIG NEW MOTOR MERGER

Many Former Officers of General Motors Are Associated With Their Old Chief.

SHERIDAN CO. IS BOUGHT

Muncie Plant Is Said to Have Cost $5,000,000—New Cars to Be Marketed.

William C. Durant, who built up and put together numerous automobile companies in one organization capitalized at more than a billion dollars, and who subsequently resigned from that company, the General Motors Corporation, when new financial interests were taken in, is proceeding with the consolidation of a new group of automobile manufacturing concerns likely to be capitalized at many millions.

At the same time the General Motors Corporation, under the new leadership of the du Ponts and the Morgan interests, is gradually reshaping itself by bringing its several units into a more compact organization. The purpose is said to be to bring about greater efficiency in the manufacture and sale of automobiles and for more economy in operation.

After Mr. Durant resigned from General Motors and his holdings of General Motors stock were taken over by a powerful financial group last fall changes began to appear in the makeup of the various divisions, particularly in the executive departments. Old managers went and new ones came, and many rumors were current then of a reorganization, which is now admitted.

Most of the men who left General Motors drifted immediately to Mr. Durant, and at once whispers of a new consolidation began to be heard. Mr. Durant said nothing until one day he announced the formation of Durant Motors, Inc., to manufacture a new $1,000 car. Soon another company, called the Durant Motor Company, was formed to handle the sales of Durant Motors, Inc.

M. J. Lahey, for a long time sales manager of the Chevrolet division of General Motors, announced his resignation from that company and was made sales manager of the Durant Motor Company, for which a plant had been purchased in Long Island City.

R. H. Collins, another General Motors officer severed his connection and formed the Collins Motor Company, to manufacture a new car. The connection between Mr. Durant and Mr. Collins has never to date been established, but in some quarters it is believed the Collins company will form a unit in the new Durant organization. Mr. Collins purchased from General Motors an old Cadillac plant no longer operating.

Edward Ver Linden, who was executive head of the Olds Motor Works, another General Motors unit, left that corporation, and announcement was made yesterday of the formation of the Durant Motor Company of Michigan, with an authorized capital of $5,000,000, of which Mr. Ver Linden will be president and general manager. This company will have its main plant at Lansing, Mich., with an annual capacity of 40,000 cars. It will be controlled by contract by Durant Motors, Inc., acording to the official announcement, and will "assemble and distribute the new Durant car in the territory between the Adirondacks and the Rocky Mountains."

It was announced yesterday that a syndicate of automobile men, headed by Mr. Durant, had purchased the Sheridan Motor Car Company of Muncie, Ind., from the General Motors Corporation. The latter in an official statement said it had disposed of the Sheridan company to Daniel A. Burke, its general manager, but from the Durant offices it was ascertained that there was a connection between Messrs. Burke and Durant in the deal. The price paid for the plant is said to have been $5,000,000. Mr. Burke and his associates will take over the entire Sheridan property and will organize a separate organization to continue the Sheridan line.

The General Motors Corporation announced yesterday that the activities of the Frigidaire Corporation, manufacturers of refrigerators, are being extended through the sales organization of Delco Light Company, another General Motors subsidiary. The Sunnyhome Electric Company, which makes domestic farm lighting plants, has also been consolidated with Delco.

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FINANCIAL STATEMENT
(as officially reported)

Assessed Valuation, 1921		$1,753,246,190
Total Bonded Debt, including these issues		86,321,990
Water Debt	$15,485,052	
Sinking Fund	8,950,395	
Net Bonded Debt		61,886,543

Population, 1920 (U. S. Census) 796,836

MATURITIES AND PRICES

1927 to 1928	inclusive	to yield	5.60%
1929 " 1932	"	" "	5.50%
1933 " 1936	"	" "	5.40%
1937 " 1941	"	" "	5.35%
1942 " 1951	"	" "	5.30%
1952 " 1971	"	" "	5.25%

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UNION PACIFIC GETS LOS ANGELES ISSUES

Senator Clark and Associates Sell Half of Stocks and Bonds to Part Owner.

The Union Pacific system has acquired from Senator W. A. Clark and his associates the remaining half of the stock and bonds of the Los Angeles and Salt Lake Railroad, a one-half interest in which has been held for many years by the Oregon Short Line Railroad, the capital stock of which is owned by the Union Pacific. The L. A. and S. L. operates 1,168 miles of line lying mainly in California and Nevada.

