

PART IV

PARTICIPATION OF THE COMMISSION IN CORPORATE REORGANIZATIONS UNDER CHAPTER X OF THE BANKRUPTCY ACT

Chapter X of the Bankruptcy Act, as amended in 1938, governs the reorganization of corporations (other than railroads) in the Federal courts. The Commission (at the request or with the approval of the court) participates in proceedings thereunder to provide independent expert assistance in the proceedings, and upon submission to it of plans of reorganization to prepare formal advisory reports on such plans. The Commission has no statutory right of appeal in any such proceeding, although it may participate in appeals taken by others.

The Commission does not administer chapter X. It acts in a purely advisory capacity. It has no authority either to veto or to require the adoption of a plan of reorganization or to render a decision on any other issue in the proceeding. The facilities of its technical staff and its impartial recommendations are placed at the services of the judge and the security holders, affording them the views of experts in a highly complex area of corporate law and finance.

THE COMMISSION AS A PARTY TO PROCEEDINGS.

During the 5-year period from July 1, 1944, to June 30, 1949, the Commission participated as a party in the chapter X reorganization of 188 companies with aggregate stated assets of \$2,201,388,000 and aggregate stated indebtedness of \$1,526,599,000. During the 5-year period the Commission filed notices of appearance in proceedings involving 56 companies (with aggregate stated assets of \$442,538,000 and aggregate stated indebtedness of \$413,778,000). Eleven of these participations were at the request of the judge; 35 were upon approval by the judge of the Commission's motion to participate.

Proceedings involving 93 debtors were terminated during the 5-year period, so that as of June 30, 1949, the Commission was participating in proceedings involving 95 companies with aggregate stated assets of \$1,586,111,000 and aggregate stated indebtedness of \$1,049,915,000.

During the past fiscal year the Commission participated in proceedings involving the reorganization of 101 companies¹ whose stated assets were \$1,670,445,000 and aggregate indebtedness, \$1,163,049,000.² During the year the Commission filed its notice of appearance in 9 new chapter X proceedings. Three were filed at the request of the judge. In 6 the judge approved the Commission's motion to participate. These 9 new proceedings involved 13 companies (9 principal and 4 subsidiary debtors) with aggregate stated assets of \$108,390,000 and aggregate stated indebtedness of \$99,417,000. Proceedings involving 5 principal debtors were closed during the year.

¹ Appendix table 23 contains a complete list of reorganization proceedings in which the Commission participated during the year ended June 30, 1949.

² Appendix table 22, pts. 1 and 2, classify these debtors according to industry and size of indebtedness.

Problems Involving the Trusteeship

One of the objectives of chapter X, in amending its predecessor statute section 77B, was to make adequate provisions for trusteeships. The law now requires that an independent trustee be appointed where the corporation is of substantial size. The trustee is required to be primarily responsible for the operation of the corporation's business during the proceeding, to examine and evaluate the reasons for the debtor's financial difficulties, to appraise the ability and fidelity of its management and to formulate and file a plan of reorganization. The independent trustee was thus made the focal point of the reorganization process and, by reason of his duties, it is obvious that the success of the reorganization depends largely upon the thoroughness, skill, and loyalty with which he performs his tasks. A prominent part of the Commission's work under chapter X has involved its concern with the functions of the trustee:

The Commission has continued its policy of careful examination of the qualifications of trustees in the light of the standards of disinterestedness prescribed by the statute for trustees and their counsel. In several cases, sufficient evidence of conflicting interests was developed to warrant an appearance by the Commission before the court for the purpose of urging the removal of trustees. In a pending proceeding the Commission sought the removal of the so-called disinterested trustee upon the grounds, among others, that he was director and stockholder of a bank which had financial dealings with the debtor and which acted as indenture trustee for certain issues of the debtor's securities, that he had permitted an officer of the debtor, associated with the parent company of the debtor for many years, to assume a leading role in the preparation of an investigation report by the trustee as to whether claims existed against the parent company, and that the trustee in other ways had abdicated his responsibilities to the management of the debtor and the parent company.³ The Special Master to whom the Commission's application was referred concluded that the trustee should be removed from office. Thereafter the trustee resigned.

In proceedings involving two debtors⁴ the Commission objected to the final accounts of a trustee who had resigned, and urged that he be surcharged upon the ground, among others, that he had knowingly permitted certain of his employees to trade in the securities of the debtors and their subsidiaries. The Special Master agreed that trading in these securities was a breach of fiduciary duty and that the trustee's knowledge and acquiescence rendered him culpable and liable for surcharge to the extent of the profits. The district court has approved the recommendation of the Special Master and an appeal is pending. In another case,⁵ the Commission asked that a former trustee be surcharged on the ground that he had been negligent and faithless in that he had obtained services and supplies from the debtor without payment and that he had authorized unnecessary expenses and received "kick-backs." The district court agreed that the evidence showed negligence and a low fiduciary standard but not that the trustee received "kick-backs." It held that because of his ineffi-

³ *In re Pittsburgh Railways Co.*, W. D. Pa.

⁴ *In re Federal Facilities Realty Trust, National Realty Trust*, N. D. Ill.

⁵ *In re P-R Holding Corporation*, S. D. N. Y.

cient and negligent management he was not entitled to compensation for his services in operating the debtor and that he must be surcharged for the amount found to have been received by him. However, since there was no finding of malfeasance, the court permitted him a fee for that part of his services which had been devoted to the formulation of an acceptable plan of reorganization.

Under chapter X the court may designate as an additional trustee an officer, director or employee of the debtor for the sole purpose of assisting in the operation of the business. The Commission has urged that this should be done only in the exceptional case, since the services of an executive of the debtor may be obtained by employing such executive.

The Commission has found it increasingly necessary during the past 5 years to prevent encroachment by the additional trustee upon the special functions delegated to the independent trustee, such as the investigation of the affairs of the corporation and corporate causes of action, the preparation of a report of such investigation, and the formulation of a plan of reorganization. Although the responsibilities of the additional trustee do not assume the proportion of those of the disinterested trustee, his key position in assuming joint responsibility with the independent trustee for operations of the debtor, and his resultant close association with the independent trustee, make it essential that he also be free from interests which are materially adverse to those of the estate or of any class of security holder. During the past 5 years the Commission has taken steps to have the additional trustee resign or be removed because of conflicting or adverse interests, particularly on the ground of the existence of causes of action on behalf of the estate against him or against the management. In these cases the additional trustee usually tendered his resignation after informal conferences.

Problems in the Administration of the Estate

Frequently during the past 5 years the question has been presented of the adequacy of the independent trustee's investigation of the debtor's operations and of the reasons for its financial plight. In several cases, the Commission advocated the retention by the trustee of an independent expert qualified to appraise the debtor's property, make valuations, or report upon the efficiency of the debtor's operations.⁶

In administrative matters, the Commission has attempted to discourage hazardous speculation. In the case of a real estate and mortgage holding corporation having a large, matured debenture issue, the Commission successfully argued that pending the adoption of a plan of reorganization the trustees should maintain a high degree of liquidity; pursue a conservative course with respect to making new investments, subject to court approval on notice to the parties; and generally abstain from buying new mortgages which are by their nature not ordinarily liquid. In another case involving a large investment company whose major holdings consisted of the common stocks of two subsidiary investment companies, the Commission urged that the speculative character of the enterprise be reduced by the retirement of senior preferred stock and debt by the subsidiaries

⁶ See *In re Childs Co.*, S. D. N. Y.; *In re Pittsburgh Railways Co.*, W. D. Pa.; and *In re VanSweringen Corp.*, N. D. Ohio.

and subsequently by the liquidation and dissolution of one of the subsidiary companies. The first part of this program was carried out and the second part is pending before the court.

Another administrative problem is the accumulation by many debtors of substantial amounts of cash in excess of operational requirements. In these cases the Commission has urged that at least partial payments be made to creditors on account of their claims against the estate. In several cases the power of the district court to authorize such distribution in advance of a plan of reorganization was questioned before the Court of Appeals for the Second Circuit. In one case a stay was denied and the appeal withdrawn⁷ and in another case the order for distribution was affirmed without opinion.⁸ Recently the Court of Appeals for the Third Circuit handed down a written opinion, holding that the district court had the power to direct interim distributions.⁹

One of the important functions of the trustee is to investigate possible claims against the old management or other persons and to assure their diligent prosecution. During the past 5 years the Commission has not only helped trustees in their investigation of possible causes of action, but has undertaken its own investigation. Where trustees have neglected this duty or have been less than thorough, the Commission has asked the court to direct the trustee in order to get adequate results.

In several cases the investigation made by the Commission, or in which the Commission assisted, was the basis for compromises and settlements favorable to the estate and to public bondholders. In some cases, the settlement was arrived at after suit was commenced. Such compromises have resulted in either the disallowance or reduction of claims against the estate thereby increasing the participation of public investors, or in the recovery of funds which would inure to the benefit of the public investors. Although the Commission has opposed inadequate offers of compromise, it is generally in favor of the compromise of disputes as a method of reaching a fair and equitable result.

Responsibilities of Fiduciaries

The Commission is concerned with the qualifications of indenture trustees, committees, attorneys, and other representatives of security holders. The Commission has brought several proceedings to disqualify committees whose members were in conflicting positions. In one case the Commission sought to disqualify members of a committee upon the ground that, having served as directors of the debtor and having joined in the submission of the debtor's voluntary plan proposed to bondholders prior to the chapter X proceeding, they had developed such a close affinity with the debtor and its controlling persons that they were not in a position to give exclusive loyalty to bondholders. The district court agreed with this position.¹⁰ In another case the Commission urged that a committee for bondholders be disqualified because it had been organized and sponsored by the controlling interests of the debtor. It was pointed out that the

⁷ *In re Realty Associates Securities Corp.*, 58 F. Supp. 220 (E. D. N. Y. 1944).

⁸ *In re Warner Sugar Corp.*, S. D. N. Y.

⁹ *In re Industrial Office Building Corp.*, 171 F. 2d 890 (1949).

¹⁰ *In re Realty Associates Securities Corporation*, 56 F. Supp. 1008 (S. D. N. Y. 1944).

members of this committee would necessarily be called upon to review the conduct of the previous management. The court sustained this view, holding that representatives of security holders must be free of conflicting interest, must give loyal and disinterested service, and that a fair conclusion from all the circumstances was that the committee was primarily formed to represent the management interests and not the public bondholders.¹¹ The court also agreed that withdrawal by the management interests from the committee did not change the situation. The court also sustained the Commission's position that trading in the debtor's bonds by a committee member was a basis for disqualification.

A far-reaching decision, in which the Supreme Court sustained the views of the Commission in the field of fiduciary law, was handed down in the case of *Young v. The Higbee Co.*¹² In the reorganization proceedings involving The Higbee Company, two preferred stockholders appealed in their own names from the order of confirmation of a plan of reorganization, seeking greater participation for preferred stockholders under the plan. Subsequently the stockholders sold their stock, for an amount far in excess of its market value, to certain creditors who were anxious to consummate the plan, and the appeal was then dismissed. Another preferred stock holder, who had unsuccessfully sought to intervene and prosecute the appeal, filed a petition seeking to have the selling stockholders account for the excess they had received over the market value of their stock. The court held that the selling stockholders owed an obligation to other stockholders of their class to act in good faith even though they had prosecuted the appeals in their own names, that since they in effect had settled an appeal in which all other preferred stockholders were interested, the fruits of the settlement properly belonged to the entire class. The court also held that the chapter X court had ample jurisdiction to require an accounting.

Another aspect of the conduct of fiduciaries which assumed importance during the past 5 years involved the buying or selling of claims against or stock interests in the debtor. Trading in securities of a debtor in reorganization by trustees, directors, attorneys, committee members, or other fiduciaries is a practice generally condemned by the courts and the Commission in opinions and reports. The access to inside information and, frequently, the influence over the course of reorganization which may be possessed by these fiduciaries highlight the conflict of interest engendered when a fiduciary deals in the subject matter of his trust. They are cogent reasons for strict enforcement of judicial sanctions. One sanction discussed hereinafter, which the Commission has invoked is the denial of any fees or reimbursement of expenses.¹³

Another sanction is the prevention of profit to fiduciaries by limiting any claim they might have against the company to the cost of the claim or by requiring them to account for any profits made in trading securities of the company. This sanction has been applied, at the instance of the Commission, to the directors of a corporation in

¹¹ *In re International Railway Company*, W. D. N. Y., July 7, 1949.

¹² 324 U. S. 204 (1945).

¹³ See section 249 of chapter X and *Woods v. City National Bank*, 312 U. S. 262 (1941).

reorganization under section 77B, where the debtor was continued in possession.¹⁴

The court held that directors who, during their incumbency, purchased bonds of the corporation in reorganization should be limited to cost because of the breach of trust involved. In another case the Commission sought limitation to cost where an individual acquired bonds with the aid of an indenture trustee for bondholders through activities which appeared to constitute a breach of the latter's fiduciary obligation.¹⁵ The court entered an order limiting the purchaser to the cost of his bonds. Trading by a committee member in the securities of the subsidiaries of a debtor corporation was discountenanced by the Commission in another case and a satisfactory settlement involving payment of his profits to the company was approved by the court.¹⁶ The application of the same rule has been advocated by the Commission in a series of cases during the past five years where the fiduciary purchased at a discount claims against the corporation prior to the inception of chapter X proceedings but during a period when the corporation was insolvent. In the Commission's view the fundamental basis for the rule, the clash of adverse interests created by the trading in claims against the debtor, is equally applicable whether the corporation is insolvent and in need of rehabilitation or is actually undergoing judicial reorganization. The Commission has urged that the rule be applied to directors and officers of the insolvent corporation, a managing agent having supervision of its affairs, members of a bondholders' committee, and near relatives or business associates of such fiduciaries. Such cases have in several instances been disposed of by compromise and settlement.¹⁷ The matters are pending in other cases,¹⁸ one before the Supreme Court.¹⁹

Apart from special cases, however, the Commission has taken the position that security holders are to be treated equally regardless of when or at what price their securities were purchased. The Commission has successfully opposed an investigation into purchases of securities at less than par by public security holders.²⁰ The Commission argued that the reasons for the rule against such purchases by fiduciaries did not apply to members of the public and pointed out that, unless trading by the public were unimpeded, securities of companies in reorganization would become unmarketable—no one would purchase securities if the price actually paid would become the maximum he could recover from the estate.

Activities with Respect to Allowances

A major objective of the Commission in its advisory capacity is to protect the estate from exorbitant and inequitable charges, and, at the same time, to seek fair compensation for applicants so as to encourage legitimate creditor and stockholder participation in the reorganization process.

¹⁴ *In re Philadelphia & Western Railway Co.*, 64 F. Supp. 738 (E. D. Pa., 1946). A settlement was subsequently negotiated and approved by the court.

¹⁵ *In re Jeffery Terrace Building Corp.*, N. D. Ill. Subsequently a settlement was negotiated and approved.

¹⁶ *In re American Fuel & Power Co.*, E. D. Ky.

