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Sweeping Changes Brought About In Stock Industry As Result Of SEC Probe Series

UPI Financial Editor
NEW YORK (UPI) — The securities industry paid close and sometimes irritable attention to the progress in 1962 of a Securities and Exchange Commission investigation of its operation and speculated on what legislative recommendations might come out of it in 1963.

The American Stock Exchange, starting point in 1961 for an investigation which later broadened into an industry probe, turned a bright new face to the investing public. The Amex, working with a special committee headed by Gustave Levy, New York attorney, and mindful of the courses suggested by veteran exchange member Edwin Posner, pushed through a series of sweeping constitutional changes approved by the membership in June.

Near the year's end, SEC Chairman William L. Cary said

publicly that the SEC believed in the principle of self-regulation, but cited the conditions criticized at the Amex in 1961 as a "dramatic example of the need for oversight." Once the matter was fully appreciated by the Amex community, he said, responsible members assumed leadership and reorganized the exchange.

Gets New Leader
Going into 1963, the Amex had a new, young president, Edwin D. Etherington, who had been special counsel to the Levy committee. Its listing requirements had been tightened, as had its rules governing qualifications and activities of specialists, the floor

workers who are assigned certain individual stocks or groups in which they are entrusted with maintaining an orderly market.

The Amex likewise had tackled its own problem of associate memberships. It announced delisting of a number of stocks which did not meet one or another of the new qualifications. It broadened the membership of its board of governors to include more out of town representation.

Most of the steps taken at the Amex were those which had been urged in an SEC staff report issued shortly after the start of the year.

Yet there were some in the industry who said they thought the SEC should soft-pedal its investigative activities. They said SEC comments from time to time shook investor confidence in the securities industry.

But other quarters recalled that Cary has insisted that his group was not merely out to make headlines, but to work as quietly as possible in areas where it felt changes should be made.

Probe Mining Exchange
Near the year's end, SEC examiners plunged into an investigation of the San Francisco Mining Exchange, where it had charged infractions of standards covering trading.

ures covered the years 1943-58 inclusive.

Depreciation is the word used for the loss of value suffered by tangible assets—machinery and equipment of a manufacturing company for example—through the passage of time, ordinary wear and tear, and other factors.

Firm Offers Record Plan

A new service to provide the average family with an annual record of drug purchases for federal income tax purposes is being started here by Broderick's Pharmacy, 2212 South Sixth Street.

Frank Broderick, owner of the store, said the service will be provided without charge to customers.

The system, called DrugTax, uses data processing equipment to keep a record of drug store purchases that may be deductible in computing federal income tax returns.

Broderick said each customer will be assigned a code number—in most cases the family telephone number.

Each purchase will be recorded on "memory" tapes, which later will be fed into computing equipment. At the end of the year, DrugTax, Inc. will mail the customer a record of the total amount which may be deductible in computing the tax return.



ROBERT G. CHIDESTER

R. Chidester Opens Legal Office Here

Home after a three-year tour of active duty with the Judge Advocate General's Corps, U.S. Army, is Robert G. Chidester.

Chidester is now associated with Richard J. Smith in the general practice of law, with offices located in the First Federal Savings and Loan Building.

While serving with the U.S. Army, Chidester attained the rank of captain, and acted as chief, legal assistance and military affairs branches, Office of the Staff Judge Advocate, Fort Huachuca, Ariz. In addition he served as prosecuting attorney and defense attorney in trials by special and general courts-martial. He also acted as prosecuting attorney in trials before the U.S. Commissioner.

Chidester is admitted to practice before the Supreme Court of the State of Oregon and the United States Court of Military Appeals. He is a member of the Oregon State Bar, American Bar Association, Delta Theta Phi Legal Fraternity, and BPOE, 1247.

L. Kellison Attends Annual Meet

Lou Kellison, manager of the Klamath Falls lumber and building yards of J. W. Copeland yards, was among the 67 yard managers who attended the 15th annual meeting Jan. 3, 4 and 5 in the Sheraton-Portland Hotel in Portland.

Included in the three-day session were managers from each of the Copeland yards in Oregon, Washington, California, Nevada and Idaho.

Sessions included warehousing, credit, sales, yard insurance and plywood. A special feature of the meeting was a supplier's exhibit which was opened to the general public Jan. 3. On display was the latest in lumber and building supplies.

