'Good Faith' Of Otis & Co. Questioned

By The Associated Press

The Securities and Exchange Commission yesterday challenged the "good faith" of the Cleveland banking firm of Otis & Co. Lawyers for the bankers recorded that the SEC had "assassinated" the Otis reputation.

The charges and countercharges flew back and forth in the renewed legal tussle over the collapse of a banking contract to sell 900,000 shares of Kaiser-Frazer stock.

On February 9 Otis & Co. of Cleveland and the First California Co. of San Francisco canceled a contract to sell a 16-million-dollar stock issue for the motor company. The SEC has been publicly investigating the cancellation since April 12.

The legal fireworks occurred in Federal District Court before Justice James W. Morris.

On June 25, the court ordered two Cleveland lawyers, Marvin C. Harrison and Allan Hull, to show why they should not be compelled to tell the SEC about work they had done for Cyrus Eaton in connection with the Kaiser-Frazer stock offering.

Lawyer-Client Relationship

The lawyers had refused to testify on the ground that it would violate the lawyer-client relationship.

Eaton is majority stockholder of the Otis firm.

The lawyers, who were not present, were represented by Thurman Arnold, former Government lawyer and counsel for Eaton.

In its June 25 petition, the SEC said that evidence in the stock case established a "prima facie showing" that Eaton had talked with the two lawyers "in connection with the perpetration of a fraud involving the filing of a collusive lawsuits."

A suit was filed against Kaiser-Frazer in Detroit on February 9, the day the stock deal was to have been closed. It alleged that the issuance of additional stock would impair the motor company's finances. The suit was the reason given by the bankers for pulling out of the deal.

Good Faith Questioned

In his oral argument Louis Loss, SEC counsel, told the court that the Otis firm had not entered into the stock selling contract in good faith.

The cancellation of the stock sale, he said, "is a fraud which damaged Kaiser-Frazer Corp. and deprived it of the profits of the contract."

Business Briefs Of D. C. Interest

NEW AGENCY: Medis, Inc., a new advertising agency, has opened an office in the Southern Building. Martin Schadl, formerly an account executive with the Romer Agency, heads the new venture. During the war he served overseas with the Office of Strategic Services and was associated with The Washington Post in display advertising before joining the Romer Agency.

WHO'S WHO TODAY: Dr. Clarence Anding Lovell and Dr. David Bigelow Parkinson, both of the Telephone Laboratories, have been named corecipients of the 1948 Potts Medal of the Franklin Institute. The citation that goes with the medal indicates that it was awarded "in consideration of their combined contributions, both to the theoretical and practical design of the electric gun director, one of the outstanding pieces of equipment developed during the war." . . . Robert H. Fitzgerald has been appointed superintendent of inspection of the Eastern Air Lines. Elmer Cross has been named special assistant to S. L. Shannon, vice president in charge of operations . . . H. J. Morton and Thompson Shock, who have offices in the Washington Loan & Trust Co. building, have returned from a sales convention of the Fear Wheel Drive Auto Co. at Clintonville, Wisc.

ODD LOTS. A new model tractor with automatic rear wheel adjustments was announced yesterday by the Allis-Chalmers Manufacturing Co. . . . The Toledo Scale Co. has a new model scale which shows 70 prices per pound and carries 120,000 price characters . . . A new line of Brunswick phonograph records will be put on the market by Decca Records, Inc., a subsidiary.

EARNINGS: Container Corp. of America reports net profit of $4,215,911 for the first half of 1948, equal to $4.64 a common share, compared with $5,664,668, equal to $5.64 a common share, in the corresponding period of 1947. Profit for the second quarter amounted to $2,103,081, equal to $2.02 a common share, against $2,482,289 and $2.43 a common share in 1947. Other earnings reports included:

Six Months Ended June 30	
Christiana Securities	1948 1947
Net profit	311,629,019 611,635,269
Per common share	24.67 48.44
Sharon Steel & Iron Corp.	
Net income before taxes	872,398 1,139,159
Per common share	.57 .74
Sharon Steel & Iron Corp.	
Net profit	3,441,800 3,497,900
Per capital share	5.22 5.30
Dixie Stand	
Net profit	1,027,077 817,333
Per share	2.33 1.85
52 Weeks Ended June 12	
Allegheny Beverage	
Net income	$586,172 $769,369
Per common and class B share	1.97 2.36
No. American Rayon	
Net profit	1,542,248 1,908,474
Per class A and B share	3.01 3.73
26 quarters ended June 30	
Year Ended April 30	
Pittsburgh Plate & Foundry Co.	
Net income	$4,135,942 $6,116,642
Per common share	3.47 5.26
Year Ended May 31	
Dutch Fisheries Corp.	
Net profits	607,250 612,977
Per common share	2.65 2.68
12 Months Ended March 31	
Atlantic Light & Power Co.	
	1948 1947
Net income	$23,326,190 $15,362,893
Combined first preferred shares	20.32 20.68
12 Months Ended June 30	
Pacific Power & Light Co.	
Net income	$3,197,693 $2,783,524
Per common share	2.90 2.40
Yosemite Park & Curry Co.	
Net profit	484,446 384,866
Per share	3.34 2.65

N. Y. Bonds

By The Associated Press

Total sales, $5,755,000; previous day, $3,750,000; week ago, $4,005,000; year ago, $4,478,000; two years ago, $2,845,000; January 1 to date, $641,002,780; year ago, $579,081,800; two years ago, $773,753.

Dow-Jones Bonds

New York, July 19 (U.P.)—

	High	Low	Close
40 bonds	96.65		-0.22
10 first rails	104.33		-0.39
10 second rails	99.12		-0.20
10 utilities	102.14		-0.29
10 industrials	101.76		-0.44

Sales in thousands.

WORLD BANK BONDS (dollars and 32ds.)	High	Low	Close
30 Jan 3 Feb 3 '71 '56-'61	98	98	98

