

January 21, 1933.

Mr. Paul C. Butcher  
Personal Trust Officer  
Continental Illinois National Bank & Trust Co.  
Chicago

Dear Mr. Butcher:

I have received your letter of January 10th and have forwarded two copies of your letter to Mr. Bass and to Mrs. Warner as requested by you.

I have also received your letter of December 30th regarding the purchase of \$25,807 of bonds. If I were recommending bond purchases to a bank, I should have no hesitancy in approving the bonds you recommend, but I wonder if an individual in buying them is not paying a high price for instant convertibility, which to a person situated like my mother is of no particular value.

Take the case of Cleveland Electric Illuminating 5s of 1939, for example. I agree with you that both principal and interest are sure to be paid, and that the bond is one which will fluctuate only within very narrow limits. It gives the holder 4% with almost perfect liquidity. Thus it is exactly the sort of a bond a bank should buy. But for my mother to limit her return to 4% for such advantages seems to me undesirable.

A similar objection, though to a lesser degree, applies to Appalachian Power 5s of 1941.

The two railway bonds you recommend are of the highest class of rails. They both seem perfectly safe to me. However, I wonder if they are likely to sell at so high a figure over a period of time. Many people expect a large number of railway receiverships in the next ten years accompanied by a loss of popularity of railway bonds. Further, Senator Glass, if I remember rightly, has predicted government financing at 4-1/4 to 4-1/2%. Hence I wonder if Aaa railway bonds around 4% are a good investment.

If possible, I should like you to secure for my mother bonds that both yield about 5% and have a chance of appreciating in value. I know that I am putting a hard proposition up to you in asking for such bonds, but I have great confidence in the ability of your organization to ferret out bargains. You know it would be nice to have some bond appreciation to make up for the loss on real estate loans that has occurred and is going to occur.

When I receive the new list of bonds, I shall endeavor to reply more promptly.

Very truly yours,



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