

# GOSSIP OF THE STREET

## RUMOR MAKES THIRD LIBERTY LOAN 4 PER CENT AND TAX FREE

### Bankers Not a Unit in Comment on Reported Character of Next Government Bond Issue.

#### Gossip of the Street

A RUMOR, which it is said originated in responsible quarters, that the third Liberty loan would be 4 per cent tax free bonds is not generally received in financial circles in this city. There is one feature in its favor, however, and that is, if the rate of 4 per cent is decided upon it will prevent any exchange of the last issue, which would be exchangeable only for bonds carrying a higher interest rate, unless, as some contend, a 3 per cent tax free bond is virtually though not nominally a higher rate bond.

One banker said yesterday in connection with any new issue that the Secretary of the Treasury has to take into consideration what it will mean in the matter of exchanges of the present 4 per cent bonds, should a higher rate of interest be carried by the third issue. He said that the engravers of the country have said it would be a physical impossibility to engrave all the bonds of a new issue and enough to take care of exchanges of the present 4 per cent bonds carrying a higher rate in less than twelve months. This would necessitate a great deal of confusion and no end of complaints from those who would be compelled to wait so long. If, however, it should turn out that, in the event of an issue of 4 per cent tax free bonds both the 4s and the 3s could be exchanged for the new issue, it would still further delay matters unless some law were passed allowing an authorized indorsement made by some rapid mechanical process which would convert the original bonds into tax free 4s.

A majority of the investment houses are in favor of issuing the next Liberty loan as a purely investment issue if the matter is to prove a success. They don't believe that a tax free 4 per cent bond will have the drawing power which an issue of 4s or even 3s would have. Advocates of the tax free issue say that it would be a very popular issue because matters now stand so one knows what percentage taxation by the Government may eventually amount to and they point to the relative quotations at present of the 3 1/2 tax free Liberty Bonds as compared with the 4s.

As to a tax free 4 per cent bond being virtually a bond with a higher interest rate, a leading banker was most emphatic in saying that under no circumstances could such a construction be put on the matter. "Could, for instance," he asked, "a New York Central Railroad 4 per cent bond be said to carry a lower interest rate than a Pennsylvania Railroad 4 per cent bond, which is tax free in this State, or vice versa?"

Another well-known banker and broker said he had it on good authority that the next issue would be a 4 per cent tax free bond and he was very strongly in favor of it. "It has been said in certain quarters," he remarked, "that to put out such an issue, which, on account of the 3 per cent rate, would prevent an exchange of the second 4s, would be taking advantage of the public," but he said, "I cannot see it in that way."

### Status of Small Railroads Excluded From U. S. Control

The report that Director General McAduff had signified his intention to drop a large number of small railroads from Government control was received in financial circles yesterday in different ways. Some contended that the smaller roads which would be involved under such an order would not suffer in the least, as they would collect their full quota of business as usual in the territories through which they operate, while others held that there are many of these small roads so situated that they act as a connecting link between large systems, and through the diversion of traffic which is possible under the circumstances could be made to suffer.

It was a question freely discussed in some of the broker's offices as to whether Director General McAduff intended to include among the small roads which are to be operated free from Government control several important roads which are controlled by the great trunk lines. The assurance given by the Director General in H. C. Niles, of New Hampshire, as telegraphed from Washington yesterday that "the authority of State railway and public utility commission is not impaired by the existing control of the railroads by the Government," would indicate that only such roads as operate in one State and do not conduct an interstate business will be considered as among those "dropped."

It appears from a statement made by Mr. Niles, who represented the State public service commission, that a number of these roads had refused to obey orders of the commission, considering themselves only subject to orders from the Director General, but Mr. McAduff's statement will continue them to the contrary. Mr. McAduff, however, requested that the commissioners withhold orders for the building of extensions and other improvements not required by war work. It is the opinion of some bankers that as a result of this move on the part of the Director General it will place the securities of some roads involved in a very favorable position on account of the enormous business which they have ever before experienced. At the same time they acknowledge that there are a few, but very few, small roads that will be hurt by the change.

### Good Market for Good Long-Time Bonds

The representative of Halsey Stuart & Co., with local offices in the Lafayette Building, says he believes that there is plenty of money in the country waiting investment; that he is doing a good business in good long-time bonds. His house put out a small offering of \$367,000 Detroit City gas 5 per cent bonds, due January 1, 1924, to refund a similar amount of the company's consolidated bonds due February, 1918, and they were all sold in one day.