¹⁷ *In re Fifth and Pierce Co.*, N. D. Iowa, West. Div.; *In re Warner Sugar Corp.*, S. D. N. Y.; *In re Gramott Corp.*, S. D. N. Y.; *In re Drake Stadium and Field House Corp.*, S. D. Iowa, Cent. Div.; *In re 328 Eighth Ave. Corp.*, S. D. N. Y.

¹⁸ *In re Wade Wade Park Manor Corp.*, N. D. Ohio; *In re Franklin Building Company*, 83 F. Supp. 263 (E. D. Wisc. 1948), appeal pending in C. A. 7.

¹⁹ *Manufacturers Trust Co. v. Becker (In re Calton Crescent, Inc.)*, certiorari to C. A. 2, 173 F. 2d 944 (1949).

²⁰ *In re Pittsburgh Railways Co.*, 159 F. 2d 630 (C. A. 3, 1946), cert. den.

The Commission itself receives no allowances from estates in reorganization and presents a wholly disinterested and impartial view. The Commission endeavors to obtain a limitation of the aggregate fees paid in any one case to an amount which the estate can feasibly or should fairly pay. Fee applications are carefully studied and recommendations are made to the end that unnecessary duplication of services and nonbeneficial efforts shall not be recompensed and that applicants shall be regarded on the basis of their relative contribution to the administration of the estate and the adoption of a plan of reorganization. Specific recommendations are made to the courts in cases in which the Commission has been a party and is familiar with the services of the various parties and with all significant developments in the case.

An important question that arose during the past 5 years involved the extent of the jurisdiction of the chapter X court with respect to fees. Contending that complete judicial scrutiny over the granting of all fees in respect of the reorganization was essential to assure the fairness of the reorganization, to prevent abuses, and to supervise effectively the activities of representatives of security holders in the proceeding, the Commission urged that the chapter X court had the power and duty to pass upon the reasonableness of a fee agreement between attorneys and a stockholders' committee even though such fees were to be paid by members of the committee and not directly out of the estate.²¹ In this case the district court held that it had no jurisdiction to pass on the agreement and an appeal to the court of appeals was dismissed for lack of prosecution. The issue again arose in a suit to enforce the agreement and the Commission participated, as *amicus curiae*, in an appeal to the Court of Appeals of the State of New York from the denial of a motion to dismiss the complaint. That court, upholding the Commission's position, reversed the lower court's decision²² and the case was taken to the Supreme Court upon a writ of *certiorari*. The Commission again filed a brief as *amicus curiae*. The Supreme Court held that it was the aim of chapter X to expand judicial control over reorganization fees and expenses and that since the determination of allowances is made an integral part of the process of confirmation of a plan of reorganization, which is exclusively entrusted to the bankruptcy court, it may not be delegated to a State court.²³

A subject that has been of considerable significance during the past 5 years in the field of allowances in chapter X proceedings is the matter of freedom from conflicting interest as a prerequisite for receiving an allowance. The Commission has contended that fees be granted only for disinterested services rendered to the estate or security holders. In a number of cases during the past 5 years the Commission successfully opposed the allowance of fees to persons who represented interests adverse to those of the estate or the security holders, either as a prospective purchaser of the debtor's property, as prospective underwriter of its securities, as landlord, or as tenant.²⁴ In these cases

²¹ *In re Pittsburgh Terminal Coal Corp.*, W. D. Pa.

²² *Leitman v. Guttman*, 297 N. Y. 201, 78 N. E. (2d) 472 (1948).

²³ *Leitman v. Guttman*, 336 U. S. 1 (1949).

²⁴ *In re Congress & Senate Co.*, 163 F. 2d 621 (C. A. 8, 1947); *In re 32-36 North State Street Building Corp.*, 164 F. 2d 205 (C. A. 7, 1947); *In re Equitable Office Building Corp.* (Aranow appeal) (C. A. 2, 1949); *In re Rocky Mountain Fuel Corporation*, D. Colo.; *In re International Mining and Milling Corp.*, D. Nevada.

the Commission argued that, despite the fact that the services of applicants may have incidentally benefited the estate or contributed to a plan of reorganization, they were rendered for the purpose of advancing special interests of their clients which were distinct and different from that of the estate or other security holders. Under these circumstances, the Commission was of the view that they should look to their clients and not to the estate for their compensation.

The denial of allowances as a prophylactic measure to the end that fiduciaries and representatives of security holders maintain appropriate standards of conduct has been mentioned above. Specific applications of this doctrine have continued to occupy the Commission's attention during the past 5 years. The Commission has opposed the granting of fees to applicants in various cases where as fiduciaries they occupied conflicting positions. For example, the Commission successfully opposed an allowance where an indenture trustee acted as such at the instance of a bondholders' committee.²⁵ In an analogous situation, the Commission successfully objected to any allowance to the former president of a debtor for services he had rendered as additional trustee because investigation disclosed that he had participated in various acts of mismanagement while acting as president, causing loss to the corporation.²⁶

In another case, the Commission objected to any allowance to an attorney for stockholders on the ground that he had disclosed private information regarding the reorganization proceeding to his brother-in-law on the basis of which his brother-in-law had purchased stock of the debtor. The Commission also pointed out that the attorney had proposed a plan of reorganization under which his mother-in-law would participate in and profit from the financing of a new common stock issue. On appeal from a denial of a fee by the district court²⁷ the Court of Appeals for the Second Circuit held that although the disclosure by the attorney to his brother-in-law was a breach of trust, it was an error to deny any compensation to the attorney as a matter of law, but rather that it was within the discretion of the court as to how much the fee earned by the attorney should be reduced because of this breach.²⁸ The Court of Appeals indicated that the attorney had a personal interest, as distinguished from a financial interest, in the underwriting participation of his mother-in-law and that this interest was not sufficient to bar him from compensation in view of the disclosure made to the court of the relationship.

The application of section 249, and the equitable principle which it codifies—the denial of compensation to an attorney or other representative of security holders who has traded in securities of the debtor—has been a recurrent problem in chapter X cases during the past 5 years. In several cases, the Commission took the position that purchases of sales of securities by near relatives of a fiduciary come within the application of the rule. In two cases the Commission's contention was upheld,²⁹ in two cases it was not,³⁰ and others

²⁵ *In re Ritz-Carlton Rest. and Hotel Co.*, 60 F. Supp. 861 (D. C. N. J., 1945).

²⁶ *In re American Acoustics, Inc.*, D. N. J.

²⁷ *In re Equitable Office Building Corp.*, 83 F. Supp. 531 (S. D. N. Y. 1949).

²⁸ *Berner v. Equitable Office Building Corp.*, — F. 2d — (1949).

²⁹ *In re Midland United Co.*, 64 F. Supp. 399 (D. C. Del. 1946) affirmed, 159 F. 2d 340 (C. A. 3, 1947); *In re Inland Gas Corp.*, 73 F. Supp. 785 (E. D. Ky.).

³⁰ *In re Penn. Timber Co.*, D. C. Ore., no opinion; *In re Philadelphia and Reading Coal and Iron Co.*, 61 F. Supp. 120 (E. D. Pa. 1945), appeal disallowed (C. A. 3, 1945).

are pending. In another case the Commission successfully opposed an applicant's narrow interpretation of section 249 which would have made its provisions inapplicable to attorneys who represent individual creditors or stockholders as distinguished from committees or indenture trustees.³¹ The Commission has also been upheld in its contention that trading in the securities of the subsidiary of a debtor came within the scope of the statutory prohibition, particularly where the subsidiary had claims against the parent and other adverse interests existed.³² Section 249 has also been held applicable to another situation where the interest was an indirect one.³³

INSTITUTION OF CHAPTER X PROCEEDINGS AND JURISDICTION OF THE COURT

The Commission has participated in various cases during the past 5 years, as a party or as *amicus curiae*, in order to establish the jurisdiction of the chapter X courts over the entire reorganization process to the complete extent intended by the statute.

In one group of cases, the Commission took steps to assure that the investor safeguards of chapter X were not evaded and nullified by the improper resort of a corporation to chapter XI.³⁴ In accordance with the decision of the Supreme Court in *Securities and Exchange Commission v. U. S. Realty and Improvement Co.*, 310 U. S. 434 (1940), the Commission sought the dismissal of chapter XI proceedings because the corporation had a substantial class of public security holders. It was the Commission's position that the provisions of chapter XI, intended for the relatively small company, do not contain the safeguards necessary to protect large classes of public investors in the consummation of a fair, equitable, and feasible plan of reorganization. In one of these cases,³⁵ the resort to chapter XI was apparently an attempt to raise money through the sale of stock without registration under the Securities Act under the exemption afforded by chapter XI in connection with a plan of arrangement.

During the past 5 years, the Commission participated in a group of cases involving the question of "good faith" in the filing of a petition as a prerequisite to approval of the petition by the court. The Commission's view in some of these cases was that the pendency of a prior state court proceeding was not a bar to a chapter X proceeding since the prior proceeding did not contain safeguards for investors comparable with those in chapter X. However, the courts felt in these cases that the prior state court proceedings would serve the interests of security holders sufficiently.³⁶ In another case, the Commission supported the district court's approval of the petition against objection to the jurisdiction of the court on the ground that the debtor was a nonprofit corporation which had been dissolved under State law. The Commission argued that the business enterprise conducted by the state court receiver was an "unincorporated association" under the Bankruptcy Act and entitled to the benefits

³¹ *Abrams v. 188 Randolph Building Corp.*, 151 F. 2d 357 (C. A. 6, 1945) cert. den.

³² *In re Midland United Co.*, supra.

³³ *In re Inland Power & Light Corp.*, N. D. Ill. (1947), appeal disallowed (C. A. 7, 1947).

³⁴ *In re Culton Crescent, Inc.*, S. D. N. Y.; *In re American Silver Corp.*, S. D. Cal., Cent. Div.; *In re Solar Manufacturing Corp.*, S. D. N. Y.

³⁵ *In re American Silver Corp.*

³⁶ *In re Sheridan View Building Corp.*, 149 F. 2d 532 (C. A. 7, 1945), cert. den.; *In re St. Charles Hotel Co.*, 149 F. 2d 645 (C. A. 3, 1945), cert. den.

of the reorganization statute, but the Court of Appeals concluded that there was no corporate entity and reversed the lower court's ruling.³⁷ The legal sufficiency of the petition for reorganization arose in other cases. In one,³⁸ the Commission urged that the petition showed a need for reorganization to avoid sacrifice of values through a forced sale, that chapter X contained appropriate safeguards and flexibility to protect investors, and that a plan could involve either a sale of property at a fair upset price and a distribution of the proceeds or the issuance of new securities in a reorganized corporation which would acquire the assets of the debtor. The Court of Appeals affirmed this position. In another case,³⁹ the Commission successfully argued in opposition to a motion to dismiss the petition, maintaining that secured creditors were proper parties to file a petition for reorganization and that the petition alleged sufficient facts to show preferential payments as an "act of bankruptcy." On the other hand, where the evidence failed to show sufficient facts to spell out "insolvency" or "acts of bankruptcy," the Commission successfully urged dismissal of the petition.⁴⁰

During the past 5 years, two important aspects of the jurisdiction of the chapter X court were settled in cases in which the Commission actively participated—cases involving claims both on behalf of the estate and against the estate. In a case involving a suit for \$39,000,000 by chapter X trustees against directors, officers, and the controlling stockholder of the debtor, the Commission appeared as *amicus curiae* and supported the trustees' contention that the chapter X court had jurisdiction regardless of diversity of citizenship. The Commission urged that Congress had purposely modified the Bankruptcy Act to afford the reorganization trustee a wider choice of forum than the bankruptcy trustee, having in mind the typical suit involving diversion of assets and related misconduct by insiders in large corporations which have a national public interest.⁴¹ The Supreme Court upheld this broad interpretation of the statute. In another chapter X proceeding in which the Commission actively participated, the summary jurisdiction of the chapter X court to determine the ownership of securities in or claims against the debtor and to enjoin interference with the exercise of this jurisdiction was sustained.⁴² The Court of Appeals for the Third Circuit also sustained the position of the Commission that the district court had the power to restrain the transfer of claims against the estate in order to preserve its jurisdiction over the claims and to protect the estate against the loss of asserted equitable defenses.

A similar question of the jurisdiction of the chapter X court arose in a case where the court had approved and allowed the settlement of claims against the debtor by its subsidiary.⁴³ Certain stockholders of the subsidiary brought suit against the subsidiary in another court to enjoin consummation of the settlement agreement, alleging that it was improvident and unfair. On motion, the chapter X court

³⁷ *In re Midwest Athletic Club*, 161 F. 2d 1005 (C. A. 7, 1947).

³⁸ *In re Diversey Hotel Corp.*, 165 F. 2d 655 (C. A. 7, 1948), cert. den.

³⁹ *In re Third Avenue Transit Corp.*, S. D. N. Y.

⁴⁰ *In re 28 West Randolph Corporation*, N. D. Ill.

⁴¹ *Austrian v. Williams*, 331 U. S. 642 (1947).

⁴² *In re International Power Securities Corp.*, 170 F. 2d 399 (1948). It is to be noted that the exercise of the injunctive power of the court was upheld although the bonds and their bank custodian were beyond the territorial limits of the district court and their alleged owner was an Italian corporation.

⁴³ *In re Central States Electric Corp.*, E. D. Va.

issued an order restraining the stockholders' suit and requiring the stockholders to submit the issues raised in the reorganization proceeding. The Commission supported the motion on the ground that the chapter X court had exclusive jurisdiction over the allowance of claims against the estate and that the stockholders were in effect interfering with the reorganization proceeding. After hearing the objections to the settlement, the court overruled them.

The extent of the chapter X court's jurisdiction over reorganization matters was broadly defined in another decision during the past 5 years. In the proceedings involving Pittsburgh Railways Co., the Commission actively supported a petition to have the court assert jurisdiction for purposes of reorganization over various subsidiary companies and associated companies, which were not nominally before the court, in order to effectuate a complete reorganization of the Pittsburgh transit system. The Commission, calling attention to the urgent necessity of a system-wide reorganization, argued that the separate corporate entities of the so-called underlier companies should be disregarded to achieve a workable plan under the facts of this case where the enterprise had always been conducted as a unit, operations were unified, and the affairs of the companies inextricably intermingled. The Court of Appeals for the Third Circuit sustained this position and reversed the district court which had denied the petition.⁴⁴

PLANS OF REORGANIZATION UNDER CHAPTER X

The ultimate objective of the reorganization is the formulation and consummation of a fair and feasible plan of reorganization. Accordingly, the most important function of the Commission under chapter X is to aid the courts in achieving this objective.