Among the convention speakers were Mel Harum, Los Angeles, vice president of Allied-Concord Financial Corporation, and Dr. J. D. Matarazzo, chairman of medical psychology, University of Oregon Medical School. Harum spoke on "Consumer Financing" and Matarazzo's topic was "Human Relations."

Honored at a Saturday night banquet were Percy Blackstone, Corvallis, Ore., who is retiring after working 22 years for the company.

J. W. Copeland is one of the largest organizations of its kind in the West. The firm retails more than 50 million board feet of lumber in the five states. The first yard was opened in Portland 50 years ago last Nov. 12. The company headquarters are in Portland.

First Federal Savings and Loan Association made excellent progress in 1962, according to George W. McIntyre, president.

Gains were reported in all departments. Total assets at the end of the year were \$27,530,892, a net gain of over six per cent of the previous year. Savings grew, which is an indication of the economic stability of the community, from \$23,250,187 to \$24,619,596. This is a healthy growth for a normal year.

Reserves, which are the number one indicator of the strength of a financial institution, total \$2,591,000 or better than 10 per cent to savings.

Dividends paid to savers for the year 1962 totaled \$912,448.37, a new record for any one year period.

CHICAGO (UPI) — In the first nine months of 1962, insurance companies paid an average of \$10.7 million a day in health insurance benefits, compared to \$9.5 million a day last year, the health insurance institute said.

First Federal Notes Gains

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Harnberger Joins Firm

The appointment of Stan A. Harnberger, a native and lifelong resident here as an agent with the Klamath Falls office of the Prudential Insurance Co.'s Eugene district agency was announced today by Gilbert G. Tipton, manager.

Harnberger and his wife, Carol, have two children, Roberta and Shelly. Their address is Route 1 Box 881.

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MONTGOMERY WARD

Industry Finds Big Gap In Depreciation Picture

FINANCIAL GOSSIP
 By JESSE ROGUE
 UPI Financial Editor
 NEW YORK (UPI)—There was a \$35 billion gap between what industry in the United States was allowed for depreciation on its equipment and what should have been allocated for this cost in a 14-year postwar period, an American Economic Foundation study said today.

The report came at a time when businessmen have become perhaps more acutely conscious of depreciation allowances because of recent government moves to allow acceleration of depreciation, and a tax credit on new tool investment.

"Although steps in the right direction, these measures offer no substantial lasting relief," said the foundation's study.

The AEF's staff study was built around statistics developed by Raymond W. Goldsmith in "The National Wealth of the United States in the Post War Period," published by the National Bureau of Economic Research. His figures covered the years 1943-58 inclusive.

Depreciation is the word used for the loss of value suffered by tangible assets—machinery and equipment of a manufacturing company for example—through the passage of time, ordinary wear and tear, and other factors.

Tax Account Numbers Told

A. G. Erickson, District Director of Internal Revenue for Oregon, has issued the following statement regarding tax account numbers.

Public Law No. 87-397 approved Oct. 5, 1961, requires that banks, savings and loan associations, credit unions, and other payers of interest and dividends obtain the tax account numbers of their shareholders or depositors and use them on information documents submitted to the Internal Revenue Service.

For those individuals having Social Security numbers the Social Security number is prescribed as the account number to be included on the tax and information returns filed with the service. If a person does not have a Social Security number, a number will be assigned upon receipt of an application. These applications may be obtained from the taxpayer's nearest Internal Revenue or Social Security office, or by mail by addressing their requests to the District Director of Internal Revenue, 830 N.E. Holladay, Portland 12, Ore.

The Internal Revenue Service, in addition to more than 90 million tax returns filed each year, receives approximately 240 million separate statements, payments, and information returns. The task of associating these documents to name and address is tremendous and often leads to many potential errors requiring contact with the taxpayers.

The use of an identification number for tax administration purposes will be beneficial to the taxpayer as well as to the Internal Revenue Service. It will help assure all taxpayers that their withheld taxes, deposits, and payments are credited to the proper account.

Utilities Move Ahead

NEW YORK (UPI) — During 1962, a year of sharp economic contrasts, the electric utility industry continued its growth pattern — setting new records in output, capability and sales—and made preparations for the years ahead.

