

STOCK PROSPECTUS

STOCK MARKET GAME

You will be given \$500 to invest. The game begins in **1920** with each share of stock selling at **\$10 a share**. Stock will only be **sold in 10 share blocks** or at a beginning price of **\$100 a certificate**. You may buy or sell your stock at any time at the listed price except when the market is closed to post new stock prices. You will have five minutes to make your initial buys with the money you have. At that point, the new stock prices will be posted. Brokers will then begin to buy and sell stock at the new prices after which the process will repeat itself. The investor with the most money at the end of the game will earn extra credit on a future test.

Most of the following stock companies really existed in the 1920's. Some became successful, others failed. Read the following prospectuses carefully and decide which stocks you wish to purchase. In the game there will be 7 price changes between 1920 and 1929, when the game ends. Student brokers have been selected in your class; they will buy or sell stock to you as new stock prices are posted.

KEY TERMS

Assets: items of ownership which are convertible into cash; total resources of a person or business such as cash, machinery, and real estate.

Bull Market: a period of rising stock prices.

Capital: the wealth, whether in money, property, or human, owned or employed in business by an individual, firm, or corporation.

Diversified: distributed among or producing several types.

Dividend: a sum of money paid to the shareholders of a particular corporation out of that corporation's earnings or profit.

Margin: buying on credit.

Share: one of the equal fractional parts into which the capital stock of a joint-stock company or a corporation is divided.

Speculation: investment in stocks, property, or other ventures in the hope of gain but with the risk of loss.

Stock: the shares of a particular company or corporation

Venture: a business enterprise or speculation in which something is risked in the hope of profit; a commercial or other speculation.

THE COMPANIES

KROGER FOODS

Kroger Foods is a newly established regional food processing company. It has canneries in five major cities and deals basically in fruit and tomato products. It has recently offered share to the public and it has been listed on the exchange for just one week. Market experts view this entry as rather speculative and are unwilling to venture any opinions on investment opportunities with Kroger Foods. At present, Kroger Foods hopes to purchase five other regional food processors. If successful, Kroger Foods could be an excellent money maker with national markets. Of course, food industries always depend on agricultural prosperity and good crops; this year may be questionable. A good crop and successful merger could make many stockholders very wealthy.

RADIO CORPORATION

This company has long been considered one of the better buys in the field of electronics. This corporation seems to have a bright future. Market experts see this corporation as a good, long term investment, which is safe and provides security for its stockholders. In the past year, it has made a small gain and could continue to grow slowly. The future of *Radio Corporation* will depend on its new production models and if they are competitively priced.

MAMMOTH OIL

Mammoth Oil is owned and operated by Harry Sinclair. Mammoth has oil leases in major markets throughout the East Coast including a new field. The newly opened field, which geologists feel may be the largest oil field in the United States, has 25 producing wells at the present time. Sinclair is rumored to have the backing of influential government employees. Mammoth has borrowed large sums of money to explore for oil in California and Wyoming and to develop Elk Hills, the new field. Secretary of the Interior Fall is reported to be a large stockholder. Sinclair's company has not paid dividends in the past 5 years of operation. The value of Mammoth Oil stock has fluctuated (changed, varied) between 20¢ and \$5 a share for the past two years.

THE NATIONAL BANK OF GOTHAM CITY

This bank is one of the oldest, wealthiest, and most conservative financial houses in the country. The owner is proud of saying that his bank still operates on the same principles first established by Alexander Hamilton in 1790. This stock is so stable that when it once dropped two points in a week, back in 1893, it set off a small scale recession. This bank has paid an annual dividend for 130 years.

DURANT MOTORS

This corporation was founded by a well-to-do carriage maker in Flint, Michigan. Durant took over several undercapitalized companies and brought together 12 auto producers, including Oakland Motors. Rapid expansion has left the company badly undercapitalized. Management

fears that *Durant Motors* may be taken over by the banks. The company is attempting to produce a low cost car and has hired Charles "Boss" Kettering to manage a number of plants. Kettering plans to produce a car with a "self-starter." Durant Motors presently produces the Locomobile, the Durant-Four and the Flint. His long range plans are to develop a giant combination of automobile manufacturers. At this time, investment in Durant Motors is risky due to a lack of capital.

MIDLAND UTILITIES

Midland Utilities is owned and operated by financial genius Samuel Insull. Midland is part of a billion-dollar corporation operating in 32 states. Several of the most powerful banks and brokerage houses of the Midwest are regarded as his instruments. Midland produces electricity for central Chicago and is expanding into the suburbs. Midland has developed and is using giant steam turbines to generate power. Insull's financial manipulation and the mass marketing of stock has made Midland one of the most powerful corporations in the Midwest.

KANSAS-PACIFIC RAILROAD

The K&P has been in existence for over 60 years. Their assets are many and diversified. In the past they have shown to be a stable company with small but regular dividends. While many railroads are faced with declining profits, the K&P shows a steady increase. They are presently expanding into the Southwest and plan to extend their holdings into Mexico.

TEL-TONE

This telephone company is just being capitalized. This is their first public offering of stock. They presently plan to raise 12 million dollars and manufacture a dial-telephone. This process reportedly will revolutionize the use of the telephone. Their management is young and inexperienced. Any capital invested should be considered high risk. But currently, their stock is one of the hottest on the exchange. It has tripled in value since it was placed on the market less than two months ago.