Fairness

Underlying the Commission's approach to the problems of fairness or reorganization plans under chapter X is the cardinal principle that full recognition must be accorded to claims in the order of their legal and contractual priority, either in cash or new securities, and that junior claimants may participate only to the extent that the debtor's properties have value after the satisfaction of prior claims or to the extent that they make a fresh contribution necessary to the reorganization of the debtor. A valuation of the debtor's assets is essential to provide a basis for judging the fairness as well as the feasibility of proposed plans of reorganization. The Commission has continued to recommend that the proper method of valuation for reorganization purposes is primarily an appropriate capitalization of reasonably prospective earnings. These principles as to the recognition of priorities and as to valuation, laid down in a series of Supreme Court decisions, are firmly established. Nevertheless, the Commission has been called on during the past 5 years to reiterate the arguments originally advanced in support of these principles. For example, in the reorganization proceedings involving the Chicago transit system, junior security holders relied upon a rate-base valuation of the properties, upon a price fixed by a formula in the original franchises of the

⁴⁴ *In re Pittsburgh Railways Co.*, 155 F. 2d 477 (1946), cert. den.

debtors in 1907, upon book values, and upon a hypothetical condemnation figure, in an attempt to reach a substantially higher figure than a proposed purchase price for the properties and the valuation estimated by the Commission. Replying to these contentions, the Commission indicated in its advisory report that reorganization values are dependent upon probable future earnings and that, on the basis of the record and the applicable rules of priority, the junior security holders should be denied any participation. The plan was amended accordingly and approved by the district court and affirmed by the Court of Appeals.⁴⁵

In connection with the fairness of plans and the treatment of claims against the estate, the Commission has been concerned with situations where mismanagement or other misconduct on the part of a parent company or a controlling person required that the claim of such person be subordinated to the claims of the public investors or that participation be limited to cost. Such matters must be given full consideration since they form an integral part of the concept of the "fair and equitable" plan.

The increasing prosperity of business during the past 5 years has enabled various debtor corporations to solve their financial problems and in many cases has shaped the course of the reorganization. In a number of cases, it was felt that a sale of the assets of the debtor would be more beneficial for security holders than a plan involving the exchange of new securities for old securities. The legal basis for plans involving sales has been affirmed in various cases in which the Commission was an active participant in supporting the power of the chapter X court.⁴⁶

The relative prosperity of debtor corporations was also reflected during the past five years in an increasing number of cases dealing with questions of interest. In the *Childs Company* case the Commission successfully urged the general equitable rule that, where full payment is ultimately made, prior partial payments are to be applied first to accrued interest and then to principal. Following its policy of according to senior creditors all their contractual rights before participation by junior creditors, the Commission supported the claim of first mortgage bondholders to interest on overdue interest as provided for under the terms of the mortgage indenture in the proceedings involving Inland Gas Corp. The Supreme Court, however, in *Vanston Bondholders Protective Committee v. Green*, 329 U. S. 156 (1946), adopting an approach to the problem which had not been argued by any of the parties, held that it would be inequitable to permit the payment of interest on interest under the circumstances of the case.⁴⁷ The Court held that the failure to make interest

⁴⁵ *In re Chicago Railways Company*, 160 F. 2d 59 (C. A. 7, 1947), cert. den. See also *Trinity Buildings Corp. Pref. Stockholders' Committee v. O'Connell*, 155 F. 2d 327 (C. A. 2, 1946); *Dudley v. Mealey*, 147 F. 2d 268 (C. A. 2, 1945).

⁴⁶ *In re Lorraine Castle Apartments Building Corp., Inc.* 149 F. 2d 55 (C. A. 7, 1945) cert. den. October 8, 1945; *In re Chicago Railways Company*, 160 F. 2d 59 (C. A. 7, 1947).

⁴⁷ It may be observed that the Commission's brief before the Supreme Court contained the following statement:

"The validity, as a matter of public policy, of a covenant for interest on interest, as applied to interest accruing since the date of a Federal equity receivership or bankruptcy proceedings, might conceivably be regarded as a proper subject for independent decision by the Federal court, even in the absence of direct legislation. The consequence of such a holding would be to afford greater uniformity and certainty in dealing with a problem which appears to be arising with increasing frequency in reorganization proceedings and occasionally in the State courts. We recognize, however, that there is no precedent for such a rule. The closest analogy would appear to be those cases holding that the equitable status of certain claims is a matter of bankruptcy law."

payments promptly was the result of judicial action and bondholders should not receive added compensation by way of penalty.

The Commission was not successful in another case involving the payment of interest to creditors. The Commission urged in that case that the aggregate claim of principal and interest which had accrued prior to the commencement of the proceeding should be treated as though it were a judgment against the estate. Such a judgment would carry interest on the over-all amount up to the date of payment and would include interest on the interest which had accrued prior to the date of the proceeding. The Commission argued that the filing of the petition for reorganization restrained creditors from pursuing their usual remedy by way of judgment and execution, but this stay should not be utilized to affect the substantive rights which would normally follow when creditors obtain a judgment. The district court sustained the Commission's view but the court of appeals reversed, holding that interest was not payable on that portion of the claim which represented unpaid interest accrued prior to the date of the chapter X petition, citing the *Vanston* case.⁴⁸ Another issue in that case was settled by the court's holding that interest on the principal amount of the claim continued to accrue, after the institution of chapter X proceedings, at the contract rather than the legal or "judgment" rate where the covenant was to pay interest until the principal "shall be duly paid."

In two subsequent cases the Commission was sustained in its position regarding interest. In *Empire Trust Co. v. Equitable Office Building Corp.*, a debenture provision for the payment of interest at 5 percent "until such principal shall be paid" was likewise construed as fixing the postmaturity rate applicable during the pendency of the reorganization proceeding and as negating the 6 percent legal rate which might otherwise have been applicable.⁴⁹ In *Delatour v. Prudence Realization Corp.*, where guaranteed certificates of participation in a 6 percent mortgage issued by the debtor provided for the remission of only 5½ percent interest to the public certificate holders by the guarantor servicing-agent, the public certificate holders were nevertheless allowed the 6 percent mortgage interest to the exclusion of the guarantor following default on the guaranty.⁵⁰ The court held that the one-half percent interest represented compensation due the guarantor for its guaranty and for servicing the mortgage, both of which terminated upon default.

Feasibility

That reorganizations are often attributable to a lack of feasibility in prior reorganizations is attested by the fact that numerous chapter X proceedings involve companies which had previously been "reorganized" in equity receivership cases or under section 77B. In order to avoid a similar record as to chapter X cases, with its attendant expense and injury to investors, the Commission gives a great deal of attention to the economic soundness and feasibility of plans. In this connection the Commission is particularly concerned with the adequacy of working capital: the relationship of funded debt and the capital structure

⁴⁸ *In re Realty Associates Securities Corporation*, 163 F. 2d 387 (1947), reversing 66 F. Supp. 416 (S. D. N. Y. 1946).

⁴⁹ 167 F. 2d 346 (C. A. 2, 1948).

⁵⁰ 167 F. 2d 621 (C. A. 2, 1948).

as a whole to property values; the adequacy of corporate earning power in relation to interest and dividend requirements; the necessity for capital expenditures; and the effect of the new capitalization upon the company's prospective credit. During the past 5 years the Commission has continued to encounter opposition on the part of representatives of security holders who are reluctant to scale down debt because they desire to retain tax deductions based on interest payments. These parties are disposed to base values and capital structures upon inflated earnings because they either overlook the extent to which earnings are inflated or hope they will continue long enough to permit debt to be reduced to manageable proportions. In most cases, even where the Commission's view of a feasible debt issue has not been accepted, the debt adopted under the plan of reorganization was reduced to a much greater extent than desired originally by the parties.

Modification of Plan

The *Equitable Office Building* case presented the problem of amending a plan after it had been approved and confirmed by the court and was about to be consummated by the transfer of assets to a new reorganized company and by the distribution of new securities. Two common stockholders, dissatisfied with the small amount of new common stock allotted to them under the plan, presented a financing proposal under which stockholders would receive rights to buy the stock of the new company, an underwriter would buy all unsubscribed shares, and the proceeds would be used to pay debenture holders in full. The marked improvement in the real estate market made this proposal possible. Debenture holders opposed this proposal since the market price of debentures had risen far above the amount due on the debentures, reflecting the market's appraisal of the increase in values. The Commission supported the stockholders' petition to amend the plan on the ground that debenture holders had no vested rights under the plan prior to consummation of the plan and that stockholders should be permitted to salvage whatever equity existed. The court of appeals sustained the petition of the stockholders, holding that even after confirmation debenture holders had no legally protected interest beyond principal and interest due them.⁶¹

Consummation of Plan

Frequently, the plan of reorganization contains provisions relating to the terms to be incorporated in corporate charters, bylaws, trust indentures, and other instruments which are to govern the internal structure of the reorganized debtor. In other cases these details are left for the approval of the court upon consummation of the plan. In both cases, the Commission pays careful attention to these matters and endeavors to obtain the inclusion of protective features and safeguards for investors. Among numerous other matters, the Commission has urged and generally favored provisions for cumulative voting for directors, pre-emptive rights for stockholders, provisions making lists of stockholders available for inspection, the ratification by stockholders of the selection of auditors, and, in certain instances, a limitation upon compensation for management. The use of the voting trust as a control device has been suggested in various cases in which the Commission participated. Unless justified by the special and

⁶¹ *Knight v. Wertheim*, 158 F. 2d 838 (C. A. 2, 1946).

unusual circumstances of the case, the Commission has opposed the voting trust because it disenfranchises stockholders who are entitled to a voice in the management of the enterprise. In those cases where the Commission has agreed that a voting trust was necessary in the interests of security holders, or where the voting trust was adopted over the Commission's objection, the Commission has sought to have the voting trust agreement contain appropriate safeguards in the interests of investors.

ADVISORY REPORTS

The preparation of advisory reports pursuant to section 172 of chapter X represents only a small part of the activities of the Commission in chapter X proceedings. Nevertheless, because of their wide distribution and because they are usually filed in the larger cases, which have a greater public interest, the advisory reports occupy a prominent position in the reorganization field. They are a principal means of contact between the Commission and the public in chapter X matters. Generally speaking, an advisory report is prepared only in connection with a proceeding involving a large public interest and in which significant problems exist. The Commission has not filed formal advisory reports in the bulk of the cases in which it has participated, but in all these cases it has advised the court in detail, orally or by memorandum, of its views with respect to the various plans of reorganization proposed in the proceeding.

During the past 5 years the Commission has filed eight advisory and six supplemental reports. During the 1949 fiscal year, the Commission prepared three advisory reports, in the proceedings involving Inland Gas Corp. and American Fuel & Power Co., Aireon Manufacturing Corp., and International Railway Co.

PART V

ADMINISTRATION OF THE TRUST INDENTURE ACT OF 1939

The term "trust indenture" when applied to corporate debt securities refers to an instrument underlying the securities in which covenants of the issuer for the protection of the security holder are set forth. A "trustee," usually a large bank, is commonly designated to perform certain acts on behalf of the security holders. Before passage of the Trust Indenture Act of 1939 the usual provisions in indentures exculpating trustees so fully exonerated them from any responsibilities to perform their duties that one court said that the term "trustee" is a "misnomer" (*Haggard v. Chase National Bank*, 287 N. Y. S. 541, 570) and the Commission, in part VI of its Protective Committee Study (1936)—relating to corporate trustees—stated that the "so-called trustee" was "merely a clerical agency." The act operates by requiring the inclusion in indentures to be qualified of specified provisions which provide means by which the rights of holders of securities issued under such indentures may be protected and enforced. These provisions relate primarily to the corporate trustee who must not possess conflicting interests; must not after default, or within 4 months prior thereto, improve his position as a creditor to the detriment of the indenture securities; must make annual and periodic reports to bondholders; must maintain bondholders lists to provide a method of communication between bondholders as to their rights under the indenture and the bonds; and must be authorized to file suits and proofs of claims on behalf of the bondholders. The act outlaws exculpatory clauses used in the past to eliminate the liability of the indenture trustee to his indenture security holders and imposes on the trustee, after default, the duty to exercise the rights and powers vested in it, and to use the same degree of care and skill in their exercise as a prudent man would use in the conduct of his own affairs. Specified evidence must be supplied by the obligor to the indenture trustee with respect to the recording of the indenture and with respect to conditions precedent to action to be taken by the trustee at the request of the obligor.

The provisions of the Securities Act of 1933 and the Trust Indenture Act are so integrated that registration pursuant to the Securities Act of 1933 of securities to be issued under a trust indenture is not permitted to become effective unless the indenture conforms to the requirements expressed in the Trust Indenture Act of 1939, and such an indenture is automatically "qualified" when registration becomes effective as to the securities themselves.¹ An application for qualification of an indenture covering securities not required to be registered under the Securities Act of 1933, which is filed with the Commission under the Trust Indenture Act, is processed substantially as though such application were a registration statement filed pursuant to the Securities Act of 1933.

¹The exemption provisions of the act incorporate most of the exemptions contained in the Securities Act 1933 and include several additional exemptions.

The significance of the act in defining rights under indentures is illustrated in *The Continental Bank & Trust Co. of New York v. The First National Petroleum Trust*,² decided in 1946. The case involved an interpretation of an indenture qualified under the Trust Indenture Act. The indenture trustee sought to recover certain items of overdue interest upon debentures. Intervenor, representing a majority in amount of outstanding debentures, directed the trustee not to bring any proceedings for a stated period and to waive the default. A motion of the Commission for leave to appear, file a brief and present oral arguments, as *amicus curiae*, was granted.

The court decided that an interpretation of the indenture qualified under the act necessarily involves an interpretation of the act. With respect to the attempt of the holders of a majority of outstanding debentures to postpone and waive default in the interest payment, the opinion stated that such action was contrary to the mandatory provisions of section 316 (b) of the act which expressly prohibits impairment of the right of a debenture holder to receive payment of interest except where, under section 316 (a) (2), holders of not less than 75 percent in principal amount of outstanding debentures consent to postponement for not more than 3 years.

STATISTICS OF INDENTURES QUALIFIED

For the past 5 years debt securities have been qualified under the act at the rate of about 2½ billions of dollars in aggregate amount each year. Specific figures are shown below:

Fiscal year	Number of indentures qualified	Aggregate amount
1945.....	98	\$1,791,190,320
1946.....	136	2,988,457,658
1947.....	96	2,664,671,361
1948.....	122	2,445,903,580
1949.....	124	2,558,312,365
5 years.....	576	12,448,535,284

More detailed figures for the 1949 fiscal year are given below:

Total number of indentures filed under the Trust Indenture Act of 1939

	Number	Aggregate amount
Indentures pending June 30, 1948.....	7	\$263,780,600
Indentures filed during fiscal year.....	127	2,605,823,365
Total.....	134	2,869,603,965
Disposition during fiscal year:		
Indentures qualified.....	124	2,558,312,365
Amount reduced by amendment.....		10,650,000
Indentures deleted by amendment or withdrawn.....	1	2,500,000
Indentures pending June 30, 1949.....	9	298,141,600
Total.....	134	2,869,603,965

² 67 F. Supp. 859 (D. C. R. I. 1946).

During the 1949 fiscal year the following additional material relating to trust indentures was filed and examined for compliance with the appropriate standards and requirements:

One hundred fifty-five statements of eligibility and qualification under the Trust Indenture Act;

Fifteen amendments to trustee statements of eligibility and qualification;

One hundred fifteen supplements S-T, covering special items of information concerning indenture securities registered under the Securities Act of 1933;

Thirty-four amendments to supplements S-T;

Twenty-four applications for findings by the Commission relating to exemptions from special provisions of the Trust Indenture Act of 1930; and

Five hundred forty-one reports of indenture trustees pursuant to section 313 of the Trust Indenture Act of 1939.