For the $29,000,000 4 per cent. bonds of the road held by Senator Clark and his friends the Union Pacific will give in exchange dollar for dollar approximately $6,000,000 of the Southern Pacific's San Francisco Terminal 4 per cent. bonds, $8,500,000 Southern Pacific Railroad first refunding 4 per cent bonds and $14,500,000 Oregon-Washington Railroad and Navigation first and refunding 4 per cent. bonds, at present in the Union Pacific treasury. The last named issue is guaranteed by the U. P., and it will be necessary to obtain the Interstate Commerce Commission's approval before they can be disposed of.

An official statement issued by Senator Clark yesterday said that twenty years ago he had joined with his brother, J. Ross Clark, in the purchase of the Los Angeles Terminal Railroad with the purpose of extending it to Salt Lake City. E. H. Harriman, chairman of the Union Pacific, which owned a line extending to the southern part of Utah, joined in the plan soon after, and the development was carried out on a fifty-fifty basis by the Union Pacific and the Clark interests, followed by an equal division of the road's stocks and bonds.

Mr. Clark declared the advantage in unification of the U. P.'s interest amply warranted the purchase of the remaining half of the L. A. and S. L. stock.

U. S. REALTY CO. PROFIT IN OFFICES

This Fiscal Year's Earnings Expected to Be Benefited by Fuller Co. Operations.

The annual report of the United States Realty and Improvement Company, covering the fiscal year ended April 30, 1921, shows net income after taxes and bond interest amounted to $2,487,803, equivalent to $15.39 per cent. earned on the outstanding capital stock. In the preceding year earnings were $879,092, or 5.55 per cent. During the year the company purchased and cancelled $1,135,000 par value of its debenture bonds maturing in 1924, and also reduced by $386,000 its real estate mortgages.

Salient figures of the income accounts for the last two fiscal years ended April 30, 1920, and 1921 are:

	1921.	1920
Total income, inc. building and shipbuilding contracts	$4,356,115	$2,655,749
Expenses, interest, depreciation, &c.	1,279,958	1,162,157
Debenture interest	588,364	596,500
Surplus	2,487,803	897,092

Paul Starrett, president, in his report asserted that "the earning position of the company's large office buildings has materially increased and during the last year they have produced a far larger income than heretofore, due to the demand for office space, and these properties are now being placed on a basis toward a fair return on the investment, all rental rates having been determined to produce this result.

"The earnings for the coming year, it is expected, will be further increased by greater income from its real estate investments, due to long term leases already made, to which is to be added the profits from the building construction business of the George A. Fuller Company."

CENTRAL DECLARES SHOPS OVERCROWDED

Witnesses Before I. C. C. Present Figures.

At the hearing being held by the Interstate Commerce Commission into the charge that the New York Central Railroad has been acting unfairly to labor by sending cars and locomotives to outside repair shops when it could have overhauled them in its own, witnesses for the railroad offered yesterday cost and audit sheets to show that pieces of rolling stock were sent outside only because space was overcrowded in the company's shops. The charges of unfairness being investigated were made by the American Federation of Labor.

Before the railroad put in any testimony yesterday pamphlets which purported to show that railroads had been making a custom of sending their work away in order to reduce the number of their own employees and that banks were in control of the transportation industry through a system of identical directors on bank and railroad boards were admitted to evidence. Figures to show that the New York Central sent 195 locomotives out of its own shops for repairs during 1919 and 1920 and paid more than $3,000,000 for work done on them were offered.

Then figures to show that in operating its repair shops the road's custom was to charge them only with actual cost of materials and labor were presented by the road. Such items as interest on the investment, cost of machinery and general overhead are charged elsewhere in the railroad's system of auditing. It was contended that as shops which did railroad repair work only for their own profit always included all costs plus a profit, it was unfair to compare their charges with costs of work which the roads charged themselves.

The hearing will be continued to-day in room 5603, Grand Central Station.