The National City Company also reports considerable activity in bonds during the last few days. Another house making a specialty of public service issues says the market for this class of securities at present is "very thin." It attributes it largely to the nearness of the next proposed issue of Liberty Bonds. In fact it looks for lower prices, although it does not believe they will reach the low levels gained prior to and during the last Liberty campaign.

Mayor Smith, Controller Walton and City Solicitor Connolly have decided not to issue any bonds at present on account of the new \$2,000,000 4 per cent thirty-year city loan authorized for the payment of mortgages. They will be provided for by taking the money from the consolidated loan fund balances. When the bonds are eventually sold the proceeds will go into that fund. This action was decided upon because it is against the law for the city to issue bonds at below par. A net price at par, it is believed, could not be obtained under the present market conditions.

### Economy Plan in Bond Selling Under Way

The plan mentioned in this column recently by which the Equitable Trust Company, of New York, proposed to promote economy in operation and efficiency in the sale of bonds and other securities has already been put into operation. Briefly it is a profit-sharing plan, in which banks and security dealers in cities and small towns in the interior participate in the plan and share the profits equally with the trust company from the sale of securities. The plan provides that each week selected lists of bonds, notes and acceptances are forwarded to each banking house or firm participating in the plan. Advertising campaigns will be prepared for participants, enabling them to cultivate their local field intensively. The national advertising will be planned largely to interest not so much the large investor as the small.

"The ranks of these small investors," says the Equitable Trust in announcing its plan, "have grown from the thousands to the millions since the outbreak of the war. It is estimated that there were at least ten millions of subscribers to the first and second Liberty Loans. This fact proves conclusively the enormous investment purchasing power of the country. The majority of these Government bond buyers will become investors in other high-grade securities."

One of the aspects of the plan, it is pointed out, is the fact that it will reduce overhead charges for many dealers and banks in the interior and at the same time tend to broaden the country's investment market.

### Trade Acceptance Growing in Favor

The trade acceptance is making headway, slowly perhaps, but surely, in commercial circles in this country, and its advocates predict at no distant date it will become universal in its adoption.

One of the greatest objections to its more universal use which has been urged by those opposed to it is the fear of its substitution for cash discount. On that point the National City Company says:

"The acceptance is not urged as a substitute for the cash discount. No doubt it is desirable to have the buyer, where practicable, finance himself entirely independent of the seller, but in a country where so large a volume of trade is carried on upon open accounts it will not do to say that no improvement short of the complete adoption of cash payments is worth while. There is a large field in which credit conditions can be improved by using the names of seller and buyer together. Both will be benefited, and both will be prompted to more conspicuous attention to sound business methods in order to protect their credit."

### QUOTES PENNYPACKER IN OPPOSING PARDON

Lieutenant Governor McClain Uses Letter in Autobiography as Argument

### LITES CUTAIAI CASE

Chief Justice Mitchell Praised Governor for Ignoring Board's Recommendations

The late Governor Pennypacker's autobiography, which is being published day by day in the EVENING PUBLIC LEDGER, has had its first concrete effect on a recent-day life. Lieutenant Governor McClain made use of it in a message last night in urging that the State Board of Pardons refuse to free William Clinton Cutiaiai, Berks County murderer, who killed James J. Cotaiai in 1915. The board refused the pardon and for its action the publication of the Pennypacker autobiography is in large measure responsible.

The Lieutenant Governor quoted from the autobiography a letter written to Governor Pennypacker by Chief Justice Mitchell, Justice Cotaiai and other members of the board, recommending the pardon for Cutiaiai. The Governor's refusal to grant the pardon, it is pointed out, was a great triumph for the State Board of Pardons.

### U. OF P. NOT TO CLOSE; HAS SUFFICIENT FUEL

Provost Smith Announces Garfield's Order Will Not Affect University

The University of Pennsylvania will not close down during the holiday week announced by National Fuel Administrator William Garfield, according to Provost Smith yesterday. He said that the university has sufficient fuel on hand for a week or more and that it is not necessary to close down during the holiday week. He also said that the university will continue its regular classes during the holiday week.

### CAMDEN TO ASSIST FUEL ADMINISTRATOR

City Officials and Manufacturers Pledge Co-operation in Carrying Out Order

Camden will co-operate with Fuel Administrator William Garfield in carrying out his new fuel administration order, according to a statement made yesterday by Mayor Ellis to co-operate. Public utilities and large manufacturers are still in a quandary as to the general effect the order will have. Officials of the Campbell Soup Company said they would not be affected because they are manufacturing perishable products. The Victor Talking Machine Company will co-operate with the government in every way. Officials of the New York Shipbuilding Company feel that to shut down for five days would be disastrous to the ship program.