PART VI

ADMINISTRATION OF THE INVESTMENT COMPANY ACT OF 1940

The Investment Company Act of 1940 requires registration of and regulates investment companies—companies engaged primarily in the business of investing, reinvesting, and trading in securities. Among other things, the act requires disclosure of the finances and investment policies of these companies in order to afford investors full and complete information with respect to their activities; prohibits such companies from changing the nature of their business or their investment policies without the approval of the stockholders; bars persons guilty of security frauds from serving as officers and directors of such companies; regulates the means of custody of the assets of investment companies and requires the bonding of officers and directors having access to such assets; prevents underwriters, investment bankers, and brokers from constituting more than a minority of the directors of such companies; requires management contracts in the first instance to be submitted to security holders for their approval; prohibits transactions between such companies and their officers and directors except on the approval of the Commission; forbids the issuance of senior securities of such companies except in specified instances; and prohibits pyramiding of such companies and cross-ownership of their securities. The Commission is authorized to prepare advisory reports upon plans of reorganizations of registered investment companies upon request of such companies or 25 percent of their stockholders and to institute proceedings to enjoin such plans if they are grossly unfair. The act also requires face amount certificate companies to maintain reserves adequate to meet maturity payments upon their certificates.

REGISTRATION UNDER THE ACT

During the past 5 years, 69 new investment companies have been registered under the Investment Company Act of 1940—predominantly open-end management companies (companies which redeem their shares on presentation by the stockholders). During the same 5-year period about 185 registered management open-end and management closed-end investment companies reported to the Commission sales to the public of approximately \$1,500,000,000 of their securities, and redemptions and retirements of approximately \$800,000,000, leaving a net investment in such companies over the period by the public of approximately \$700,000,000. As of June 30, 1949, 358 investment companies were registered under the act. They have total assets of approximately \$3,700,000,000. These companies are as follows:

Number of registered investment companies at July 1, 1944	371
Number of new investment companies registered during the 5-year period	69
Number of registered investment companies whose registration was terminated during the 5-year period	82
Number of registered investment companies at June 30, 1949	358

The 69 investment companies registered during the 5-year period are classified as follows:

Management open-end.....	42
Management closed-end.....	24
Unit.....	3
Total.....	69

The 358 investment companies registered at June 30, 1949, are classified as follows:

Management open-end.....	140
Management closed-end.....	107
Unit.....	95
Face amount.....	16
Total.....	358

Types and Investment Policies of Companies Formed

As indicated above most of the investment companies formed during the last 5-year period have been of the open-end type, investing primarily in common stocks although there was some tendency to adopt a "balanced" investment policy; a policy which would require the investment portfolios of the companies to include a specified minimum of cash, bonds, or preferred stocks. In other cases, new investment companies have adopted so-called formula timing plans whereby common stocks would be bought or sold at predetermined levels of stock market averages. Another company, in a variation from usual investment policies, has stipulated that normally at least 50 percent of its assets would be invested in so-called small companies, defined as companies each with net worth of less than \$15,000,000. One company has adopted a policy of limiting its investments as much as possible to securities of companies doing business in the investment company's State of incorporation.

One of the closed-end management companies formed during the last 5 fiscal years is American Research & Development Corp. Formed in 1946, the company announced and has carried forward a policy of supplying venture capital to industry. Its management includes professors at the Harvard School of Business Administration as well as staff members of the Massachusetts Institute of Technology. At its inception the company desired to raise capital primarily from insurance companies and other investment companies. Although it was not contemplated that any one investment company would invest more than 5 percent of its assets in the new company, it was desired to permit individual investment companies to acquire more than 5 percent of the voting securities of the new company. This proposal ran counter to the antipyrarniding provisions of the act. The new company applied to the Commission for an order excepting the new company from this prohibition of the act. Because of the nature of the new company's proposed investment policies and the fact that no one investment company would be in a position to exercise control over the new company, the Commission granted the application.¹

On its initial offering of securities American Research & Development Corp. raised approximately \$3,000,000, of which 10 percent was

¹ Investment Company Act release No. 934 (1946).

contributed by insurance companies and 20 percent by investment companies. These capital funds were invested in a wide variety of new enterprises in various developmental stages, including a company engaged in the manufacture of atomic radiation detecting devices, and radioactive isotopes; a company engaged in catching, deveining and freezing shrimp and other shell fish; a company engaged in tuna fishing and canning in the south seas; and companies engaged in developing new inventions, such as house heating devices based on the principle of jet combustion.

During the last fiscal year a second offering of the new company's securities was made to the general public in an amount which, if all sold, would realize to the company an additional \$4,000,000 of capital for investment in new enterprises.

Selling Literature

The act requires literature (other than the statutory prospectus) used in selling open-end investment company shares to be filed with the Commission within 10 days after such literature is first employed as selling material. During the last 5 years increasing use was made in such literature of charts and schedules purporting to depict the performance records of open-end companies. Many of these depictions appeared to be misleading and inaccurate in material aspects. Accordingly, during the 1949 fiscal year the Commission, in a public release, commented upon aspects in which it deemed these charts and schedules to be misleading. As a result of this release, representatives of the Commission's staff and of the National Association of Securities Dealers and the National Association of Investment Companies held a series of conferences in which a more uniform and accurate method of portraying the performance of investment companies was evolved to serve as a guide to the industry in general. In an attempt to remove misleading comparisons from selling literature conferences are now in progress in respect of charts and graphs purporting to compare the performance of investment companies with that of well-known stock market averages.

Other Data

The number of documents filed under the act by registered investment companies during the 1948 and 1949 fiscal years, together with other related statistics, are tabulated below:

	Fiscal year ended June 30—	
	1948	1949
Number of registered investment companies:		
Beginning of year.....	352	359
Registered during year.....	18	12
Terminations of registrations during year.....	11	13
Number of companies registered at end of year.....	359	358
Notifications of registration.....	18	12
Registration statements.....	14	12
Amendments to registration statements.....	38	31
Annual reports.....	219	228
Amendments to annual reports.....	28	46
Quarterly reports.....	762	788
Periodic reports, containing financial statements, to stockholders.....	688	662
Reports of repurchases of securities by closed-end management companies.....	102	72
Copies of sales literature.....	2,110	1,910
Applications for exemption from various provisions of the act.....	61	49

	Fiscal year ended June 30—	
	1948	1949
Applications for determination that registered investment company has ceased to be an investment company.....	12	14
Amendments to applications.....	42	35
Total applications:		
Beginning of year.....	50	44
Filed during year.....	73	63
Disposed of during year.....	79	75
Pending at end of year.....	44	32

APPLICATIONS FILED

Another function of the Commission in administering the act is to pass on applications by investment companies for exemptions from its provisions. The act permits exemption under appropriate standards. An example of the type of relief sought is the case of American Research and Development Corporation which has already been described.

On May 23, 1947, the Commission adopted rule N-5, which provides, in all but a limited number of cases, for a simplified procedure designed to expedite the disposition of uncontested proceedings initiated by application or upon the Commission's own motion pursuant to any section of the act or any rule or regulation thereunder. The rule makes provision for the publication in the Federal Register of the initiation of such proceedings and affords ample opportunity for any interested person to request a hearing.

The most numerous of the applications filed arise out of the provisions of the statute which forbid, in the absence of approval by the Commission, purchases or sales of property or securities among investment companies and their affiliated persons. To approve such transactions the Commission must find that they are fair as to price and involve no overreaching. As a result the applications involve unusual questions of valuation and inside influence. For example, an investment company filed an application to sell a controlling block of stock in a bank to an affiliated person. After consideration of a record containing complex financial statistics in respect of, among other things, the earning power and nature of the assets of the bank, its competitive standing among banks in the same locality, the nature of its loans and other transactions, and the market value of its stock compared to that of other banks, the Commission concluded that the company had not sustained the burden of proof that the price was fair and therefore denied the application. Subsequently, a new application was filed fixing a higher price for the securities and this application was granted.

Data of the nature and disposition of various applications filed under the act during the 1945-49 fiscal years follow:

Nature and disposition of various applications filed under the Investment Company Act of 1940 during the 5-year period July 1, 1944, to June 30, 1949

Section of the act under which application was filed	Number pending at July 1, 1944	Filed during period	Disposed of during period	Pending at June 30, 1949
2 (a) (9) Determination of question of control.	5	10	1 granted; 2 denied; 12 withdrawn.	
3 (b) (2) Determination that applicant is not an investment company.	5	13	10 granted; 1 denied; 6 withdrawn.	1
6 (b) Employees' security company exemptions.	1	5	1 granted; 1 denied; 3 withdrawn.	1
6 (c) Various exemptions not specifically provided for by other sections of the act.	10	102	90 granted; 1 denied; 13 withdrawn.	8
6 (d) Exemption for small closed-end investment companies offering securities in intrastate commerce.		1	1 granted.	
8 (f) Determination that a registered investment company has ceased to be an investment company.	7	81	76 granted; 2 denied; 7 withdrawn.	3
9 (b) Exemption of ineligible persons to serve as officers, directors, etc.	37		11 granted.	13
10 (f) Exemption of certain underwriting transactions.		7	7 granted.	
11 (a) Approval of terms of proposed security exchange offers.	1	3	3 granted; 1 withdrawn.	
12 (g) Approval of acquisition of control of insurance company.		1	1 withdrawn.	
17 (b) Exemption for proposed transactions between registered investment companies and affiliates.	7	135	111 granted; 3 denied; 21 withdrawn.	7
17 (d) Approval of certain bonus and profit-sharing plans.		39	34 granted; 3 withdrawn.	2
23 (c) (3) Approval of terms under which closed-end investment company may purchase its outstanding securities.	1	9	6 granted; 3 withdrawn.	1
25 (b) Advisory report on proposed plan of reorganization.		2	1 report made; 1 withdrawn.	

CHANGES IN RULES

The act, in numerous instances, authorizes the Commission, within standards set by Congress, to prescribe rules and regulations to insure the protection of security holders of investment companies. Important instances of such exercise of the Commission's rule-making power over these companies during the past 5 years have been in connection with the custody of their portfolio assets, the bonding of their employees having access to such assets, and pension and profit-sharing plans.

The act permits investment companies to maintain their assets in the custody of a bank or in their own custody. In the latter case the Commission may by rule prescribe the conditions of such custody. The act, however, does not define "custody of a bank" as against custody of its assets by the company itself. Accordingly, the Commission during the last 5 years has amended its custody rule to define "custody of a bank" as custody subject to the investment company's direction but without power in the company's officers or employees to withdraw such assets on their mere receipt given to the bank.

A new rule promulgated by the Commission during the last 5 years requires the bonding of officers and employees of investment companies who have access to their assets or the general power to direct the disposition of such assets. The rule leaves to the best judgment of the management of the investment company the amount and conditions of the bond. However, the bond is required to be filed with the

Commission, and the Commission, after hearing, can direct an increase in the amount of the bond or prescribe other conditions for the protection of investors. An analysis by the Commission of the bonds filed will enable the Commission to determine standards for bonding in the light of the total assets of the companies and other factors.

Rule N-17D-1—Bonus, Profit-sharing, and Pension Plans

On February 6, 1946, the Commission adopted a new rule regarding bonus, profit-sharing and pension plans provided by registered investment companies and their controlled companies for their directors, officers, and other affiliated persons. The rule provides that prior to the submission of any such plan to security holders for approval, or if not so submitted prior to the adoption thereof, an application regarding the plan shall be filed with the Commission, which has 10 days to scrutinize the plan and determine whether or not a hearing should be held thereon. The purpose of the rule is to protect registered investment companies and their controlled companies and the security holders of such companies against contribution to such plans on an unfair and inequitable basis. The rule provides that the Commission will, in passing upon such applications, be guided by the standards contained in the various pertinent sections of the act.

The type of situation which rule N-17D-1 was designed to meet is illustrated by the following case: The management of a group of closely affiliated investment companies proposed that each investment company in the group adopt an "employees incentive profit-sharing plan and trust." The proposed profit-sharing plan provided that each investment company should contribute the lesser of (a) 15 percent of the available profits of the investment company or (b) an amount which represented three times the contributions made by officers or employees. This latter amount was to be cumulative, provided that in any one year the investment company should not contribute more than 15 percent of its available profits. The employee contribution was fixed at an amount each employee might elect, but to constitute not less than 2 percent nor more than 5 percent of the salary received by such employee during the year in which the contribution is made. The proposed plan made no provision for the payment of dividend arrearages by the companies before they could make their contributions to the plan, although at least one of the investment companies involved had dividend arrearages outstanding on its preferred stock. The plan also permitted officers and employees to include unrealized gains on securities as company "profits" for the purpose of calculating each company's contribution to the plan. After consideration of the provisions of rule N-17D-1, the management determined not to submit the proposed profit-sharing plan to the Commission under the rule. The plan was thereafter abandoned.

Rule N-28B-1—Insured Real Estate Loans

On June 7, 1946, the Commission adopted rule N-28B-1, which authorizes real estate loans partially or wholly guaranteed under the Servicemen's Readjustment Act (the so-called GI bill) as qualified investments for face amount certificate companies. Such companies are authorized to invest only in investments of a kind in which life insurance companies are permitted to invest in under the provisions

of the Code of the District of Columbia and in such other investments as the Commission may authorize as qualified investments. At the time of the adoption of this rule insurance companies were not authorized by the Code of the District of Columbia to invest in loans guaranteed under the GI bill but were so authorized by the GI bill itself. The effect of the new rule was to extend a similar authorization to face amount certificate companies.

LITIGATION UNDER THE INVESTMENT COMPANY ACT

There has been little need to resort to the courts for enforcement of the provisions of the act. During the last five fiscal years the Commission began injunctive action to restrain violations of the act in three cases. In two of these, *S. E. C. v. Otis, et al*² and *S. E. C. v. First Investment Co. of Concord, N. H.*,³ the courts, acting under section 36 of the act, enjoined officers and directors of registered investment companies from further serving in such capacities on the grounds that they had been guilty of gross misconduct and gross abuse of trust in connection with their management of the companies involved. In the *Otis* case, involving British Type Investors, Inc., the Commission agreed to dismiss its complaint after the defendants agreed to a reorganization of the company and to make restitution of benefits acquired by them aggregating over \$1,000,000 in value. In the case against First Investment Co. of Concord, N. H., a liquidating agent was appointed to wind up the affairs of the company. In the third case, *S. E. C. v. Aldred Investment Trust*,⁴ the Commission sought and obtained the appointment of receivers to safeguard the interests of investors.

