Copy for President Burton

Comptroller
Inv. Accts.

December 20, 1923.

Dear Mr. Swift:

I quote below copy of a report dated December 17 from Moody's Investors Service:

> "At a special meeting of directors of the Interborough Rapid Transit Company it was decided to defer the quarterly dividend on the Manhattan Railway stock due January 1, 1924. We pointed out the probability of such a development in a previous bulletin due to unsatisfactory earnings. Of course the dividend is accumulative, so that if profits recover stockholders will eventually receive back dividends."

Should this dividend fail of payment on January 1, April 1, and July 1 next, the income for budget purposes will be affected adversely to the extent of $25,956. On the basis of estimates submitted to the Board in November, this will leave us with a prospective deficit on the budget. However, the November estimate was prepared with reference to ascertaining the trend under the budget rather than in the expectation of making an exact calculation as to the outcome. At the February and also at the May meetings of the Board there will be presented other revisions of the budget figured progressively more definitely. Until I have had an opportunity of making such calculations, I have no more definite information than was presented at the meeting in November.

My motive in calling this matter to your attention now is not so much one of alarm, since there is in General Reserve an appropriation of $75,000. to meet the possibility of unfavorable conditions during the year. My particular

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motive is with reference to the very great difficulty that will be experienced in providing a budget for the ensuing year that will not represent an actual decrease over the budget for the current year. Conditions in the oil industry have been such as to reduce dividends materially. We shall receive this year approximately $45,000. less actual cash than we received last year. It may be that the situation will improve by next year.

The foregoing is submitted to you not only for the purpose of calling attention to the possibility of having to fall back upon the reserve to carry through this year's operations, but also for the purpose of indicating the urgent need for new funds in the ensuing year.

Very cordially yours,

NCP

Mr. Harold H. Swift,
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