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Your Money's Worth

By SYLVIA PORTER

STOCK RESEARCH STANDARDS GOING UP

One of my first temporary jobs when I graduated from college in the depression 1930s was with a small Wall Street firm as a "securities analyst." I, a teen-ager, with nothing more to offer than a college major in economics, was given the job of "analyzing" a corporation's financial setup and prospects and recommending purchase of sale of its stock. Most of the time my boss accepted my reports as delivered, sent them out to the firm's customers under his name.

There were no regulations whatsoever—by government or the securities industry—to indicate whether I was qualified to do this work—and I certainly was not. There were no professional standards I had to meet as an analyst—and if there had been I would have flunked cold. Luckily during the short time my boss was giving me de luxe on-the-job training, the stock market was rising; so we didn't hurt his customers. Also that was the period when public interest in stocks was at a minimum so we didn't have many customers to hurt.

Today, the stock research-analysis situation isn't that bad, of course, except among the fringe firms. Years ago the New York Stock Exchange and the National Assn. of Securities Dealers (the self-policing body in the over-the-counter markets) began promulgating broad general standards to govern advice on securities. The NYSE has established "guideposts" to control stock selling literature by its members, has recently stepped up its policing. The Finanical Analysts Federation and the New York Society of Security Analysts—two top analyst organizations—have been working for a decade on hiking standards in their field. Only last fall the FAF adopted a code of ethics and it has just developed a program to charter financial analysts, give them a professional standing equivalent to that of a Certified Public Accountant.

But there is no question that in this area of securities research and analysis—the heart of the investment recommendations your broker gives you—there is pressing need for higher standards, stiffer supervision. In a 122-page section of the report the Securities & Exchange Commission handed to Congress this month, this is dramatically emphasized.

Yes, there are stock firms which go in for "meticulous, painstaking and time-consuming" research. At the other extreme there are firms whose publicized research is next to zero or worse than zero when they simply pass on to investors under their own names material prepared by a tection" of prohibiting member firms from representing customers of reputable firms can get "the highest research efforts." The little investor frequently gets "the most casual efforts." None of the self-regulatory bodies is doing an adequate supervisory job in this area. Even the NYSE, the SEC concludes, is not giving investors the "minimum procorporation's public relations staff. Institutions and big "that they perform research and advisory services which they are not reaonably equipped to perform."

The SEC has submitted an impressive and persuasive report on this, and as a result many things are likely to happen. To be specific:

(1) The self-regulatory agencies will step up their campaigns to raise standards for firms advertising their research and advisory facilities, and there will be tighter control over the market letters sent out by securities houses, whether or not they are exchange members.

(2) New self-regulatory bodies are probable to supervise and regulate registered investment advisers.

(3) The leading societies of analysts will be encouraged to intensify their efforts to certify anlysts just as public accountants are certified. The FAF will give its first 4½ hour exam to about 300 experienced securities analysts in 20 cities this June. The drive to give analysts professional standing and require certificates from all who give investment advice and write market letters is well under way.

(4) Specific steps are likely to be taken in the future not only by the self-regulatory bodies but also under new SEC rules or even new law to prohibit "reckless dissemination of written investment advice."

Every reputable analyst in the country is greeting this section of the SEC report with delight. As for us, investors who must rely on our broker's research for guidance on buying or selling stocks, we can only come out ahead.

Dennis the Menace

"MOM, COULD WE BUY SOME SAGEBRUSH FOR THE BACK YARD?"

$117,000 Granted To Departments at Oregon University

Eugene — A total of more than $117,000 has been received recently by the University of Oregon from the National Institutes of Health and the U. S. Public Health Service to support several faculty research projects in the fields of chemistry, biology, and theoretical science.

In addition, several additional thousands of dollars have been pledged for coming years providing sufficient funds are appropriated by the Congress.

A new grant of $35,180 has been awarded to Dr. Sindney A. Bernhard, associate professor of chemistry, for his study of enzymes entitled "Kinetic Analysis of Enzymic Catalysis." Amounts of $27,000 and $20,000 have been pledged for future years.

Several grants have been renewed in the biology department. Dr. Paul L. Risley, professor of biology, has received fourth-year support in the amount of $17,208 for his study of neuroendocrine factors and sex organ functions.

Dr. Jacob Strauss, assistant professor of biology, has received $23,850 for his botanical study of auxin and carbohydrate metabolism of gymosperm tissues. This is the fourth year that he has received this support, and roughly half this amount has been pledged for each of the next two years.

Earlier this year, Dr. Strauss received a $20,900 grant from the National Science Foundation for a related study of changes in the nutrient medium caused by plant tissue cultures.

Fourth-Year Grant

Dr. Frederick W. Munz, professor of biology, has received a fourth - year $10,198 grant for a study of visual pigments in salmon and trout. A three-month grant of $11,425 has been received earlier this year in support of the same project.

Dr. Graham Hoyle, professor of biology, has received second - year support of $23,384 for his study of the excitation - concentration coupling in muscle. He recently announced the discovery of the largest muscle fiber ever reported. The fiber comes from a giant barnacle found in the Pacific Ocean.

Dr. Martin L. Sage, assistant professor of chemistry and research associate in the Institute of Theoretical Science, has received a grant of $7,901 representing the second year of support for his project on electron correlation in large molecules. A similar amount has been pledged for next year.

Ledward Will Speak At Association Event

Neil Ledward, director of the Jackson county parks and recreation commission, will be guest speaker at the May 8 meeting of the Jackson County Motor Court association at North's Chuck Wagon.

Miss Claire Hanley, president of the Southern Oregon Historical Society spoke on the Jacksonville museum's activities at the April 10 meeting.

She talked about the museum's attendance and advertising local tourist attractions in the museum. She told of what would be interesting to hobbyists and historical points of interest in Jacksonville.