In the *Aldred* case, Gordon B. Hanlon, for less than \$20,000, acquired a majority of Aldred's common stock. The stock itself had no asset value but gave Hanlon control of approximately \$2,500,000 in assets. Aldred had a funded debt of \$5,900,000 and had been insolvent since 1937. Absent a default in interest, the shareholders could not terminate the trust until the year 2002. Earnings were insufficient to meet the trust's interest requirements. To prevent default in interest and possible termination of the trust, a large proportion of interest was paid out of capital. Various plans of reorganization proposed by Hanlon, giving him ownership of equity securities, were never effectuated because the Commission considered them to be unfair to the debenture holders. Thereafter, without adequately informing the trust's security holders, Hanlon radically changed Aldred's investment policy by selling approximately one-third of the trust's choicest securities in order to obtain funds with which to acquire majority control of Suffolk Downs race track. After an extended trial the district court entered a judgment permanently enjoining Hanlon and certain other defendants from serving as officers and trustees of Aldred. The judgment also provided for the appointment of receivers with power either to reorganize or liquidate the trust in the interest of investors. The decision of the district court was approved by the United States Court of Appeals for the First Circuit

² D. C. S. D. N. Y., October 24, 1944.

³ Civil No. 400, D. C. N. H., June 19, 1945.

⁴ 58 Supp. 724 (D. Mass. 1945), *aff'd*, 151 F. 2d 254 (C. A. 1, 1945), *cert. den.* 326 U. S. 795 (1946).

and an application for a writ of certiorari was denied by the United States Supreme Court.

In *S. E. C. v. First Investment Company of Concord, New Hampshire*, the Commission sought an injunction to restrain Charles L. Jackman from serving or acting in the capacity of officer, director, member of the advisory board or investment adviser of the company or of any other registered investment company and to enjoin all defendants permanently from violating section 10 (b) of the Securities Exchange Act of 1934 and rule X-10B-5 thereunder. The complaint alleged that Jackman, while serving as president and director of the company, has been guilty of gross misconduct and gross abuse of trust within the meaning of section 36 of the act. It was further alleged that Jackman operated and managed the company for his own benefit to the detriment of investors and had caused First Investment's stockholders to sell their securities to his nominee by false and misleading information regarding the company's financial condition. The purchases were made at from \$6 to \$6.75 per share, without disclosure that the stock had an asset coverage of from \$18 to \$20 per share. In addition, the company did not file with the Commission or submit to its stockholders any of the financial reports required by the Investment Company Act. It was further alleged that Jackman caused the company to engage in numerous financial transactions with corporations controlled by him in violation of various sections of the Investment Company Act. Defendants consented to an injunction under the terms of which Jackman was permanently prohibited from serving the company or any other registered investment company in any capacity and defendants were permanently restrained from engaging in any acts or practices in violation of section 10 (b) of the Securities Exchange Act and rule X-10B-5 in the manner described in the complaint. Jackman also agreed to make restitution.

In *S. E. C. v. Otis, et al.*, the Commission alleged that the officers and directors of British Type Investors, Inc., through control of the company's class B stock (which had no asset value but carried all voting rights), engaged in a series of transactions to dilute the asset value of the class A stock for their own benefit. Class A stockholders had no voice in the management of the company, although they had the only equity position. It was also alleged that Automatic Products, Inc., an investment company controlled by British, had failed to register as an investment company in violation of the act. After the Commission filed its complaint, defendants agreed to make restitution and to a reorganization of British to give its class A stockholders the right to elect five of its seven directors, and Automatic filed notification of registration. The action was then dismissed on stipulation.

PART VII

ADMINISTRATION OF THE INVESTMENT ADVISERS ACT OF 1940

The Investment Advisers Act of 1940 requires the registration of investment advisers, persons engaged for compensation in the business of advising others with respect to securities. The Commission is empowered to deny registration to or revoke registration of such advisers if they have been convicted or enjoined because of misconduct in connection with security transactions or have made false statements in their applications for registration. The act also makes it unlawful for investment advisers to engage in practices which constitute fraud or deceit; requires investment advisers to disclose the nature of their interest in transactions executed for their clients; prohibits profit-sharing arrangements; and, in effect, prevents assignment of investment advisory contracts without the client's consent.

Statistics of investment adviser registrations, 1949 fiscal year

Effective registrations at close of preceding fiscal year.....	1, 048
Applications pending at close of preceding fiscal year.....	15
Applications filed during fiscal year.....	135
Total.....	1, 198
Registrations canceled or withdrawn during year.....	137
Registrations denied or revoked during year.....	0
Applications withdrawn during year.....	3
Registrations effective at end of year.....	1, 044
Applications pending at end of year.....	14
Total.....	1, 198

Approximately 230 registered investment advisers represent in their applications that they engage exclusively in supervising their clients' investments on the basis of the individual needs of each client. The services of about 226 others are chiefly through publications of various types. 234 investment advisers are registered also as brokers and dealers in securities. Most of the remainder offer various combinations of investment services.

Administrative Proceedings

One proceeding was instituted during the 1949 fiscal year to revoke or deny registration under the act. This action was based on a decree entered on December 23, 1948, by the Supreme Court of the State of New York for New York County enjoining Frederic N. Goldsmith, doing business as F. N. Goldsmith Financial Service, from acting as an investment adviser, broker, or dealer in that State. The Commission, which was conducting an investigation of Goldsmith at the time the action was brought in the State court, thereafter instituted proceedings to determine whether Goldsmith's registration should be revoked or suspended. The case in New York evoked considerable newspaper publicity, in which it was reported that Goldsmith's weekly financial letter for stock trading involved coded advice picked up from comic

strips and humor columns and that Goldsmith had said that he had learned about the code at a seance from the spirit of a one-time market speculator. The case was pending at the end of the fiscal year.

The Commission revoked the registration of an investment adviser in one other proceeding during the last 5 years. Investment Registry of America, Inc., had been registered as a broker and dealer and also as an investment adviser. On January 10, 1946, the Commission, after notice and hearing, ordered both registrations revoked. The revocation of registration as investment adviser was based on misrepresentation in the application for registration. In that application Investment Registry of America, Inc., had declared that its contract with customers provided for a maximum fee of 5 percent of the securities which it selected for its customers. This, the Commission found, was a material misrepresentation in willful violation of section 207 of the Investment Advisers Act, for the "selection" fee frequently ran as high as 9 percent. The increased rate was usually hidden as "charges" in the confirmations which the firm sent to its clients.

Investigations

The powers of the Commission under the act are limited. It has the power, however, to make investigations when it appears that the act has been or is about to be violated, and has the power of subpoena to aid its investigations. When an investigation establishes violations of the act, the Commission may seek to enjoin such violations and may take disciplinary action.

The Commission has received a substantial number of complaints against certain investment advisers whose advice consists chiefly of predictions and recommendations furnished in bulletins, market letters, and other publications issued periodically and sold at a regular subscription price. The number of such complaints generally increases, as might well be expected, during periods of market decline. In some cases these publications purport to analyze market conditions and to predict future trends. In other cases, they recommend the purchase of particular stocks on the prediction that the price of the stock will rise. Frequently, such recommendations are accompanied by information about the issuer of the stock and by various comparisons with other stocks, purporting to show a basis for the prediction that the market price of the recommended stock will rise. Subscribers have complained frequently that they suffered losses by following such advice.

The Commission investigates these complaints whenever it has reasonable grounds to believe that the recommendations and predictions are tainted with bad faith or made without foundation, or that the adviser's activities are fraudulent in any other respect. The mere fact, however, that advice given has turned out to be worthless is not sufficient basis for investigation.

The Commission has no power to inspect the books and records of investment advisers, as it has with respect to brokers and dealers. Its powers to deny and revoke investment adviser registrations are more limited than its powers to deny and revoke broker-dealer registrations. Because of these limitations, as pointed out in more detail in the tenth annual report, a broad field intimately related to the securities markets is left unprotected and unsupervised, and the Commission's efforts to enforce the act are greatly curtailed.

LITIGATION UNDER THE INVESTMENT ADVISERS ACT

The most important court action to date involving a registered investment adviser is that of *Arleen W. Hughes v. S. E. C.*¹ Mrs. Hughes was registered both as a broker-dealer under the Securities Exchange Act of 1934 and as an investment adviser under the Investment Advisers Act. In her capacity as a dealer, she sold securities which she owned to her investment advisory clients after she had advised them, in her capacity as an investment adviser, to invest in such securities. She failed to make adequate disclosure of her ownership of the securities and of other facts concerning her personal interest in the transactions. The Commission revoked her registration as a broker-dealer after finding that it constituted fraud for her to sell her own securities to her investment advisory clients without disclosure that her interests were in some respects adverse to their interests. Mrs. Hughes thereafter petitioned the court to review the Commission's action. The case is more fully described in part II of this report in the section on litigation under the Securities Exchange Act.

Two injunction actions have been brought under the Investment Advisers Act during the past 5 years. In one the Commission, after agreeing to the opening of a final judgment which had been entered with the consent of the defendant, did not oppose a dismissal of the action when it appeared that the provable facts would not support an injunction.² In the other the Commission was granted an injunction against a radio commentator who, in the course of his broadcasts, purported to give unbiased investment advice concerning an oil venture without disclosing to his listeners that he was in the employ of the promoters of the venture.³

¹ — F. 2d — (C. A. D. C., May 9, 1949).

² *S. E. C. v. Todd*, Civil No. 6149, D. Mass., October 4, 1948. See 13 SEC Ann. Rep. 113 (1947).

³ *S. E. C. v. Wilson*, Civil No. 15649, E. D. Ill., February 3, 1945.

PART VIII

OTHER ACTIVITIES OF THE COMMISSION UNDER THE VARIOUS STATUTES

THE COMMISSION IN THE COURTS

Civil Proceedings

Complete lists of all cases in which the Commission appeared before a Federal or State court, either as a party or as *amicus curiae*, during the fiscal year, and the status of such cases at the close of the year, are contained in appendix tables 26 to 35.

At the beginning of the 1949 fiscal year 21 injunctive and related enforcement proceedings instituted by the Commission in connection with fraudulent and other illegal practices in the sale of securities were pending before the courts; 18 additional proceedings were instituted during the year and 19 cases were disposed of, so that 20 of such proceedings were pending at the end of the year. In addition, the Commission participated in a large number of reorganization cases under the Bankruptcy Act; in 19 proceedings in the district courts under section 11 (e) of the Public Utility Holding Company Act and in 31 miscellaneous actions, usually as *amicus curiae* or intervenor, to advise the court of its views regarding the construction of provisions of statutes administered by the Commission which were involved in private lawsuits. The Commission also participated in 47 appeals. Of these, 13 came before the courts on petition for review of an administrative order; 8 arose out of corporate reorganizations in which the Commission had taken an active part; 6 were appeals in actions brought by or against the Commission; 10 were appeals from orders entered pursuant to section 11 (e) of the Public Utility Holding Company Act; and 10 were appeals in cases in which the Commission appeared as *amicus curiae* or intervenor.

The significant aspects of the Commission's litigation over the past 5 years are discussed in the sections of this report devoted to the respective statutes administered by the Commission. Most basic questions of constitutionality under the acts were determined prior to the last 5 years, but in 1946 the constitutionality of the integration and dissolution provisions of the Public Utility Holding Company Act was sustained by the Supreme Court. Since then most of the cases under that act have arisen in connection with decisions of the Commission ruling upon the fairness and equity of the plans filed under section 11 (e) of the act. Cases under the other acts have dealt not with major constitutional issues but with problems incident to enforcement.

Criminal Proceedings

The statutes administered by the Commission provide for the transmission of evidence of violations to the Attorney General who may institute criminal proceedings. The Commission, largely through its regional offices, investigates suspected violations and, in cases where the facts appear to warrant criminal proceedings, prepares detailed reports which are forwarded to the Attorney General. When it is

decided to institute criminal proceedings, the Commission may assign such of its employees as have participated in the investigation to assist in the preparation of the case for presentation to the grand jury, in the conduct of the trial, and in the preparation of briefs on appeal. Parole reports relating to convicted offenders are prepared by the Commission's staff. Where the investigation discloses violations of statutes other than those administered by the Commission, reference is made to the appropriate Federal or State agency.

Up to June 30, 1949, indictments had been returned against 2,564 defendants in 432 cases developed by the Commission. By the end of the 1949 fiscal year, 403 of these cases had been disposed of as to 1 or more defendants and convictions had been obtained in 355 cases—over 88 percent of such cases—against a total of 1,251 defendants.¹ During the past 5 years 89 indictments were returned against 248 defendants and convictions were obtained against 160 defendants. Twenty-two of such indictments, involving 47 defendants, were returned during the last fiscal year.²

In the criminal appeals decided in the last five years, judgments of conviction were affirmed as to 54 defendants and reversed as to only 8 defendants.³ In addition, appeals were dismissed as to 5 defendants and 4 others withdrew their appeals. At the close of the fiscal year, 2 criminal cases involving 5 defendants were still pending in the appellate courts.

The criminal cases developed by the Commission during the past 5 years were extremely varied in nature, although they continue to reflect the same general patterns described in the Tenth Annual Report. For the most part they involved fraud in the promotion of new businesses, inventions, and fraternal organizations; fraudulent schemes in connection with the sale of oil and gas interests and mining ventures; "front money" schemes; frauds perpetrated by brokers and dealers in securities and their representatives; frauds in whisky warehouse receipts transactions; and fraudulent purchases and sales of securities by corporate "insiders." The victims of the schemes employed in these cases resided in almost every state in the country.

Generally, the perpetration of these frauds was accompanied by the willful avoidance of the registration provisions of the Securities Act of 1933, which are designed to provide investors with a full and fair disclosure of material facts about the securities being sold. A substantial number of the fraud cases, therefore, also charged violation of the registration provisions of that act. Other violations presented included the manipulation of the price of stock registered on a national securities exchange, the filing of false reports by a corporation whose securities were registered on such an exchange, and failure to keep required books and records and the filing of false financial statements by registered broker-dealers. A more detailed discussion of certain of the cases prosecuted during the period is contained below.

¹ In a number of the 48 remaining cases, which resulted in acquittals or dismissals as to all defendants, the indictments were dismissed because of the death of the defendants involved.

² The status of all criminal cases pending during the past fiscal year is set forth in appendix table 27. Appendix tables 36, 37, and 38 contain condensed statistical summaries of all criminal proceedings developed by the Commission.

³ One of these defendants, whose case was remanded for a new trial, pleaded guilty upon retrial. Two others represented corporate defendants in a single case, where the convictions were reversed on jurisdictional grounds, conviction of the individual defendant involved being affirmed. In only one case did the reversal result in the acquittal of all defendants indicted.

The indictment returned during the past year in *U. S. v. Preston T. Tucker et al.* (N. D. Ill.) contains charges of fraud arising out of the postwar promotion of the "Tucker" automobile, in connection with which approximately 28 million dollars was raised from the public. The indictment in this case alleges that the defendants, as part of a scheme to defraud in the sale of class A common stock of the Tucker Corp., the sale of dealer and distributor franchises for the "Tucker" automobile, and the sale of luggage and accessories for use in it, caused to be disseminated, by means of an extensive advertising and publicity campaign, various false and fraudulent representations including, among others, representations as to the various features embodied in the automobile, the status of its development and production, and the imminence of mass production.

