

COMMISSION'S EXHIBIT #237-C

[Copy]

SCHENLEY DISTILLERS CORPORATION

CURRENT ASSETS

* * * * *

Inventories of new, maturing, and matured whisky and other spirits, imported products, materials, and supplies and distillations in process, at the lower of cost or market (physical quantities and condition determined under direction of Coverdale & Colpitts, consulting engineers—as per their certificate on page 11)-----

(Inventories of products in bond are subject to payment of Federal excise taxes and duties upon withdrawal from bond.)

* * * * *

PLANT AND PROPERTY

(See certificate of Coverdale & Colpitts on page 12):

Land, buildings, machinery and equipment-----

Even though detailed engineering examinations for this purpose may not be justified annually, because of the cost and time required, it should be possible to supplement accounting audits helpfully by annual engineering spot checks, and by periodic engineering audits and certificates at reasonable intervals of time.

COMMISSION'S EXHIBIT #237-D

[Copy]

COVERDALE & COLPITTS, CONSULTING ENGINEERS

120 Wall Street, New York

March 2, 1939.

To the BOARD OF DIRECTORS OF
SCHENLEY DISTILLERS CORPORATION:

In accordance with our engagement by you, we have prescribed the general procedure for and directed the taking of physical inventories of products, materials, and supplies located at all of the distilleries and more important warehousing points of Schenley Distillers Corporation and its subsidiary companies as at December 31, 1938. In connection therewith, we made test counts and inspections which we considered appropriate as to the quantities and condition of such products, materials, and supplies and as to the accuracy of the Company's records with respect to quantities, ages, and types thereof.

Based on the foregoing, we certify that in our opinion (a) the physical quantities of the aforesaid products, materials, and supplies as of December 31, 1938, as shown on the Company's records thereof are correct, and (b) the aforesaid products, materials, and supplies were in good physical condition.

COVERDALE & COLPITTS,
Consulting Engineers.

COMMISSION'S EXHIBIT #237-E

[Copy]

COVERDALE & COLPITTS, CONSULTING ENGINEERS
120 Wall Street, New York

February 27, 1939.

To the BOARD OF DIRECTORS OF
SCHENLEY DISTILLERS CORPORATION:

In accordance with our engagement by you, we have made an appraisal of plants and properties—consisting of lands, buildings, machinery, equipment, and other physical properties—described on the plant and property records of Schenley Distillers Corporation and the following of its subsidiaries:

Joseph S. Finch & Co., the Old Quaker Co., the George T. Stagg Co., James E. Pepper & Co., Bernheim Distilling Co., Schenley Distilleries, Inc., Schenley Import Corporation, the Steinhardt Co., Inc., the New England Distilling Co., United Bonded Warehouse Corporation, and reflected on the consolidated balance sheet of your company and its subsidiaries as at December 31, 1938, in the aggregate amount of -----

We have satisfied ourselves by personal inspection that the properties described on these records are in use or available for use; also, that they are in good condition, well maintained, and constitute going concerns for the production, rectification, bottling, storage, and handling of whisky and similar products. We have appraised the sound values of these properties as going concerns after giving consideration to the character and extent of the properties, their cost, physical condition, and depreciation sustained.

Based on the foregoing, we certify that in our opinion (a) the amount of -----, reflected on the consolidated balance sheet as the book cost of these properties, is correct, and (b) their sound value (cost of reproduction new less accrued depreciation based on observed condition, utility, and age) as at December 31, 1938, is greater than the book cost less depreciation reserve.

The comparison of valuations is as follows:

Cost of reproduction new	-----
Sound value (December 31, 1938)	-----
Book cost	-----
Book cost less depreciation reserve	-----

COVERDALE & COLPITTS,
Consulting Engineers.

These proceedings were reported by Smith & Hulse, 1742 K Street NW., Washington, D. C.



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EXCHANGE COMMISSION

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U.S. Securities and Exchange Commission
U.S.A. before SEC in matter of McKesson & Robbins.
Report on investigation...

HD9666.9 .M25A5 cop.3

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