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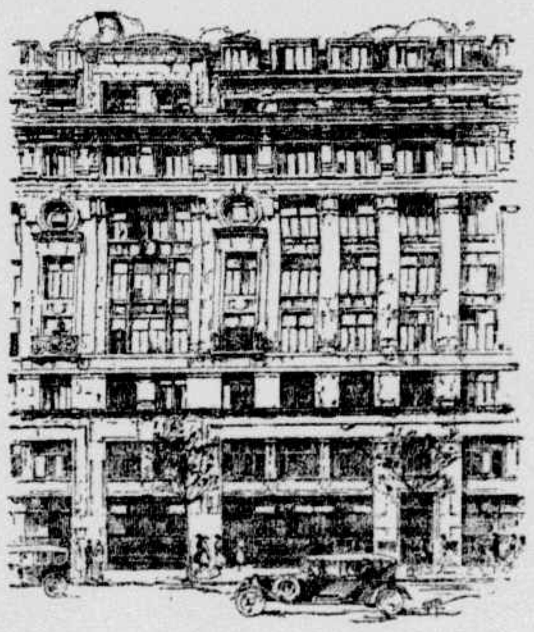

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STEEL TRADE LOOKS FOR QUIET SUMMER

Operations at Plants Are Slowing Down.

The further slowing down of operations at steel and iron plants with buying indicating a period of intense dulness for the trade throughout the coming summer features this week's trade views in the current issues of the *Iron Age* and the *Iron Trade Review*.

The latter says: "Unfavorable features having a bearing on the immediate future continues to multiply. The markets generally are drifting for the present. Prospects in the automobile trade apparently are less promising for June. While the Ford company is planning on going ahead with its production schedule, another large producer has reduced by 50 per cent. An outstanding feature of the iron and steel market for the week is the dearth of interest on the part of the automobile interests. They are not buying so freely as recently and are cutting down specifications for pig iron. It is evident that the bulk of the business recently placed has gone through the mills and they are not now booking tonnage necessary to sustain the operation."

The *Iron Age* says: "Opinion is uniform that freight rates are coming down, but the belief that this may be some months hence points to light buying of steel products meanwhile, as no stock will be accumulated on to-days prices. Meanwhile the railroad wage reductions are regarded as a favorable factor, in view of the easier financial condition of the railroads in the second half of the year. The failure of many railroads to pay their steel bills has tightened the finances of not a few mills."

DIVIDEND IS PASSED BY LACKAWANNA STEEL

Depressed Business Is Cause, Says Moses Taylor.

Directors of the Lackawanna Steel Company yesterday decided to pass the quarterly dividend on the common stock. The action had been generally expected as a result of the bad slump in the steel business generally. In announcing the decision Moses Taylor, chairman of the board, said:

"Owing to the depressed state of the steel business the board of directors passed the dividend for the second quarter."

Since September 30, 1916, the company has paid regular dividends of 1½ per cent. every three months. In addition an extra cash dividend of 3 per cent. was paid in 1916, one of 3½ per cent. in 1917 and a third of 2½ per cent. in 1918.

P. R. R. NET OPERATING INCOME FOR APRIL UP

Lackawanna Showing Also Gains in Month.

The April net operating income of the Pennsylvania Railroad was $3,774,469, bettering the showing of the preceding April by $12,841,299. Its gross revenues increased $5,945,140, to $35,948,392, and its operating expenses were reduced $7,767,733, to $33,548,159, reflecting drastic operating economies, the chief of which was reduced working forces. The improvement in gross revenues should be noted with due allowance for the fact that congested traffic due to the outlaw strike held revenues down in April, 1920, contributing to a large operating deficit for the month.

The report of the Delaware, Lackawanna and Western Railroad for April shows net operating income of $1,075,265 saved out of gross revenues of $7,188,206, in contrast to $815,917 in net operating deficit and $4,642,932 in gross receipts for the corresponding 1920 month, during which the outlaw switchmen's strike depressed earnings. The road's four months gross aggregated $27,419,150, against $22,478,466 a year ago, and its net operating income totalled $2,227,320, against $305,099 in operating income for the first third of 1920.

RAIL RETURNS UNFAIR IN PAST, SAYS COUNTY

P. R. R. Official Addresses Bankers' Convention.

ATLANTIC CITY, May 25.—A. J. County, vice-president of the Pennsylvania Railroad, in addressing the convention of the Pennsylvania bankers here to-day, said that he agreed with the statement attributed to John W. Weeks, that "the most acute situation in this country lies in the existing state of affairs in our railroads."

Mr. County said that the question which had become very general in the last few months is "why do not the railroads earn a fair return?"

"It is evident that if the net return of past years had been reasonable," said Mr. County, "the railroads would be in a fair financial condition at present, 'to take the lean and wait for the fat,' instead of being a subject of national discussion. But in only one of the last thirteen were they allowed earnings of 6 per cent. on their property investment, 6.17 per cent. in 1916."

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CONSOLIDATED EXCHANGE.