CORPORATION BONDS

	High	Low	Close
14 Am C P 5 3/8 '77	95¼	95¼	95¼
10 Am T&T 2¼ '87	93½	93½	93½
26 Am T&T 2¾ '86	95½	95½	95½
172 Am T&T 2¾ '81	103½	103½	103½
11 Am T&T 2¾ '80	103½	103½	103½
11 Am T&T 2¾ '80	103½	103½	103½
11 Am T&T 2¾ '75	104½	104½	104½
11 Am T&T 2¾ '75	104½	104½	104½
4 AGF 3 '66	99½	99½	99½
5 ACL 4½ '52	106½	106½	106½
40 Ark P L 4½ '68	105½	105½	105½
11 B & O 5 '95 G	95½	95	95
1 B & O 4 '48	99½	99½	99½
114 B & O ev 4½ '2015	92½	91½	92½
4 B & O 4 '60	97½	97½	97½
13 BC&GRJ&SW 4 '89	87½	87½	87½
4 Beth Steel 3¼ '70	97½	97½	97½
4 Bost Edison 3¾ '65	99½	99½	99½
4 But Solv 3 '75	84½	83	83
51 Can P 4 '69	94½	94½	94½
24 Chesa & O 3½ '96	98½	98½	98½
103 Ch & NW 3 '87	68½	68½	68½
1 Ch Ind Ind 4 '77	49	48	48
16 C I M 4 '89	81	81	81
19 Chesapeake 4½ '2003	94½	94½	94½
10 CMSP & P 4½ '2014	87½	87½	87½
10 CMSP & P 4½ '2044	87½	87½	87½
4 CRI&P ref 4 '2034	57½	57½	57½
96 CRIP inc 4½ '2019	59½	58½	59½
13 Colo F 4 '71	97½	97½	97½
12 Colum G & E 3 '77	92	92	92
3 Colum G & E 4½ '77	97½	97½	97½
1 Cons Cigar 3½ '67	73½	73	73
10 Con Edis ref 2½ '45	109	108½	108½
11 Del Pow & L 4½ '71	98½	98½	98½
9 Del & H 4 '93	94½	94	94
10 Del L & W 4½ '2042	93	93	93
1 Det Ed 3 '70	103½	103½	103½
31 Duq Light 3¾ '67	98	98	98
25 Eric 4½ '2015	79	79½	79
1 Gulf States U 4 '69	98½	98½	98½
2 GM & O 3¾ '69	99	99	99
1 Hav Elec 4 '77	99½	99½	99½
62 H&M r 5 '52	92	92	92
11 Ill Cent 4 '52	96	96	96
5 Int Pow 6 '57	97½	97½	97½
1 Jersey J & C 4 '98	98	97½	97½
3 Kan City P & L 3¼ '70	97½	97½	97½
25 Kth G & E 4 '62	97	96	96
4 Wh Ind Ind 4 '74	97½	97½	97½
1 Int GN R 5 '77	62½	62½	62½
1 Int Pow 6 '57	80½	80½	80½
19 Ala P 5 '73	93½	93½	93½
19 Ala P 5 '74	93½	93½	93½
19 Ala P 5 '75	93½	93½	93½
19 Ala P 5 '76	93½	93½	93½
19 Ala P 5 '77	93½	93½	93½
1 Ala P 5 '80 R	93½	93½	93½
1 Ala P 5 '81	93½	93½	93½
325 Ala P 5 '87	93½	93½	93½
10 Int Pap 5 '77	102½	102½	102½
2 Wisconsin P 3 '77	102½	102½	102½
1 Kan G & E 3 '75	102½	102½	102½
1 Kan P L 3¼ '69	102½	102½	102½
1 Kansas P 3 '75	102½	102½	102½
1 Kansas P 3¼ '76	102½	102½	102½
1 Kansas P 3½ '77	102½	102½	102½
1 Kansas P 3½ '78	102½	102½	102½
1 Kansas P 3½ '79	102½	102½	102½
1 Kansas P 3½ '80	102½	102½	102½
1 Kansas P 3½ '81	102½	102½	102½
1 Kansas P 3½ '82	102½	102½	102½
1 Kansas P 3½ '83	102½	102½	102½
1 Kansas P 3½ '84	102½	102½	102½
1 Kansas P 3½ '85	102½	102½	102½
1 Kansas P 3½ '86	102½	102½	102½
1 Kansas P 3½ '87	102½	102½	102½
1 Kansas P 3½ '88	102½	102½	102½
1 Kansas P 3½ '89	102½	102½	102½
1 Kansas P 3½ '90	102½	102½	102½
1 Kansas P 3½ '91	102½	102½	102½
1 Kansas P 3½ '92	102½	102½	102½
1 Kansas P 3½ '93	102½	102½	102½
1 Kansas P 3½ '94	102½	102½	102½
1 Kansas P 3½ '95	102½	102½	102½
1 Kansas P 3½ '96	102½	102½	102½
1 Kansas P 3½ '97	102½	102½	102½
1 Kansas P 3½ '98	102½	102½	102½
1 Kansas P 3½ '99	102½	102½	102½
1 Kansas P 3½ '100	102½	102½	102½
1 Kansas P 3½ '101	102½	102½	102½
1 Kansas P 3½ '102	102½	102½	102½
1 Kansas P 3½ '103	102½	102½	102½
1 Kansas P 3½ '104	102½	102½	102½
1 Kansas P 3½ '105	102½	102½	102½
1 Kansas P 3½ '106	102½	102½	102½
1 Kansas P 3½ '107	102½	102½	102½
1 Kansas P 3½ '108	102½	102½	102½
1 Kansas P 3½ '109	102½	102½	102½