In addition, the indictment alleges that the defendants caused the corporation to exhibit to the public automobiles which were falsely described as containing the various advertised features, willfully concealing the fact that automobiles shown did not contain many of the important advertised features and that many of the components contained in these automobiles were known by them to be unworkable and unsatisfactory. The indictment also charges that the defendants caused the Tucker Corp. to expend substantial amounts of the monies obtained from investors for the personal benefit and profit of the defendants.⁴

Prior to the return of this indictment, the Commission had conducted a series of inquiries into the affairs of the Tucker Corp. as a result of certain filings made by the corporation with the Commission. In May 1947 a registration statement was filed under the Securities Act of 1933 relating to a proposed public offering of 4,000,000 shares of the Tucker class A common stock, \$1 par value, to be offered to the public at \$5 a share for a total of \$20,000,000. The proceeds were to be used for the mass-production of a medium-priced automobile, to be known as the "Tucker," featuring a rear engine and other innovations departing substantially from conventional automobile design.

The Commission instituted stop-order proceedings alleging misstatements and omissions to state material fact in regard to numerous items of required information in the registration statement, financial statements, the accountants' certificate, certain exhibits, and the prospectus. In the course of these proceedings, it appeared that the prospectus and registration statement as originally filed failed to disclose adequately and accurately the names of all promoters and the amount of consideration received directly or indirectly from the company by each promoter, officer, and director; the stage of development of the mechanical features of the proposed automobile; the status of the company's patent position; the application of the proceeds of the proposed offering and the company's working capital requirements; the business experience of the executive officers; the nature and the extent of the interest of Preston Tucker, president of the corporation, in Ypsilanti Machine & Tool Co.; the interests of affiliates and other persons in property acquired by the company; material litigation; the scope of the audit and the auditing procedures

⁴ Trial of these charges commenced on October 4, 1949. Subsequent to the preparation of this report the jury returned a verdict of not guilty as to all defendants.

followed by the certifying accountants; and the failure of the accounts to reflect all liabilities of the company.

During the course of and after the close of hearings in the stop-order proceedings, the corporation filed material amendments which, on the basis of all of the information then available to the Commission, appeared to correct satisfactorily the material deficiencies previously contained in the registration statement. The Commission thereupon issued an opinion stating that for this reason the proceedings would be dismissed and the registration statement, as amended, would be permitted to become effective.⁵ In its opinion the Commission discussed the facts adduced in the proceedings and noted the contrast between the information set forth in the amended prospectus and the statements made in the corporation's previous publicity regarding its plans, many of which statements appeared to be grossly misleading and, in many cases, false. Accordingly, the Commission specifically warned the prospective investor of the danger of relying upon past judgments based on prior literature concerning Tucker Corp. in determining whether to purchase the securities. The opinion also pointed out the limits of the Commission's jurisdiction which, under the Securities Act, is restricted to requiring that all pertinent information be supplied so as to enable the investor to make an informed judgment. It was emphasized that in permitting the registration statement, as amended, to become effective, the Commission was in no way "passing on the merit or lack of merit of the securities offered, the registrant's product or the possibility of success or failure of the enterprise."

On May 10, 1948, Tucker Corp. filed with the Commission its first annual report pursuant to section 15 (d) of the Securities Exchange Act of 1934. On the basis of the information contained in this report, as well as certain other information received from various other sources since the date of the stop-order opinion, the Commission, on May 28, 1948, authorized an investigation to determine whether certain provisions of the Securities Act and Securities Exchange Act had been violated by the Tucker Corp., Preston Tucker, and the underwriting firm of Floyd D. Cerf Co., Inc. The facts discovered in the course of this investigation were referred to the Attorney General with a recommendation for criminal prosecution.

In *U. S. v. Paul A. Schumpert et al.* (M. D. Tenn.), indictments were based upon the fraudulent sale of stock in the promotion of a small-loan company.⁶ The defendants were charged, among other things, with employing the "Ponzi" type of swindle,⁷ causing the corporation to pay "dividends" without disclosing that such "dividends" had not been earned but were paid out of capital and were a partial return of the investment. Shortly after the close of the last fiscal year, Paul A. Schumpert, the principal defendant pleaded guilty and was sentenced to 22 years imprisonment.

Some of the other cases in which convictions were obtained for the fraudulent promotion of new businesses or inventions are *U. S. v.*

⁵ Securities Act release No. 3236 (1947).

⁶ An additional indictment involving the same type of promotion in connection with another small-loan company is pending in *U. S. v. Paul A. Schumpert, et al.* (S. D. Miss.).

⁷ The "Ponzi" technique which is frequently employed by securities swindlers also was involved in the following cases: *U. S. v. Frank V. Raymond* (D. Md.) (sale of oil interests); *U. S. v. Magnus G. Thome* (D. Mass.) (sale of stock of silver-mining company); and *U. S. v. Cactus Oil Co., et al.* (D. Del.) (sale of stock of oil company). Convictions have been obtained in all of these cases.

Elden Adam McElfresh (N. D. Ohio), (sale of profit-sharing agreements in an alleged system for railroad terminal and yard operations); *U. S. v. Federal Fyr-Ex Company, Inc., et al.* (S. D. N. Y.); (promotion of a spurious "business" for the manufacture of a fire extinguisher); *U. S. v. John H. Boal* (N. D. Cal.), (sale of securities in the promotion of a corporation purportedly to engage in the manufacture of artificial gas from hydrocarbon oils); *U. S. v. W. R. Frentzel et al.* (W. D. Wash.), (sale of profit-sharing agreements in connection with the sale of traps for ocean crab fishing); *U. S. v. George Howell et al.* (S. D. Texas) and *U. S. v. Wilmington Fire Insurance Co. et al.* (D. Del.), (sale of stock of insurance companies); *U. S. v. Thomas A. Neely* (N. D. Ill.), (sale of securities of various corporations which, it was represented, would provide barge-transportation facilities to a number of prominent steel and oil companies); *U. S. v. Gerhardt A. Duemling* (D. Nev.), (sale of stock of a steel tool manufacturing corporation); *U. S. v. Bennett S. Dennison* (S. D. Cal.), (sale of securities relating to the production and sale of building materials); *U. S. v. Clifford S. Johnson et al.* (D. Mont.), (sale of royalty interests in an ice shaving device, known as "Cliffs Ice Shaver"); *U. S. v. Chester S. Plasket* (W. D. Texas), (sale of royalty interests and other securities in connection with the promotion of two inventions, known as the "Magic Fountain Shaving Brush" and as the "Magicflo Siphon Jigger", a plastic liquor dispensing device); *U. S. v. Harvey H. Hevenor* (S. D. N. Y.), (sale of stock in connection with the promotion of new type mechanical fuses for anti-aircraft projectiles); *U. S. v. August F. Slater* (S. D. Cal.), (corporate promotion of a new parking device for automobiles); *U. S. v. Leslie G. Bowen et al.* (W. D. Mo.), (sale of various securities relating to the development and sale of mechanical devices for use in the manufacture of bicycles); and *U. S. v. Chemical Research Foundation, Inc., et al.* (D. Del.), (sale of stock of a company which, it was stated, would exploit certain pharmaceutical formulae).⁸

The employment of "front money" schemes designed to defraud persons desirous of obtaining capital for the financing of new businesses or the expansion of established ones was involved in *U. S. v. Amster Leonard et al.* (E. D. Mich.) and *U. S. v. Ocie C. Walker* (N. D. Texas). The defendants in these cases were convicted of fraudulently inducing persons seeking new capital to pay over "advance fees" or "front money" upon the false representation that they would be assisted in raising the necessary capital, when in fact the defendants knew they could not and did not intend to raise any such new capital.

A number of convictions were obtained in cases involving the promotion of mining ventures. In the perpetration of this type of fraud false representations generally are made as to the ownership of the mining properties which are the subject of the promotion; the amount of commercial ore deposits contained in such properties; and the use which is to be made of the monies received from investors. Cases of this type included *U. S. v. Harry J. Mallen* (N. D. Ill.) (gold mine); *U. S. v. Bennett S. Dennison* (S. D. Cal.) (gold mine); *U. S. v. Wallace R. O'Keefe* (W. D. Wash.) (gold mine); *U. S. v.*

⁸ An indictment charging the fraudulent sale of securities in connection with the promotion of a phonograph record manufacturing company is presently pending in *U. S. v. Harry W. Bank et al.* (S. D. N. Y.).

James A. Allen et al. (E. D. Wash.)⁹ (silver mine); and *U. S. v. F. E. Nemece et al.* (E. D. Wash.)¹⁰ (gold properties).¹¹ In the *Nemece* case the indictment charged also that the defendants fraudulently claimed that they had acquired a secret process for the recovery of gold and other metals and that this process had been invented by one of the defendants who was falsely described as a nuclear physicist, eminent chemical engineer, and key atomic scientist in the development of the atomic bomb at the Hanford project.¹²

Similar to the mining frauds are those perpetrated in connection with the sale of oil, gas, and other mineral interests. Typical cases are *U. S. v. James F. Boyer et al.* (S. D. Fla.) and *U. S. v. Aubrey M. Poynter et al.* (E. D. La.)¹³ in which the principal defendants were convicted on charges of employing what is colloquially described as a "reloading" scheme.¹⁴ In these cases it was charged, among other things, that the defendants induced investors to make repeated purchases of oil leases by causing fictitious offers to be made to investors for their holdings at prices which would have yielded them tremendous profits. The offers, however, were conditioned upon the investors obtaining additional leases from the defendants. After investors made such additional purchases, the offers ceased and investors were unable to locate the offerors, who, in fact, were accomplices in the scheme.

Fraudulent sales of securities of alleged fraternal associations formed the basis for the convictions in *U. S. v. Hugh G. Carruthers et al.* (N. D. Ill.) and *U. S. v. Preston E. Douglass* (N. D. Ill.).¹⁵ The *Carruthers* case involved the promotion of the Neological Foundation, which was represented as having been organized for the spiritual improvement and economic self-betterment of persons who joined the foundation and adhered to its so-called "neological" course of training. Carruthers was charged with fraudulently converting funds obtained from members of the foundation for the alleged purpose of carrying on various business enterprises to be operated by the foundation, including the manufacture and sale of hair shampoo and a tonic laxative, a course of instruction in personal development, and a daily newspaper.

In the *Douglass* case, the defendant was charged with selling "stock" of the Frederick Douglass Afro-American Cooperative Industry Builders Association, Inc., a nonprofit Illinois corporation (which was prohibited by statute from issuing stock) by means of false representations. Douglass obtained funds by telling investors that the association had been organized for the purposes of improving the eco-

⁹ Appeal pending as to one defendant.

¹⁰ Appeals pending as to four defendants.

¹¹ Other mining stock promotions resulting in convictions were *U. S. v. Franklin Lamon et al.* (D. Del.); *U. S. v. James H. Collins et al.* (S. D. Cal.); and *U. S. v. Magnus G. Thomle* (D. Mass.).

¹² At the trial this defendant pleaded guilty and testified that he had no background as a nuclear physicist, etc., but rather was a chiropractor who had been employed at the Hanford project as a water tester.

¹³ Other cases in which convictions were obtained for the fraudulent sale of such interests or of the stock of oil companies are *U. S. v. Frank Mansfield et al.* (W. D. Tex.); *U. S. v. Jacob M. Danziger et al.* (S. D. Cal.); *U. S. v. George A. Earnhardt et al.* (S. D. Ind.); *U. S. v. Frank V. Raymond* (D. Md.); *U. S. v. George A. King et al.* (S. D. Ill.); *U. S. v. Samuel S. Alexander et al.* (S. D. N. Y.); *U. S. v. Stanley Grayson et al.* (S. D. N. Y.); *U. S. v. Thomas P. Mulvaney et al.* (S. D. Iowa); *U. S. v. Bart Cecil Lucas* (S. D. N. Y.); *U. S. v. Cactus Oil Co. et al.* (D. Del.); and *U. S. v. William J. Cannon* (D. Colo.). Indictments in similar cases are pending in *U. S. v. Jack R. White* (D. Neb.); *U. S. v. Galen B. Finch* (S. D. Cal.); and *U. S. v. Claude Cleave Alfred* (E. D. Tenn.). In *U. S. v. Benjamin F. Austin* (E. D. Mich.) the defendant was convicted of selling stock of an oil company in violation of the registration provisions of the Securities Act.

¹⁴ A similar fraud involving the sale of mining company stocks is charged in *U. S. v. Nye A. Wimer* (D. N. J.), where trial of the defendant is pending.

¹⁵ In *U. S. v. Robert H. Kelis* (D. D. C.) the defendant was convicted of fraudulently selling corporate stock through the medium of an alleged philanthropic and nonprofit association which he had organized.

conomic status and welfare of the Negro race and to furnish investors with employment in cooperative stores and on farms which the association was to develop and establish. In truth, the defendant utilized the enterprise solely for his personal benefit.

The convictions obtained in *U. S. v. Gilbert M. Bates* (N. D. Iowa); *U. S. v. Stanley Grayson et al.* (S. D. N. Y.); *U. S. v. Clarence Everett Martin* (N. D. Ill.); *U. S. v. Maxwell Goldberg et al.* (D. Mass.); *U. S. v. W. R. Hempstead Co. et al.* (D. R. I.); and *U. S. v. Kenneth Leo Bauer et al.* (D. N. J.) are among those pertaining to frauds committed by securities brokers and dealers and their representatives.¹⁶ In the *Bates* case the defendant was convicted for fraud predicated upon the sale of securities to uninformed customers at prices not reasonably related to the prevailing market prices, without appropriate disclosure. The indictment in the *Grayson* case charged a fraudulent "switch" scheme, wherein investors were induced to divulge lists of their securities on the pretense that the defendants would, after analysis, provide them with free investment advice.¹⁷ Thereafter, investors were induced to sell such securities and to purchase from the defendants various fractional undivided interests in oil, gas, and other mineral rights at prices substantially in excess of the maximum recoverable returns which it was estimated investors could obtain from the mineral assets underlying such securities. In the *Martin* case the defendant was charged with employing a scheme to defraud representatives of the estates of deceased and incompetent persons in that he falsely represented that he would dispose of the securities owned by these estates at current market prices, but instead concealed the true current market value of such securities and purchased them for his own account at prices less than the prevailing market prices.

The fraudulent practices charged in the *Goldberg* case included the unauthorized pledging of customers' securities, forgery of customers' checks, and the sale of spurious stock certificates and debentures. The defendants in the *Hempstead* case were convicted of fraud based, in part, upon the operation of a securities business while insolvent. The fraud for which convictions were obtained in *U. S. v. Kenneth Leo Bauer et al.* (D. N. J.) was found in the solicitation of customers' orders for the purchase and sale of securities, the deliberate and willful failure to execute such orders, and the subsequent conversion of customers' monies and securities.¹⁸

¹⁶ Other such fraud cases were *U. S. v. Guaranty Underwriters et al.* (S. D. Fla.) (unreasonable spreads); *U. S. v. Florida Bond and Share, Inc., et al.* (S. D. Fla.) (unreasonable spreads and secret profits); *U. S. v. Samuel S. Alexander, et al.* (S. D. N. Y.) (misrepresentations in sale of oil royalties and charging excessive prices without adequate disclosure); *U. S. v. Edwin P. Woodman* (D. Mass.) (insolvency and conversion of customers' securities); *U. S. v. Charles J. Callanan* (D. Mass.) (conversion of customers' securities); *U. S. v. Arthur Edwin Daye* (S. D. Fla.) (conversion of customers' securities); *U. S. v. Arthur Briscoe Wilson* (N. D., Ill.) (conversion of customers' securities); *U. S. v. Wells E. Turner* (W. D. Wis.) (conversion of customers' funds and securities); and *U. S. v. Arthur L. Augustine* (N. D. Iowa) (conversion of customers' funds and securities). The convictions obtained in the *Alexander, Woodman, Hempstead, and Callanan* cases were based not only upon fraud but also upon the failure of the registered broker-dealers involved to keep the books and records required by the Securities Exchange Act of 1934 and the rules thereunder, and in the three cases last mentioned, the filing of false financial statements with the Commission under that act. *U. S. v. Glen J. Hildebrand* (S. D. Ill.) is another instance of conviction obtained for failure to keep books and records.

