What Befell Mr. Lamb in Wall Street

"A writer in the "American Review of Reviews" gives a typical case of the Wall Street "thousands" who suffered in the Wall Street crash, and explains how the man lost his money. Mr. Howard Florence says:

"Let us take a hypothetical person, not unlike many thousands of real ones. Mr. Lamb enters the Street, early in the year 1929, attracted by tales he has heard. He has $1,000 of savings, and he has watched a certain stock rise day after day for months. It rose from $30 per share in January, 1928, to $50 in December of that same year. We are using exact figures in this example, though there is no need to name the stock.

"Mr. Lamb can hold back no longer. He buys. But instead of buying 20 shares at $50 each, he finds that with his thousand dollars he can buy 60 shares! The stock costs $3,000, but he buys on a 50 per cent. margin; that is, he invests his own $1,000 and borrows $2,000 from a bank through the broker, using the shares themselves as security.

"His stock continues to rise. When it reaches 70 he has a 20-point profit. It is worth $4,200. His profit, if he chooses to sell, is $1,200, or more than 100 per cent. on his investment. But he is not satisfied. He has discovered that he can borrow now a larger sum from his broker without additional collateral.

"In other words, he capitalizes his paper profit of $1,200, and uses it as the required margin on the purchase of 40 new shares at the prevailing price of 70. This second investment costs $2,800, but requires no cash of his. He now owns 100 shares, valued at $7,000, on which the broker is willing to lend him up to 70 per cent., or $4,900. They have cost him $3,000, plus $2,800, or $5,800. He has put in only his original sum of $1,000 and has borrowed $4,800.

"As the price further advances, to $80, our investor buys 35 more shares, still without additional cash. The whole is now worth 135 times $80, or $10,800, on which he has borrowed $7,600, or approximately 70 per cent. of the market value. The three blocks have cost him $3,000, plus $2,800, plus $2,800, or $8,600. He paid for them with $1,000 cash and $7,600 of borrowed money.

"Up to this point Mr. Lamb is a successful financier. He 'owns' 135 shares of his favorite stock, instead of the 20 that he could have bought outright. When the price rose still further, to $86, he had a paper profit of $4,000. In a rising market the thing is quite as simple as it seems. The fact that he owed his broker $7,600 did not impress itself. Was he not 'worth' 135 times $86, or $11,610?

"But our friend had become a speculator, and he 'soon paid the penalty'."

Britain Will Keep Cyprus Colony

Secretary of State Says Question Definitely Settled

London.—Great Britain has refused the request of residents of Cyprus, Mediterranean Isle, for permission to unite themselves with Greece or a form of responsible government. The answer of Lord Passfield, Secretary of State for the Colonies, was firmly worded. "This question is closed and cannot be reopened further," he wrote. [illegible] Greece [illegible] Cyprus [illegible] British Admiralty [illegible] visited [illegible] Greece [illegible] Cyprus [illegible] Greek [illegible] Cyprus [illegible] Greek [illegible] Cyprus [illegible] Greek