Improved investment demand and considerable short covering were factors for rallies of 1 point to more than 3 points in active equipments, steels, oils and specialties during the final hour of yesterday's Consolidated Stock Exchange trading, many shares of those groups reaching high levels just before the close. In the balance of the industrials there was also fair improvement while rails advanced 1 to 2 per cent. Gains of 3¾ in Car and Foundry to 124¾, 2½ in Crucible to 70, 2⅝ in Mexican Petroleum to 149⅝, 2⅜ in Baldwin Locomotive to 79⅜ and 2⅛ in General Asphalt to 67⅛ were outstanding features of the late trading.

FLORIDA TOBACCO UNHURT.

Lichtenstein Says Only Damage Is to Worthless Sand Leaves.

Julius Lichtenstein, president of the American Sumatra Tobacco Company, made public yesterday a wire from R. E. B. McKenney, pathologist of the Department of Agriculture, regarding the Florida tobacco crop. Mr. McKenney said that "the disease in Florida and Georgia districts appears to have been checked" and that "damage to crop not exceeding an average of 5 per cent. is confined chiefly to the sand leaves."

Since the sand leaves are worthless President Lichtenstein declared the company would sustain no loss.

PERU TO CHANGE ITS GOLD.

$12,000,000 Here to Be Converted From Dollars to Pounds.

LIMA, Peru, May 25.—Government proposals for the conversion into pounds sterling of a fund of approximately $12,000,000 on deposit in New York as a part of the currency guarantee fund has been approved by the Vigilance Committee of Congress.

It is estimated that the conversion of this money from dollars into pounds sterling would yield a profit of approximately $1,500,000 because of present exchange rates.

FINANCIAL NOTES.

S. W. Straus & Co., Inc., has moved to its new building, northeast corner of Fifth avenue and Forty-sixth street.

A shipment of gold bars, valued at $198,000, arrived yesterday from Bombay on the Falls City for the French-American Banking Corporation.

The following have been admitted to membership in the Consolidated Stock Exchange: Matthew J. Looram, Louis C. Lesker, R. Waldo Gibbons, Walter R. Jenkins, Max Lindenbaum, Samuel Bowley, Paul D. Biebber, Milton Brown and John W. Sullivan.

Harry C. Parsons and Horace F. Carbaugh have formed a partnership to conduct a general business in investment bonds, as Parsons, Carbaugh & Co., in 29 South La Salle street, Chicago.

The directors of the Metropolitan Life Insurance Company have elected Fred M. Kirby, president of the Miners' Bank of Wilkes-Barre, to fill a vacancy in that company's board.

The annual dinner of the officers and employees of the Mercantile Trust Company was given last night in the Pennsylvania Hotel. A musical programme was furnished by members of the company's staff.

De Haven Townsend, formerly with Clark, Dodge & Co., is with the bond trading department of Merrill, Lynch & Co.

PENNA CRUDE CUT TO $3.

Oil Men Are Surprised at Reduction of 25c. a Barrel.

PITTSBURGH, May 25.—Further reductions in the prices of crude oil were announced here to-day. New prices are: Pennsylvania crude, $3; Corning, $1.90; Cabell, $1.81, Somerset, $1.60; Somerset light, $1.80. The reductions surprised oil men.

OIL CITY, Pa., May 25.—Credit balances, $3. Runs, 25,937 barrels; average, 59,080. Shipments, 46,984; average, 48,308.

Guatemala to Control Exchange.

GUATEMALA, May 24.—The financial committee of Congress has presented a proposal for the establishment of an office for the regulation of money, with the purpose of controlling the sale of foreign drafts and fixing the rate of exchange.

COLOMBIA TO BUILD ROADS.

Part of $25,000,000 From U. S. to Be Thus Expended.

Colombia is going to spend part of the $25,000,000 to be given her by the United States in consideration of the settlement of the Panama controversy for the construction of new railroads and other public improvements, and American business men will find a new trade avenue, Earl Harding of the Colombian Commercial Corporation said yesterday before the Pan-American Advertising Association at the Hotel Astor.

Mr. Harding said there is a rich field for profitable investment in Colombia, and predicted that the treaty would be ratified by the Colombian Congress in July without much debate.

Exports from New York.

Exports from New York yesterday: Wheat, 97,646 bu.; flour, 209 sacks; lard, 337,100 lbs.; cottonseed oil, 40,000 lbs.; lubricating oil, 77,050 gals.