¹⁷ A fraudulent "switch" scheme involving transactions in whisky warehouse receipts resulted in the conviction of a number of defendants in *U. S. v. Mark A. Freeman et al.* (N. D. E. D. Ill.). The defendants were charged with inducing owners of whisky warehouse receipts to exchange them for bottling contracts, with a corporation organized by the defendants, by falsely representing that the whisky would be bottled, rectified and sold for the investors for a small fee, whereas in fact the defendants sold or hypothecated the warehouse receipts and converted the proceeds to their own use. *U. S. v. Frank L. Ryan et al.* (E. D. N. C.) also involved convictions for fraud in connection with whisky warehouse receipt transactions.

¹⁸ In contrast to these cases is *U. S. v. John N. Landberg* (E. D. Pa.), involving a customer who perpetrated a fraud on securities brokers. For details of the scheme see *S. E. C. v. Landberg* (S. D. N. Y.), discussed hereinafter, in which an injunction was obtained recently against this defendant for similar activities.

In *U. S. v. Edgar M. Griswold* (N. D. Ohio); *U. S. v. Ellis R. Taylor* (N. D. Ill.); and *U. S. v. William A. Hancock* (S. D. N. Y.) convictions were obtained for fraudulent conduct in connection with the purchase of securities in violation of section 10(b) of the Securities Exchange Act of 1934 and rule X-10B-5 thereunder. In the *Griswold* case, the defendant was convicted on charges of defrauding various persons, principally tavern owners, in transactions relating to the stock of a prominent distilling company. Whisky purchase rights had been attached to the stock. Griswold was charged with falsely representing to purchasers that the stock would be worthless after the whisky rights were exercised and that it could not be retained by the purchasers after such exercise. It was further established that Griswold obtained the stock for his own use and benefit by virtue of these false representations and his failure to disclose that even after the exercise of the whisky rights the stock had a market value of not less than \$24 a share.

The *Taylor* case involved the fraudulent acquisition of securities from minority holders by a corporate insider. Taylor, who was president of the corporation involved, was convicted on charges that he purchased the stock of minority stockholders by falsely representing the value of the shares and the financial condition of the corporation and by the concealment of his identity as the actual purchaser of the stock and of facts known to him but not to the sellers as to the true value of the shares. In the *Hancock* case, the defendant was charged with employing a scheme to defraud an investment company which employed him as a securities trader. According to the indictment, Hancock deliberately delayed placing orders for the purchase and sale of securities for his company until after he had informed his accomplices of the prices and amounts of the securities orders that he intended to enter on behalf of the company, which enabled his accomplices to buy or sell such securities in dummy accounts and in turn to sell them to or purchase them from the investment company at profits of approximately \$300,000.¹⁹

The fraudulent sale of stock by a corporate insider is charged in the indictments recently returned in *U. S. v. Serge Rubinstein et al.* (S. D. N. Y.) in which the defendant Rubinstein is alleged to have obtained an illegal profit of approximately \$3,000,000 in the sale of his stock in a corporation of which he was president. According to the indictments, the scheme to defraud involved the dissemination of various false representations intended to establish the favorable financial condition, earnings, and business potentialities of the corporation involved in order to facilitate the sale of his own stock in the corporation. Rubinstein, concealed his activities by falsely representing that he neither had sold nor intended, for a specified future period, to sell any of his stock.

U. S. v. Albert B. Windt et al. (N. D. Cal.) involved the manipulation of the stock of a mining company listed on the San Francisco Mining Exchange. The defendants were convicted of raising and conspiring to raise the market price of the stock through a series of manipulative transactions designed to create the appearance of active

¹⁹ Defendant was convicted after the close of the 1949 fiscal year.

trading and intended to raise the price of such stock so as to induce others to purchase the stock at higher prices.

In *U. S. v. Liggett & Myers Tobacco Co. et al.* (E. D. Pa.) the corporation, whose securities were registered on a national securities exchange, was convicted of making false and misleading statements in annual reports required to be filed by it under section 13 of the Securities Exchange Act of 1934. The corporation was charged with willfully concealing facts relating to the existence of a profit-sharing plan for certain officers and employees of the company.

During the past 5 years the Commission has continued to receive a flood of complaints and inquiries from members of the public, state authorities, and Better Business Bureaus regarding the activities of a fringe group of stock promoters operating out of Toronto, Canada, who have been selling securities to residents of the United States in willful violation of our securities laws. These promotions are conducted by a numerically small group which is in no way representative of the vast majority of persons engaged in the securities business in Canada.²⁰ Nevertheless, the activities of these offenders have resulted in extremely large dollar amount losses to United States investors. The Commission has conducted investigations of these unlawful promotions wherever possible. Indictments, for the most part secret, have been obtained in a number of cases based primarily upon the employment of schemes to defraud in the sale of securities. However, existing treaty arrangements between Canada and this country do not permit the extradition of the violators, and, consequently, it has been virtually impossible to bring the cases to trial.²¹ In 1941 the Commission, recognizing this weakness in enforcement structure, initiated, in conjunction with the State Department and the Department of Justice, efforts to secure a new treaty with Canada which would permit the extradition of persons violating Federal and State securities laws. The treaty was ratified by the United States in May 1942, but has not yet been ratified by the Canadian Parliament.

Two cases of this type made public during the past year demonstrate the lack of effective sanctions in this area of enforcement. In *U. S. v. Albert Edward DePalma* (N. D. Ohio) and *U. S. v. Noel H. Knowles* (E. D. N. Y.) indictments were returned charging that the defendants had sold Canadian mining stocks to United States investors by means of false representations and as part of a scheme to defraud. DePalma and Knowles, who are residents of Canada, were apprehended within the United States and released on bonds of \$50,000 and \$25,000 respectively. Both defendants, however, forfeited their bail and fled to Canada rather than stand trial on the fraud charges. Their return to this country cannot be secured under our existing treaty with Canada.

The Commission has endeavored also to meet the problem by turning over to the Post Office Department information gathered in the course of the investigations conducted in these cases. As a result, a

²⁰ Every year millions of dollars worth of securities are offered in this country by Canadian issuers in full compliance with our laws.

²¹ *U. S. v. E. M. McLean et al.* (E. D. Mich.), affirmed *sub nom. Kaufman v. U. S.*, 163 F. 2d 404 (C. A. 6, 1947), *cert. den.*, 333 U. S. 857 (1948), involved convictions obtained against three such defendants who were apprehended in this country and tried for selling securities from Toronto to United States investors by means of false and fraudulent misrepresentations.

number of "fictitious name and fraud orders" have been issued recently which, in effect, close the mails to communications addressed to the violaters covered by the orders. It seems plain, however, that revision of existing extradition arrangements with Canada is necessary if investors in this country are to be provided with effective protection against securities frauds originating in Canada.

COMPLAINTS AND INVESTIGATIONS

During the 1949 fiscal year the Commission received 7,048 items of mail concerned with alleged securities violations. These communications are classified administratively as "complaint enforcement" correspondence. While they relate to complaints and alleged violations of various laws administered by the Commission, the bulk of them deals with the enforcement of the Securities Act of 1933 and the registration provisions of the Securities Exchange Act of 1934.

This material constitutes an important source of information concerning possible securities violations. Investigations made by the Commission's staff and contacts maintained with other governmental or private agencies provide additional sources of such information. Where it appears on the basis of any such data that any securities violation may have occurred, the Commission conducts appropriate investigations by means of correspondence or the assignment of cases to field investigators to ascertain the facts of the particular case.

The extent of the investigatory activities of the Commission during the past year under the Securities Act of 1933, the Securities Exchange Act of 1934; sections 12. (e) and (h) of the Public Utility Holding Company Act of 1935; the Investment Company Act of 1940; and the Investment Advisers Act of 1940 is reflected in the following table:

*Investigations of violations of the acts administered by the Commission*¹

	Preliminary ²	Docketed ³	Total
Pending at June 30, 1948.....	494	986	1,480
Opened July 1, 1948, to June 30, 1949:			
New cases.....	292	195	487
Transferred from preliminary.....		32	32
Total number of cases to be accounted for.....	786	1,213	1,999
Closed.....	218	163	381
Transferred to docketed.....	32		32
Pending at June 30, 1949.....	536	1,050	1,586

¹ These figures include the oil and gas investigations which are separately tabulated and discussed elsewhere in this report.

² Investigations carried on through correspondence and limited field work.

³ Investigations assigned to field investigators.

Securities Violations File

To assist in the enforcement of the statutes which it administers, and to provide a further means of preventing fraud in the purchase and sale of securities, the Commission has established a securities violations file. This file is a clearing house of information about persons charged with violations of Federal and State securities statutes. It is kept up to date through the cooperation of the United States Post Office Department, the Federal Bureau of Investigation, parole and

probation officials, State securities commissions, Federal and State prosecuting attorneys, police officials, members of the National Association of Better Business Bureaus, Inc., and members of the United States Chamber of Commerce. By the end of the 1949 fiscal year this file contained data about 51,165 persons against whom Federal or State action had been taken in connection with securities violations.

During the past year alone additional items of information relating to 5,577 persons were added to these files, including information concerning 2,065 persons not previously identified therein.

Extensive use is made of this clearing house of information. During the past year, in connection with the maintenance of the files, the Commission received 4,670 "securities violations" letters or reports (apart from those mentioned above which are classified as "complaint enforcement") and dispatched 3,421 communications in turn to cooperating agencies.

ACTIVITIES OF THE COMMISSION IN ACCOUNTING AND AUDITING

Successive reports of the Commission have called attention to the fact that the detailed provisions of the several acts administered by the Commission recognize the importance of adequate financial statements and their certification by independent public accountants in ensuring the availability of information necessary for the protection of investors and in the conduct of the Commission's work under the acts. These acts grant the Commission broad authority to prescribe, among other matters, the form and content of financial statements required to be filed by registrants subject to the Securities Act of 1933 and the Securities Exchange Act of 1934, to prescribe uniform systems of accounts for registrants subject to the Public Utility Holding Company Act of 1935, and to provide for a reasonable degree of uniformity in accounting policies and principles to be followed by registered investment companies in maintaining their accounting records and in preparing financial statements required by the Investment Company Act of 1940. Acting under this authority the Commission has prescribed uniform systems of accounts for certain public utility holding companies and for public utility mutual and subsidiary service companies. The principal accounting requirements prescribed under the acts of 1933, 1934, and 1940 are set forth in regulation S-X, which governs the form and content of most financial statements filed under these acts. In addition, under the Securities Exchange Act, rules have been adopted governing record keeping, financial reporting, and the auditing of the books of exchange members, brokers, and dealers.

Part X of the Commission's tenth annual report described the development of the Commission's accounting requirements and noted that in this process much assistance was found in the experience and counsel of the accounting staffs of companies subject to our jurisdiction and professional associations of accountants and individual accountants. Cooperating committees from these sources and other governmental agencies having similar problems of accounting, auditing and standards of professional conduct were particularly active during this formative period. Persons familiar with the problems of accounting and financial reporting realize that such matters are not governed

by a completely integrated body of accounting principles and a detailed statement of auditing procedures despite notable progress in these fields reflected in publications by such groups as the American Accounting Association and the American Institute of Accountants, the National Association of Railroad and Utilities Commissioners and by this Commission and other governmental agencies.

Examination of Financial Statements

Assurance that generally accepted accounting principles and standards of auditing (where certified financial statements are required) are observed is basic in many of the Commission's activities under all of the acts and in all of the major operating divisions of the Commission. Such assurance is sought through the activities of the Commission's accounting staff which is so organized as to permit expeditious handling of accounting work and to ensure uniformity of treatment of the problems that arise in the work of all the divisions. A substantial part of this work involves the examination of the financial statements and other accounting data included in material filed with the Commission. Questions raised ordinarily are brought to the attention of the registrant by letter. Solutions may then be reached by conference or correspondence. The solution may be the satisfaction of the staff with the material as filed or the filing of amendments to comply with our rules and regulations; very rarely is resort taken to a formal proceeding to resolve a conflict in views.

It should be noted that members of the Commission's accounting staff are always available to advise prospective registrants and their accountants, in conference or by correspondence prior to filing, with respect to interpretation and application of the Commission's accounting requirements to particular situations. Valuable time and expense may be saved by this procedure when unique problems are recognized or where registrants and certifying accountants are without previous experience with Commission procedures.

Public Discussion of Accounting Problems

Some indication of the influence of the Commission's work in accounting is found in the numerous inquiries on accounting subjects received from companies and accountants not subject to our jurisdiction. Inquiries also include requests from teachers and students of accounting for assistance in research projects and for copies of Accounting Series releases and regulations for use in college classes in accounting and auditing. A singular request of this type warrants specific comment here. Recognizing a professional obligation to public accountants who participated actively in the war, the American Institute of Accountants prepared a refresher course for public accountants. This course, published in 1945 under the title "Contemporary Accounting," covered developments during the war in the various fields of accounting and auditing. The Commission made a contribution to this work in the form of a chapter on "Requirements of the Securities and Exchange Commission" prepared by the then chief accountant and a member of his staff. Believing that such public discussion of the Commission's work in accounting is helpful to present and prospective registrants and to their accountants, members of the Commission and the chief accountant have accepted invitations to appear at accounting conferences and meetings of

various accounting organizations on numerous occasions. Such occasions afford an excellent opportunity to discuss current trends in the development of accounting principles, auditing standards, financial reporting practices and professional ethics in accounting. Comments received assist materially in the continuous reappraisal of our accounting rules and regulations and in their administration.

A review of the Commission's annual reports for the fiscal years ended June 30, 1945, 1946, 1947, and 1948 and of the papers referred to in the preceding paragraph reveal that the following topics have been considered during the 5-year period: historical versus earning power concept of the income statement; relation between financial and tax accounting practices; corporate consolidations, reorganizations and mergers; termination and renegotiation of war contracts; war and postwar reserves; charges and credits to earned surplus (a problem under almost continuous discussion); reporting of so-called "tax savings" or "charges in lieu of taxes"; accounting for emergency war facilities; the single step income statement; the statement of financial position versus the orthodox form of balance sheet; public utility depreciation; employees' pensions; inventory reserves for future price declines; depreciation and current price levels; development of new terminology for reserves and surplus; improvements in form of financial statements; problems arising from the use of the "lifo" (last-in first-out) method of inventory valuation; and buy-sell-lease financing. A mere listing of these items is sufficient to emphasize the cyclical character of some of the persistent accounting problems and the influence of the closing year of the war and reconversion period.