Preliminary estimates by the Edison Electric Institute indicate output will have climbed to 859.4 billion kilowatt-hours, an increase of 39.6 billion kilowatt-hours over 1961's 799.8 billion kilowatt-hours. Estimated margin reserves, generating capability reserved to meet a sharp increase in demand or an emergency, rose to 40.7 million kilowatts or 25.7 per cent over the annual peak demand of 158.3 million kilowatts.

The industry's investment in plant and equipment rose to \$51 billion in 1962 as investor-owned companies spent an estimated \$3.2 billion. The total net investment by the industry represents about 12 per cent of that for American business as a whole.

Nuclear energy is adding to the power supplies of more and more American communities each year and the significance of the atom's part in electric power generation was underscored by Consolidated Edison Co. of New York's announcement of plans for a \$175 million nuclear plant in New York City.

Ranch Sells For \$90,000

One of the largest ranch sales in recent months was announced by George and Dorothea McAnulty of Klamath Falls. Purchase price was \$90,000.

The land, 968 acres of cultivated and range properties included 48 acres of alfalfa, the 1962 crops of 96 acres of oats and 117 acres of meadow, is located on Whiskey Creek at the Sprague River Junction, northeast of Klamath Falls. The place, owned for 17 years by Mr. and Mrs. McAnulty, has supported a herd of Hereford cattle, and contained Bug Butte and Schonchin Cemetery.

New owners are Melville and Peggy Johns of Santa Rosa, Calif., who plan to live on the land at the end of two years. A brother, Ark Johns, is now managing the ranch. Melville Johns is a college professor.

Mrs. McAnulty owns and operates a book and novelty store at 621 Klamath Avenue. McAnulty retired from active ranching because of ill health. Mr. and Mrs. McAnulty have bought a home in Klamath Falls.

Partners Open Tog Shop, Newest Menswear Store

The Tog Shop, 708 Main Street, is the name selected for the newest men's store of the area by Gus Vlahos and Al Brock, partners in the new venture.

The new store will hold a grand opening beginning Thursday, Jan. 10, to clear out the former stock which was a part of Sam Neslin's Menswear.

Brock has been in the clothing business locally for the past 10 to 12 years. Vlahos came to Klamath Falls in 1935 from San Francisco. He opened the Unique Market in 1941, transferring his interests to the Cascade Hotel in 1960 and then in early December purchasing the present stock and fixtures at a bankruptcy sale.

George Vlahos, 28, son of one of the partners will be assistant manager. He has been engaged in men's clothing work for the past several years locally.

Gus Vlahos left Saturday for buying trips to San Francisco and to Seattle, selecting complete new stock for the new venture.

The Tog Shop will carry only nationally advertised brands and will be open 9 a.m. to 5:30 p.m.



NEW TOGGERY — Gus Vlahos, former owner-operator of the Unique Market and the Cascade Hotel is new owner-manager of the Tog Shop, located at 708 Main Street. The store formerly was Sam Neslin's Menswear. Vlahos reopened the store shortly before Christmas after buying the stock and furnishings at a bankruptcy sale.



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Construction Sees Record Work Year

Construction, Oregon's largest industry, is expected to reach a new high dollar volume of work during 1963, industry spokesmen predicted today.

Robert A. Heintz, president of the Portland chapter, Associated General Contractors, emphasized however, that the estimates were based on assumptions that there would be no major work stoppages, national emergencies or international crises.

Heintz said a survey completed by the AGC, covering the entire state of Oregon and 3½ counties of southwest Washington, indicated that dollar volume of all types of construction during the coming year may reach or exceed the \$700,000,000 mark.

The estimated percentage of increase over 1962, Heintz noted, could vary from 6 to 10 per cent. Not all of this would be attributed to new work, however. The industry looks for about a 3 per cent increase in the per unit cost due to increased wages and increased material costs.

"Any inflationary trend in wages or material costs," he said, "would be immediately reflected in bidding prices."

On a national basis, the AGC estimated that new construction will amount to \$63 billion and maintenance repair work to \$21.5 billion for a grand total of \$84.5 billion. It places the increase in new construction at 3.7 per cent over 1962.

