

BOND ISSUE BY STATLER CO.

Seek \$3,000,000 to Retire Debts and Equip Hotel Pennsylvania.

The Hotel Statler Company, Incorporated, which operates hotels in Buffalo, Cleveland, Detroit, and St. Louis and will manage the Hotel Pennsylvania in this city when it is completed, has negotiated a loan for \$3,000,000 from S. W. Straus & Co. in the form of a serial bond issue bearing interest of 6 per cent. a year. The proceeds of the loan will be used to retire the present indebtedness of the hotel company and furnish additional working capital, including funds for equipping the Hotel Pennsylvania.

The announcement made yesterday said that the banking firm would offer the bonds to the public. The bonds are secured by a first mortgage on a large part of the hotel company's property and a general mortgage on the remainder. The security back of the issue is valued at \$6,531,000. As additional security the borrowing corporation has deposited with trustee of the bond issue all of the \$2,000,000 preferred stock of the New York Hotels Statler Company, a subsidiary, and 29,000 of the 40,000 shares of common stock.

The terms of the mortgage provide for a substantial sinking fund for the bonds. The Hotels Statler Company is required to redeem out of net earnings \$25,000 of the bonds in each quarter year after 1919 at 102 and interest before paying dividends. In addition, the company must set aside \$17,500 in each quarter before paying dividends on the common stock until the fund amounts to \$350,000. The hotel company has covenanted, the announcement said, to maintain a surplus of approximately \$1,750,000, and has agreed that no dividends will be paid except out of operating profits and without reducing the surplus.

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