### WANTS TO RUN DAIRY FARM

David W. Rothman, life insurance manipulator, now serving two years in the Berks County prison, desires to be freed so that he can move to New York State to a dairy farm to produce milk for babies. His attorney, George Eves, of Reading, made this point clear to the Board of Pardons, and said that the man was suffering from spinal trouble and only freedom would save his life. The District Attorney's office of Berks opposed the application and the board was told that Rothman would hardly stick long at producing milk for babies since he knew nothing about dairying.

### DECISIONS OF BOARD

The decisions were as follows:

### RECOMMENDED

Roy Kirkwood, arson, Armstrong; Joseph Catalano et al, throwing explosives, York; Archie Gray, burglary, Adams; Dominick Regina, manslaughter, Luzerne.

### REFUSED

Anthony Stefanek, manslaughter, Schuylkill; David W. Rothman, conspiracy, Berks; Tony Mangano, robbery, Philadelphia; Fioravante Trigano, second degree murder, Delaware; William Webber, murder, committed, Berks; James Saterne, murder, committed, Lehigh; Frank Bent and William Garburgary, York; Jose Lower, felonious entry, Montgomery; John Pearson, entering, Berks; Charles Wetters et al, felonious entry, Lebanon.

### REHABERITATED

Calogero Strasser, second degree murder, Berks; August Stougart, entering, Wayne.

### CONTINUED OR HELD

Louis Di Bernardino, assault with intent to kill, Philadelphia; Adolph Blum, embezzlement, Lackawanna; Louis Wagner, manslaughter, Cambria; Charles Smith, larceny, Montgomery; San de Gioia, Antonio Guardiano, second degree murder, Huntingdon; Pasquale Marotto, manslaughter, Bedford.

### BERKS-LEHIGH DISTRICT HAS HOT CONGRESS FIGHT

A Mitchell Palmer's Boasting of Naval Officer Croll Stirrs Up De-wall and Brings Out Spots

A bitter fight in the Berks-Lehigh congressional district is threatened as a result of the action of A. Mitchell Palmer, Democratic Representative from Pennsylvania, in favoring William M. Croll, of Reading, the naval officer of the port of Philadelphia, into candidacy for congressional nomination at the coming primaries. As soon as news of Palmer's intention with regard to Croll became known, Congressman Arthur A. Cresswell, of Allentown, announced his intention to run for nomination, and Charles B. Shultz, of Haverhill, announced his intention to run for nomination. The fight is expected to be a hot one, as Palmer has been the leader of the Progressive party in the district for several years. The fight is expected to be a hot one, as Palmer has been the leader of the Progressive party in the district for several years.

### LABOR MEN PROTEST AGAINST SHUTDOWN

Assert Drastic Coal Order Will Cripple Many Industries

### AFFECTS W A R WORK

Men Will Seek Employment in Other Trades, It Claims

United Mine Workers of America today protested against the proposed coal order, which would shut down many industries. The union claims that the order will cripple many industries and that men will seek employment in other trades. The union also claims that the order will affect war work.

### INDUSTRIES PUZZLED OVER WAGE QUESTION

Chamber of Commerce Officials Besieged With Inquiries

### PIECE WORK MEN LOSE

More Definite Statement From Garfield Looked For With Anxiety

The Chamber of Commerce officials are being besieged with inquiries regarding the proposed coal order. They are looking for a more definite statement from Fuel Administrator Garfield. The order would affect piece work men and they are looking for a more definite statement from Garfield.

### DEADLY STREET FIGHT REPORTED IN ODESSA

Leader of Red Guards Fatally Wounded—Warships Flee on Rebels

A deadly street fight was reported in Odessa, Ukraine, yesterday. The leader of the Red Guards was fatally wounded. Warships fled on the rebels.

### Train Belongs Railroad Watchman

Train belongs to railroad watchman, according to a statement made yesterday by the railroad company. The train was found on the tracks and the watchman was found in the train.

### NEW RESERVE MILITIA WILL GET ARMS SOON

Equipment for State's New Organization Ready as Soon as Units Are Formed

### THE WEATHER

Official Forecast

The storm that was central north of Lake Superior yesterday has moved southward and has been in the vicinity of Philadelphia. It is expected to bring heavy rain and high winds.

### PRINTING

Samples of Cards, Bill Heads, Envelopes, Letter Heads and Tags, with prices, mailed for free selection in your office.



STANDARD 8 The Magneto Equipped Eight