1 Kansas P 3½ '110	102½	102½	102½
1 Kansas P 3½ '111	102½	102½	102½
1 Kansas P 3½ '112	102½	102½	102½
1 Kansas P 3½ '113	102½	102½	102½
1 Kansas P 3½ '114	102½	102½	102½
1 Kansas P 3½ '115	102½	102½	102½
1 Kansas P 3½ '116	102½	102½	102½
1 Kansas P 3½ '117	102½	102½	102½
1 Kansas P 3½ '118	102½	102½	102½
1 Kansas P 3½ '119	102½	102½	102½
1 Kansas P 3½ '120	102½	102½	102½
1 Kansas P 3½ '121	102½	102½	102½
1 Kansas P 3½ '122	102½	102½	102½
1 Kansas P 3½ '123	102½	102½	102½
1 Kansas P 3½ '124	102½	102½	102½
1 Kansas P 3½ '125	102½	102½	102½
1 Kansas P 3½ '126	102½	102½	102½
1 Kansas P 3½ '127	102½	102½	102½
1 Kansas P 3½ '128	102½	102½	102½
1 Kansas P 3½ '129	102½	102½	102½
1 Kansas P 3½ '130	102½	102½	102½
1 Kansas P 3½ '131	102½	102½	102½
1 Kansas P 3½ '132	102½	102½	102½
1 Kansas P 3½ '133	102½	102½	102½
1 Kansas P 3½ '134	102½	102½	102½
1 Kansas P 3½ '135	102½	102½	102½
1 Kansas P 3½ '136	102½	102½	102½
1 Kansas P 3½ '137	102½	102½	102½
1 Kansas P 3½ '138	102½	102½	102½
1 Kansas P 3½ '139	102½	102½	102½
1 Kansas P 3½ '140	102½	102½	102½
1 Kansas P 3½ '141	102½	102½	102½
1 Kansas P 3½ '142	102½	102½	102½
1 Kansas P 3½ '143	102½	102½	102½
1 Kansas P 3½ '144	102½	102½	102½
1 Kansas P 3½ '145	102½	102½	102½
1 Kansas P 3½ '146	102½	102½	102½
1 Kansas P 3½ '147	102½	102½	102½
1 Kansas P 3½ '148	102½	102½	102½
1 Kansas P 3½ '149	102½	102½	102½
1 Kansas P 3½ '150	102½	102½	102½
1 Kansas P 3½ '151	102½	102½	102½
1 Kansas P 3½ '152	102½	102½	102½
1 Kansas P 3½ '153	102½	102½	102½
1 Kansas P 3½ '154	102½	102½	102½
1 Kansas P 3½ '155	102½	102½	102½
1 Kansas P 3½ '156	102½	102½	102½
1 Kansas P 3½ '157	102½	102½	102½
1 Kansas P 3½ '158	102½	102½	102½
1 Kansas P 3½ '159	102½	102½	102½
1 Kansas P 3½ '160	102½	102½	102½
1 Kansas P 3½ '161	102½	102½	102½
1 Kansas P 3½ '162	102½	102½	102½
1 Kansas P 3½ '163	102½	102½	102½
1 Kansas P 3½ '164	102½	102½	102½
1 Kansas P 3½ '165	102½	102½	102½
1 Kansas P 3½ '166	102½	102½	102½
1 Kansas P 3½ '167	102½	102½	102½
1 Kansas P 3½ '168	102½	102½	102½
1 Kansas P 3½ '169	102½	102½	102½
1 Kansas P 3½ '170	102½	102½	102½
1 Kansas P 3½ '171	102½	102½	102½
1 Kansas P 3½ '172	102½	102½	102½
1 Kansas P 3½ '173	102½	102½	102½
1 Kansas P 3½ '174	102½	102½	102½
1 Kansas P 3½ '175	102½	102½	102½
1 Kansas P 3½ '176	102½	102½	102½
1 Kansas P 3½ '177	102½	102½	102½
1 Kansas P 3½ '178	102½	102½	102½
1 Kansas P 3½ '179	102½	102½	102½
1 Kansas P 3½ '180	102½	102½	102½
1 Kansas P 3½ '181	102½	102½	102½
1 Kansas P 3½ '182	102½	102½	102½
1 Kansas P 3½ '183	102½	102½	102½
1 Kansas P 3½ '184	102½	102½	102½
1 Kansas P 3½ '185	102½	102½	102½
1 Kansas P 3½ '186	102½	102½	102½
1 Kansas P 3½ '187	102½	102½	102½
1 Kansas P 3½ '188	102½	102½	102½
1 Kansas P 3½ '189	102½	102½	102½
1 Kansas P 3½ '190	102½	102½	102½
1 Kansas P 3½ '191	102½	102½	102½
1 Kansas P 3½ '192	102½	102½	102½
1 Kansas P 3½ '193	102½	102½	102½
1 Kansas P 3½ '194	102½	102½	102½
1 Kansas P 3½ '195	102½	102½	102½
1 Kansas P 3½ '196	102½	102½	102½
1 Kansas P 3½ '197	102½	102½	102½
1 Kansas P 3½ '198	102½	102½	102½
1 Kansas P 3½ '199	102½	102½	102½
1 Kansas P 3½ '200	102½	102½	102½