Heintz said the AGC estimates were based on a number of favorable factors including:

- 1) The need for almost every kind of a facility remains large. There are still big backlogs of construction needs in community facilities — schools, libraries, churches, hospitals, roads and streets, water and sewer systems, shopping centers and recreational facilities as well as housing.
- 2) The federal-aid highway program is proceeding on schedule which means not only a larger volume of road building each year but also a substantial stimulus to other types of construction.
- 3) A recent upturn has taken place in the reported plans of businessmen for expenditures for new plants and equipment.

WORKTIME UP	WORKTIME DOWN	WORKTIME UNCHANGED
1 lb. ROUND STEAK 25 minutes (+1 minute)	1 lb. BUTTER 20 minutes (-2 minutes)	CAN OF TOMATOES 4 minutes
DOCTOR'S HOUSE CALL 3 hr., 23 min. (+40 minutes)	1 lb. COFFEE 19 minutes (-12 minutes)	1 lb. SUGAR 3 minutes
1 lb. CANNED SALMON 19 minutes (+1 minute)	1 qt. MILK 6 minutes (-1 1/2 min)	1 lb. BREAD 5 minutes
WOMAN'S 2-PIECE SUIT 24 hrs., 3 min. (+4 hr., 34 min.)	TELEVISION SET 89 hr., 58 min. (-7 hr., 38 min.)	1 lb. POTATOES 2 minutes
BUS FARE 6 minutes (+1 minute)	MAN'S SUIT 20 hr., 21 min. (-2 hr., 8 min.)	MAN'S HAIRCUT 45 minutes
1 lb. CHEESE (-2 minutes)		1 doz. EGGS 15 minutes

GOOD, BAD AND INDIFFERENT — As far as purchasing power goes, the average American worker is better off in some cases than he was in 1957, a little worse in others and about the same in still others. Chart above shows the number of minutes or hours that must be worked to earn the money to buy certain items and the increase or decrease in time, if any, since 1957. Figures are from the Bureau of Labor Statistics and National Industries Conference Board and are based on average hourly earnings of production workers in manufacturing. Chart does not take into account the relative importance of the different items or changes in the quality of goods since 1957.

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Great Northern Annual Report Indicates 1962 Income Gain

By JOHN M. BUDD
 President, Great Northern Railway

Results of Great Northern's one hundredth year of operation will be somewhat better than in 1961. While final results of 1962 operations will not be known until late January, present indications are that net income will be above last year's \$3.07 per share.

Great Northern's freight volume in 1962 was slightly above the 1961 level and passenger business was the highest since 1953 — the impact of the Seattle World's Fair. At the close of the fair in late October GN's passenger revenue was nearly 24 per cent ahead of the comparable period in 1961, and was expected to be about 20 per cent higher at the end of 1962.

The 1962 grain crop along Great Northern was the best in many years, an extremely encouraging recovery from the effects of the previous year's drought on grain production. A substantial part of the past year's grain crop is in storage for movement in 1963. Moisture conditions generally in GN's grain-growing territory now are better than at this time a year ago.

It is now expected that GN's

traffic volume will be slightly higher next year in line with the anticipated increase in general business activity in 1963. GN's management shares the industry-wide feeling that substantial progress will be made next year in the long, uphill battle by the nation's railways for equal competitive opportunity with other modes of transportation.

The new Congress will consider corrective legislation generated by President Kennedy's precedent-making message last April on transportation, in which he cited inequities and inconsistencies in public policy on national transport, and recommended Congressional correction of this chaotic situation. A start in this direction was made in 1962, and effective headway is hoped for in the forthcoming session of Congress.

GN's physical plant continues to be in excellent condition. The company's 1962 track and equipment improvement program was on a more moderate scale than those of recent years. A substantially larger capital improvement program has been authorized for this year.

A 373-mile pipeline for transport of North Dakota crude oil was built and opened in 1962 by the Portal Pipeline Company, in which Great Northern shares ownership with the Hunt Oil Company of Dallas and Northwestern Refining Company of St. Paul Park, Minn. The pipeline's main trunk extends from Lignite, N.D., northwest of Minot, to Clearbrook, Minn. The 16-inch Portal line connects in Clearbrook with lines serving refineries in the Twin Cities, Duluth-Superior and the Toronto-Buffalo area.

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