

Gold Clause Cases Go Before Supreme Court Jan. 8.

By VINCENT S. LYONS
Times Financial Editor

ANNOUNCEMENT that the United States supreme court will hear arguments Jan. 8 on the much mooted gold clause in both governmental and private obligations seems to indicate that 1935 will get off to a good start in so far as clearing up some of the recovery legislation is concerned.

Four cases in which the government is directly interested, because of the abrogation of gold payments, dollar devaluation and presidential acts are questioned, will be heard at one time. This, it is believed, the altered status of bond contracts resulting from changes in the monetary policies of the nation during the last nineteen months will be subjected to the scrutiny of the highest court in the land.

Two of the cases involved bonds of the Baltimore & Ohio and Missouri, Pacific railroads. The point of issue here is whether holders of bonds, which have matured, are entitled to receive payment of principal in gold.

The remaining cases involve the right of a holder of United States treasury gold certificates to collect in currency at the rate of \$1.62 and the right of an owner of Liberty bonds to collect at the same rate on a security which has been called for redemp-

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INDIANAPOLIS, THURSDAY, NOVEMBER 22, 1934

YEAR'S BUYING BY ROADS PUT AT \$625,000,000

Purchases From Manufacturers Almost Double 1933, Dunn Says.

By United Press

CINCINNATI, Nov. 22.—Railway buying from all manufacturers this year will amount to \$625,000,000, compared with less than \$320,000,000 last year, and of this \$530,000,000 will be done from the durable goods industries as compared with about \$324,500,000 last year, Samuel O. Dunn, publisher of the Railway Age, declared in an address here last night before employers in the machinery and allied products industry.

The large increase in buying this year, Mr. Dunn declared, has been due to loans made by the government to the railways and to the increase in their own net operating income in the early part of this year.

It was learned that the stock market regulatory body is "eagerly" awaiting the co-operation plan of the National Association of State Security Commissioners, which met recently in New Orleans.

Landis Urges Program

This latest step to protect the public from fake securities follows a decision by SEC to establish "flying squadrons" in seven key cities throughout the country and raid illegal dealers and bucket shops.

James M. Landis, commission member, is urging the state and federal co-operation program asserting that dealers in unregistered securities, in many instances, are evading the jurisdiction of state securities commissions through interstate transactions.

"Adequate surveillance of these markets," Mr. Landis said, "can not be accomplished by the federal government alone. Their supervision would require a veritable army of men. Much has already been done by states through direct suppression of frauds and by effective registration of brokers and dealers.

Interstate Agents Enter

"But the interstate aspects of these markets," Mr. Landis said, "can not be accomplished by the federal government alone. Their supervision would require a veritable army of men. Much has already been done by states through direct suppression of frauds and by effective registration of brokers and dealers.

Their net operating income, and, therefore, their buying can be largely increased only by increase of their traffic and reduction of the operating expenses incurred by them in carrying each ton and each passenger one mile.

Traffic Gain Urged

"The first essential to an increase in the net operating income of the railways is, of course, an increase in total production and commerce and thereby in their traffic. Adequate increase of their traffic is dependent also upon federal and state legislation to equalize terms of competition in transportation by applying comparable regulation to them and their competitors and withdrawing subsidies from their competitors.

Their net operating income and buying power are, however, being adversely affected by advances in prices under NRA and the advance in wages they agreed to make last spring when their traffic was increasing. There can be no solution of the problem of increasing railway buying that does not attack the problems of both increasing their traffic and reducing their unit costs of operation.

"Government or business policies adverse to either of these results curtail railway buying, delay revival of the durable goods industries and thereby postpone economic recovery."

RAIL EARNINGS SEEN LOWER FOR OCTOBER

Slightly Smaller Total Expected Compared With 1933.

By Times Special

NEW YORK, Nov. 22.—Earnings reports of leading railroads of the country for October, due shortly, are expected to show slightly smaller total than in the same month of 1933, according to a survey compiled by Theodore Prince, manager of the bond department of Redmond & Company.

"Even should total operating revenues in November and December be above the like 1933 months because of better business conditions, net operating income will continue to make unfavorable comparisons with 1933 due to increased wages, higher costs for materials and the pension bill," Mr. Prince stated.

For the first nine months during the two-week period, and fruits and vegetables also showed a downward trend. The bureau said a "marked seasonal increase" was shown in eggs, and reported a sharp rise in butter and slight increases in cheese and fresh milk.

LEHMAN IS PROMOTED

By Times Special

PITTSBURGH, Nov. 22.—Chester H. Lehman has been appointed vice-president in charge of sales of the Wheel-Knox Company, it was announced today. Previously he was secretary of the company.

INSOLVENCY INDEX OFF

November Business Failures Show Slight Decrease.

By Times Special

NEW YORK, Nov. 22.—Business failures in the United States during the first half of November showed a slight decrease as compared with the previous month, according to Dun & Bradstreet's insolvency index.

The index now stands at 85.6, compared with 86.2 at the same date in October, and 84.2 for the corresponding period in 1933. Generally November failures are higher than any preceding months.

COAL RATE CUT ASKED

Wheeling & Lake Erie Petitions for \$5 of Cents a Ton.

By United Press

WASHINGTON, Nov. 22.—The Wheeling & Lake Erie Railroad today petitioned the interstate commerce commission to establish a rate of \$1.54 per ton on bituminous coal from the middle district of Ohio to way points on the Big Four line.

The petition claimed the present rate of \$1.59 per ton violates the long and short haul clause of the Ohio general code and is 5 cents per ton higher than the rates in effect from Coshocton to Cleveland over the Wheeling & Lake Erie and Big Four line.

SEC Plans Co-operation of Federal, State Officials in Curbing Stock Frauds

Program Would Put End to Abuses Since New Laws.

By United Press

WASHINGTON, Nov. 22.—Unified action by federal and state authorities to curb traffic of millions of dollars of fake securities and to end bucket shop rackets is being planned today by the securities and exchange commission.

The program, it was learned, embraces strict co-operation between state "blue sky" commissions and the SEC to end abuses, which have sprung up after enactment of the securities act of 1933 and the securities and exchange act of 1934.

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Stock Studies

Pullman Incorporated is a holding company formed under a reorganization plan which combined the old Pullman Company and the Pullman Car and Manufacturing Company, while other companies were subsequently purchased. More than sixty-five years ago the old Pullman Company began operation of the sleeping cars so well known to the travelers of this country.

The present corporation, through its subsidiaries, still operates sleepers and chair cars and also manufactures a wide range of types of cars and accessories. Company is taking a leading part in air conditioning passenger cars.

FINANCIAL DATA
(As of Sept. 30)

Capital stock (no par) ... \$53,299,990
Surplus 34,16,347
Total current assets 121,552,783
Current liabilities 11,243,518

During the twelve months ended Sept. 30, cash and securities decreased about \$2,300,000, while inventories gained \$3,300,000. Net working capital, however, was \$2,500,000 less and surplus dropped \$10,600,000. On Sept. 30, the current ratio was 6 1/2 to 1 while the book value of the capital stock was \$57.76 or \$2.32 less than a year previously.

Pullman's earnings are showing a marked pick up. Deficits resulted in 1932 and 1933, but for the first nine months of this year \$4 million was earned on the capital stock.

The company has always been liberal with dividends. The present rate of \$3 has been maintained for the last three years. Dividend payments have drawn heavily on surplus in 1931 and on, but because of the company's large surplus this was possible without impairing financial strength.

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