Rail Issues Lead Decline Among Bonds

New York, July 19 (U.P.)—The bond market was battered down on a wide front today in a selling move generated apparently by the severe break in stocks. Brokers had no other reason to assign to the setback, which brought numerous declines of 1 to around 4 points, mostly in rails.

Off to a slow but definitely lower start, going prices gave ground steadily throughout the session until the final few minutes of trading when there was a letup in offerings and the market regained some poise.

The fact that only $5,755,000 of bonds changed hands led brokers to conclude it was the absence of supporting bids rather than urgency of selling that caused the drop. Sales last Friday totaled $3,750,000.

Railroad bonds paced the retreat and it was the lower priced ones that got nicked the worst. Minor Pacific issues were down as much as 1 to 4 points on light sales. Issues of the Baltimore & Ohio were kicked around for losses of more than a point and fractions to points but there was little volume in any issue except the convertible 4½s.

And the rather weak tone was fined to rails alone. Pacific Telephone 3¾s lost 2 points. American Telephone 2¾s lost ⅞. Cleveland Electric 3s gave up a point. Consolidated Edison 3s lost 1¼ and Laclede Gas 4½s lost 3¼.

United States Governments escaped the wrath of the lower direction of corporate loans but prices were unchanged to down 5/32 of a point. Business was light.

Steel Output To Rise to 93.1%

New York, July 19 (A.P.)—Steel mill operations will climb slightly this week as a result of better coal supplies, but activity will continue under the average for recent weeks.

The American Iron & Steel Institute estimates operations this week at 93.1 per cent of capacity. Production at 1,678,100 tons. This compared with 90.8 per cent and output of 1,636,600 last week.

A month ago the rate was 96.2 and production at 1,734,000 tons. A year ago the figures were 93.1 and 1,629,200, respectively.

Reading Co. To Issue Equipment Certificates

The Reading Co. asked the Interstate Commerce Commission yesterday for authority to issue $3,440,00 of equipment trust certificates.

The proceeds will be used in buying 18 Diesel electric locomotives and 8 suburban passenger electric motor cars at a total estimate cost of $4,200,000.

D. C. Securities

Yesterday's quotations on Washington Stock Exchange:

Potomac Elec Pwr., 200 at 14.

After Hours

Potomac Elec Pwr., 50 at 15¼, 10 at 15⅛.

Trades from Noon to 3 P. M.

Merganthaler Linotype, 100 at 32.

Pepco, 100 at 14, 200 at 14⅛, 100 at 13⅞, 50 at 14, 25 at 14⅛.

Potomac Elec Pwr., 25 at 14.

Potomac Elec Pwr., 5 at A, 5 at 44½.

	Bid.	Asked.
Am Gas & Elec (1948)	1.527	1.627
Am T & T con sub 2¾s	104½	105½
Anacostia & Pot Bus	5	7
City & Suburban 5s, 1948	102	
Georgetown Gas 4½s, 1961	115	
Pat Elec Pwr 3¾s, 1966	105	
Pat Elec Pwr 3¾s, 1977	105	
Pat Elec Pwr 3s, 1983	102½	
Wash Gas Light 4½s	103½	
Public Utilities Stocks		
Capital Transit Co. (10)	14	15
Chesapeake & Pot Tel (10)	15½	
Ches & W Secondary (4)	173	
Ches & Pot Tel 6½% pfd (100)	114	
Pot El Pwr 3.60 pf 6 (1.800)	45	46
Pot El Pwr 4.50 pf 7 (1.800)	49	50
Wash Gas L 4.50 pf (5)	114½	
Wash Gas L 4.80 pf (5)	120	
Wash Gas L 5.5 pf (4.50)	119	
Miscellaneous Stocks		
Capital Airlines (1)	27½	
Liberty (5)	312	
Merganthaler Linotype (10)	32	33
Riggs (12)	120	
Transpotomac (5)	27½	
Trust Company Stocks		
Bankers (10)	42½	43½
Commercial (10)	30	
Ex Clearing & Tr (1)	39	
Liberty (10)	41	
Wash Loan & Trust (12)	39	
National Bank Stocks		
Bank of Bethesda (1.50)	19	
Chevy Chase (10)	36	38
Fac Insurance Stocks		
Automobile (10)	15	
Fidelity (10)	24	
National Union (10)	2½	
Title Insurance Stocks		
Columbia (1.50)	1½	
Title Guar (1)	24.00	
Miscellaneous Stocks		
Garfinckel (1)	35	39
Mergenthaler Linotype (1)	32	33
Mergenthaler Linotype (1)	32	33
Lanston Monotype (2)	35½	
Merganthaler Linotype (1)	32	33
Nat Mtge & Inv pf (10)	8½	
Nat Mtge & Inv pf (10)	8½	
Liberty (5)	312	
Wash Gas L Co. (1)	32½	
Wash Gas L Co. (1)	32½	
Wash Gas L Co. (1)	32½