

*Indirectly*

Competitive bidding for high grade securities of established industrial companies is slated to be agitated in the near future by Cyrus Eaton of Otis & Co. and Harold L. Stuart of Halsey, Stuart & Co., successful middlewestern proponents of competition in utility, railroad and telephone financing, it was learned today.

If the seven-year battle over public service company banking is a criterion, the new controversy promises to be a sharp one. Ranged against any change in the present practice of private negotiation between banker and company ~~will~~ in the industrial field will undoubtedly be the chief foes of competition in the past. These include Morgan Stanley & Co., Kuhn, Loeb & Co. and other major New York investment banking houses, as well as the Investment Bankers Association and the National Association of Securities Dealers.

Again, as in the past, Messrs. Eaton and Stuart will count on strong governmental support of the competitive-bidding principle. President Harry S. Truman, who is a long-time friend of Mr. Eaton, played an active part during his years in the Senate in establishing competition for utility and railroad securities. His appearances before the ~~Sec~~ Securities and Exchange Commission in 1941 and the Interstate Commerce Commission in 1943 have frequently been cited as the deciding factor in the subsequent adoption of stiff bidding rules by both of these federal bodies. He appears likely to throw his now immeasurably increased influence on the side of competition in the battle currently brewing over industrial financing.

In addition to President Truman, Ganson Purcell, Chairman of the SEC, is also known to favor banker-competition for industrial securities. The Department of Justice is likewise expected to line up with bidding proponents. In a brief filed with the SEC a year ago, the Department's Antitrust Division declared its advocacy of competition for all corporate securities.

With the volume of securities flotations increasing rapidly, rich prizes in underwriting fees are at stake in the forthcoming fight, and if industrials follow rails and utilities along the competitive route, bidding proponents stand to share substantially in these prizes. This is borne out by the results of bidding on rail and utility issues in the past ten days, during which short time Otis & Co. has been a leading participant in accounts winning the award of \$84,000,000 Reading Co. bonds, \$50,000,000 New York Power & Light Corp. bonds, \$26,089,000 Central Vermont Public Service Corp. bonds, \$5,500,000 Erie Railroad bonds and \$2,240,000 Seaboard Air Line Railway equipment trust certificates.

Meanwhile, it is reported that Otis & Co. has recently been declining participations in Wall Street-sponsored offerings, of privately negotiated industrials. In some quarters, this is interpreted as a sure sign that the opening shot in the new competitive bidding battle is about to be fired.



copy to the copy  
Wells Fargo  
Competition in  
industrial  
field  
1917  
letters a copy

Story on Competitive bidding  
what it meant to Otis - take last year  
& this week to date -  
figures  
I got a letter on phone  
Sheldon  
Press men  
Something for Kansas  
Post Dispatch man  
Eaton gets his reward for years of hard work  
It is known that Otis is declared  
in 1917  
on industrial  
participation

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of established industrial  
Cyrus Eaton of Otis &  
successful middlewestern pro-  
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