

American Motors Corp.

25902. (Putnam, Conn.) Kindly give me report on American Motors, whose factory is at New York City.

25827. (Portland, Me.) If you have any information bearing on the common stock of American Motors Corporation will you kindly let us know? Perhaps you can refer us to some previous report regarding this stock.

Ans.: The American Motors Corporation was organized in the spring of 1916 under the laws of Virginia, to build a car in accordance with the plans of Louis Chevrolet, the vice-president and chief engineer of the company. We understand that the motor was not a success, and that the company called in the first 50 cars it sold and gave the purchasers their money back. The company is now reported to be building the Tultorder motor, which it is claimed is satisfactory.

The corporation is capitalized for \$2,250,000, of which \$1,000,000 is preferred and \$1,250,000 common stock. The company has had a rather turbulent career. At the outset the stock was sold at big expense. Then the motor went wrong. The original motor was a four-cylinder type, and a car was produced at a reported cost of \$1,200. The present motor is a six-cylinder type.

The corporation is in need of new capital, and after failing to float more than \$25,000 of an issue of \$100.00 of 8 per cent notes running for six months and renewable for six months on payment of interest, the management has turned to a sale of new stock, offering \$500,000 worth on February 19. Originally one share of common was offered as a bonus to purchasers of preferred stock. The company's factory is located at Plainfield, N. J. Following the Government's curb upon the production of automobiles the company

TURNED TO WAR WORK.

and was just getting into a position to accept war orders when hostilities ceased and the company has turned back to the making of autos once again.

Cost of materials have advanced, and the need for more capital to replenish inventories is admitted. The company turned out on an average of two cars a day during 1918. Cars are being shipped abroad, attention having been given to the foreign market. The litigation between the company and the Martin Carriage Works of York, Pa., has been settled, and the company will continue to make bodies for the American Motors Corporation.

According to a late balance sheet put out by the directors, the company has current assets of \$311,163 and current liabilities of \$226,896, which leaves a net working capital of \$84,267 from which \$33,645 in the form of a plant mortgage must be taken before the stockholders can be considered. Deducting this we have \$50,622 left for the stock. This, added to the value of the plant, equipment and real estate, gives us the amount of tangible assets behind the stock to be \$178,626. The amount is small compared to the \$1,232,310 of stock reported to be outstanding.

We can see little value behind the common shares of this company, and in view of past performances would not recommend a purchase of the new shares or capital stock offered.