Some of the problems created by the war (such as reserves for reconversion) were relatively short lived and were disposed of to a large extent during the 5-year period under review. The varying accounting treatments given to emergency war facilities have had a more lingering influence. Where the emergency facilities were used only during the war period and could not be converted to peace time use, the accelerated amortization applied appears to have been appropriate accounting. Where, however, war plants were written off but converted to peacetime use with full efficiency, the post war years benefit from the use of the property without the burden of a depreciation charge. Where postwar use of the properties was anticipated and normal depreciation rates were used for accounting purposes although full emergency facility amortization was claimed during the war period for tax purposes, the postwar period bears a depreciation charge from which no tax benefit is derived. Further accounting complications developed in both of these situations when postwar plant additions were made at excessive construction costs. It is clear that in this postwar period both intraindustry and interindustry comparisons of financial results are seriously affected by these differences in accounting treatment of plant costs. Full disclosure of the methods employed in accounting for fully depreciated assets (whether prewar, war emergency or postwar) and postwar additions is essential in the absence of uniform treatment throughout industry. These problems have not proven as simple as many commentators on the subject have suggested. In any case, the Commission has given serious consideration to these problems as subsequent paragraphs will disclose.

Revisions of Regulation S-X and Forms

Regulation S-X, the Commission's principal accounting regulation under the Securities Act of 1933, the Securities Exchange Act of 1934 and the Investment Company Act of 1940, was adopted in 1940. In addition to minor technical changes and the recognition of certain temporary conditions growing out of the war, two major changes were made in this regulation during the period under review. After approximately 5 years' experience in examining financial statements of management investment companies filed pursuant to the accounting requirements laid down in article 6 of the regulation, a complete revision was proposed and submitted to interested parties for comment. Extensive comments were received and carefully considered and a formal public conference was held following which remaining problems were discussed with representatives of the industry. The revised article 6 in effect since 1946 has resulted in substantial uniformity in the accounting practices of the companies affected and in more informative and useful financial statements for investors.

A corresponding accounting regulation for face-amount certificate companies was proposed last year as article 68.²² This proposal is still under discussion with persons who will be governed by its provisions.

The most recent change in regulation S-X is the inclusion of a new article 5-A²³ referred to in last year's report and adopted early in this fiscal year. This new article provides for simplified financial statements for commercial, industrial and mining companies in the promotional, exploratory or development stage previously provided for only in Securities Act registration forms for these companies, extending the use of such simplified statements to applications for registration on Form 10 and to annual reports on Forms 10-K and 1-MD under the Securities Exchange Act for companies of the type indicated.

In previous reports and elsewhere in this report comment may be found as to revision of forms and the elimination of those found to be obsolete. In addition to the program of revision of the forms most widely used, regulation S-X is undergoing a thorough reappraisal with a view to the elimination of obsolete material and the incorporation of provisions relating to accounting terminology and financial statement disclosure developed in the last few years. This program is a major undertaking and will require careful consideration of a number of controversial and complex problems involving accounting principles and auditing standards, as well as the form and content of financial statements.

Incidental to the above program the Commission has received suggestions to the effect that financial statements contained in published reports to stockholders should be accepted in lieu of the financial statements required by certain of our forms. Apparently those making these suggestions have overlooked the fact that a similar previous suggestion was adopted in amendments to Form 10-K for commercial, industrial and utility companies and to Form N-30A-1 for investment companies. Accounting Series Release No. 41 adopted December 22, 1942, dealt with the accounting aspects of these

²² Accounting Series release No. 63 (1947).

²³ Accounting Series release No. 66 (1948).

amendments. Briefly, the amendments permit companies to file copies of their regular annual reports to stockholders in place of certain of the financial statements required to be filed by such forms, if the financial statements included in the annual report to stockholders substantially conform to the requirements of regulation S-X. The release discusses in some detail the interpretation to be given to the words "substantially conform." Despite this provision intended to simplify compliance as well as to encourage high standards in financial statements furnished to stockholders, only a few registrants have taken advantage of this rule.

The requirements of rule X-13A-13 and Form 8-K for the filing with the Commission of a quarterly report of sales may also be satisfied by the filing in lieu thereof of a copy of the published report to stockholders provided such report contains as a minimum the total amount of gross sales less discounts, returns and allowances, and operating revenues. Although a representative list of corporations has taken advantage of this permission, the use of the alternative has not been as widespread as was expected.

Review of Commission Decisions

Reports for the past 4 years have contained detailed consideration of Commission decisions involving points of accounting and auditing of particular interest to accountants. A brief summary will indicate the nature of the problems encountered:

The close of the war and reconversion to peacetime activity and expansion in industry produced several cases in which inventories were found to be overstated due to overoptimism, improper accounting methods or other causes.²⁴ A number of similar cases were observed and corrected as a result of the Commission's regular examining procedure and without formal Commission action or published opinion. In one of the published cases in which the misleading financial statements had been certified by independent public accountants, the Commission deemed it necessary, by a separate action, to inquire into the auditing procedures followed by the accountants and into other circumstances having a bearing upon the failure to detect the substantial overvaluation of the inventories in question. In this proceeding the accountants stipulated that the statements of fact and conclusions based thereon in the Commission's published report might be considered as evidence. While the hearing officer found all of the parties at fault in some degree, the Commission adopted his recommendation that in view of the remedial measures taken by the accounting firm to strengthen its control procedures, and, further, in view of the prior adverse publicity and certain mitigating circumstances, the proceedings should be dismissed with the recommendation that the public, and particularly the accounting profession, be informed that when a firm of public accountants permits a report or certificate to be executed in its name the Commission will hold such firm fully accountable. This was done by publication of the findings of the hearing examiner.²⁵ The following comment on this opinion is quoted from the June 1949 number of *The New York Certified Public Accountant*: "The tenor of the opinion is far more important

²⁴ For example, see Securities Act releases Nos. 3255 (1947) and 3277 (1947).

²⁵ Accounting Series release No. 67 (1949).

to accountants generally than is the result reached on the specific facts, since the admonitions included a strong invitation to all practitioners to review their existing organizational procedures and practices, and where indicated to take appropriate remedial measures." It is believed that the opinion has had this beneficial effect and will help to strengthen the protection which certification of financial statements by independent public accountants is intended to afford to investors.

A second class of cases involving accounting which has led to Commission opinions during the past five years arose in connection with promotional enterprises. These cases usually reveal failures to disclose significant information concerning the relationship of the promoters to the enterprise; omission of liabilities from the balance sheets, overstatement or improper description of assets and inappropriate and misleading accountants' certificates.²⁶ A situation of this kind briefly described in the Thirteenth Annual Report²⁷ resulted in a proceeding under rule II (e) of the Commission's Rules of Practice as a result of which the firm of certified public accountants and the partner in charge of the engagement were found to have engaged in improper professional conduct under our rules. Briefly, the partner in question attached the firm's certificate to a balance sheet which contained certain misstatements of assets and liabilities, including the improper showing among the assets of a leasehold at \$100,000, an amount equal to the par value of the common stock issued therefor, when it was admitted that this amount was an overstatement. The opinion concluded: "that it was improper to indicate that the stock had been issued at its full par value, whereas, in fact, it had been issued at a discount." The accountants' certificate was held to be false and misleading in that it was couched in terms which implied the existence of an accounting system and accounting records when in fact there were no books of account, no accounting system and no accounting records other than a few vouchers and rough notes in the certifying accountants' own files. In addition, it was found that the partner, and therefore the firm, was not independent as represented and required by the Securities Act of 1933 because the partner had become so enmeshed in the promotion of the enterprise that he was in reality a promoter rather than an independent certified public accountant.²⁸

A third class of cases revealed situations in which inadequate or misleading financial statements were employed to assist the management in a program of acquiring the company's securities at less than their fair value.²⁹

A fourth group of accounting cases arises in the administration of the rules governing securities brokers and dealers. Difficulties were encountered in this field of regulation largely because of the large number of small firms and the fact that many of the required audits were performed by accountants unfamiliar with the Commission's requirements and apparently not well trained in the improved procedures of brokerage auditing practice. Leaders in the accounting

²⁶ See Securities Act releases Nos. 3151 (1946), 3236 (1947), 3197 (1947), 3110 (1946) and 3267 (1947).

²⁷ P. 13, *Health Institute, Inc.*

²⁸ Accounting Series release No. 68 (1949).

²⁹ Securities Exchange Act releases Nos. 3822 (1946) and 3716 (1945); Litigation releases Nos. 302 (1945) and 333 (1946).

profession have aided in our efforts to improve the quality of broker-dealer audits and reports.³⁰ In addition the Commission's staff, through correspondence and direct contact by regional office representatives, has devoted considerable time to explaining to brokers and dealers and their accountants the reporting auditing requirements of the pertinent rule X-17A-5 and Form X-17A-5, which have been in effect since 1943, where it was apparent that inexperience rather than deliberate evasion was the cause of the unsatisfactory reports filed. Nevertheless, our investigations not infrequently disclose failure to keep proper books and records specified under rule X-17A-3 and willful violation of our reporting requirements referred to above. A case of this kind which resulted in disciplinary action against the certifying public accountants was described in last year's report.³¹ Two cases reported in Commission opinions this year resulting in withdrawal or revocation of broker-dealer registrations did not involve public accountants.³² Other cases reviewed in past reports during this period are cited in the margin.³³

Current Problems in Accounting and Auditing

In a preceding paragraph several representative accounting problems considered in the past five years were mentioned. Detailed reconsideration of those matters which have been discussed at some length in prior years' reports would not appear to be necessary here. However, changing business conditions not only create new problems in accounting, but often call for reexamination of old problems.

A persistent problem in reporting has been that of reflecting possible adverse business developments in the future. Accounting devices used include the creation of general purpose contingency reserves and reserves designated for special purposes such as possible future price declines in inventories and for replacement of plant assets in periods of higher price levels. As stated in our fourteenth annual report, administrative policy on this question has been that provisions of this type should be reflected as appropriations of surplus and should be reported in the surplus statement rather than on the profit and loss statement. This view encountered resistance from certain registrants and their accountants due in part to the equivocal position taken in several research bulletins issued by the Committee on Accounting Procedure of the American Institute of Accountants and to which position our chief accountant had taken exception. As indicated in our last report, the Institute committee recognized that considerable confusion in the reporting of operating results was created by the optional reporting methods permitted under their bulletins and sought to remedy the situation by the adoption of a new bulletin³⁴ in which the option permitting appropriation from net income was withdrawn.

Minority dissents to the bulletin and developments in practice since its publication indicate that its subject matter is still controversial. However, the majority view of the committee reflects a policy, consistent with that of the Commission, that the income statement should show net income for the period without additions or deductions

³⁰ See editorial, "A Warning to Auditors," *The Journal of Accountancy*, June 1946.

³¹ Accounting Series release No. 59 (1947). See also Accounting series release No. 51 (1945).

³² Securities Exchange Act releases Nos. 4138 (1948) and 4265 (1949).

³³ Securities Exchange Act releases Nos. 3593 (1944), 3716 (1945), 3772 (1946), and 3982 (1947).

³⁴ Accounting Research Bulletin No. 35, October 1948.

of items which are properly excluded from the determination of net income, such as the types of provisions for future events mentioned above. This policy is reflected in rule 5-03-16 of regulation S-X which provides that the final caption on profit and loss or income statements shall be Net Income or Loss.

Mentioned in last year's report was an example of the application of the replacement theory of depreciation as compared to the generally accepted accounting concept that depreciation is the amortization of the cost of fixed assets over their anticipated useful lives. A small number of registrants applied some departure from the accepted principle in reports filed with the Commission during the year. Exception was taken in all of these cases, and conferences, in which representatives of registrants, the Commission and the staff participated, were held to consider the general question and its application in particular cases. The conclusion reached was that depreciation charges in financial statements filed with the Commission should continue to be based upon cost. Revisions of financial statements on file have been made in accordance with this conclusion. In some cases accounting recognition has been given to the high rates of production enjoyed in postwar years by accelerating depreciation charges in periods during which productive capacity was used in excess of normal average production over a representative period of years. Similarly, the amortization of plant costs incurred to capture a temporarily expanded demand was deemed to comply with the generally applicable accounting principle of matching costs with revenues. In such cases a clear explanation of the circumstances justifying the early amortization of costs has been obtained. The policy adopted by the Commission is consistent with that adopted by representative professional accounting groups in this country³⁵ and in Great Britain.³⁶

In the Commission's thirteenth annual report attention was called to the practice of accepting, prior to that time, accountants' certificates accompanying financial statements of public utility companies in which the accountants avoided expression of an opinion with respect to the adequacy of the provision and the reserve for depreciation. Since that time Commission policy has been to require that in the event of inadequacy of either the provision or the reserve the accountant must make clear his position as to both. A related problem is the proper disclosure of the reserve for depreciation in the balance sheet. Because of a custom of long standing in the utility industry pursuant to which such reserves were shown grouped with other reserves on the liability side of the balance sheet in accordance with prescribed uniform systems of accounts adopted by the various federal and state regulatory bodies, this Commission's regulation S-X which prescribes the form and content of financial statements to be filed under the acts contains, for such companies, an exception to the general rule that valuation and qualifying reserves shall be shown separately in the statements as deductions from the specific assets to which they apply. However, the general rule has had wide acceptance among accountants for many years and it would appear that it should now be applied

³⁵ See "Depreciation and High Costs," Accounting Research Bulletin No. 33, American Institute of Accountants, December 1947, reaffirmed October 14, 1948, in a memorandum of the Committee on Accounting Procedure addressed to members of the Institute.

³⁶ For a brief consideration of the subject citing American and British views see *The Canadian Chartered Accountant*, July 1949, p. 21.

to public utility companies since the uniform system of accounts promulgated by the National Association of Railroad and Utilities Commissioners now permits, but does not require, the deduction of reserves for depreciation, depletion and amortization from the related asset accounts on the balance sheet. Some states and the Federal Power Commission, the Interstate Commerce Commission and the Civil Aeronautics Board, adopted this treatment of the reserve as a requirement. A requirement to this effect is being considered in connection with the amendment of regulation S-X now in process.

The use of the word "reserve" in the foregoing discussion prompts a reference to a movement in accounting circles which should have the support of all concerned. There has been much lay criticism of certain technical terms used in accounting. Two terms that have received the brunt of the attack are "reserve" and "surplus." The accounting staff has discussed the matter with representatives of the accounting profession and in response to specific inquiries has indicated that there is no barrier in the Commission's present accounting requirements to the adoption of properly descriptive substitute terminology in financial statements filed with the Commission. In addition, the chief accountant of the Commission has publicly endorsed the movement. A recent review of a number of reports to stockholders indicates a growing acceptance of these proposals to adopt new terminology intended to be more illuminating.

Briefly, it is proposed to restrict the term "reserve" to appropriations of surplus which should be shown as part of the stockholders' equity in the balance sheet. The term would not be used to designate accounts properly classified as liabilities or as deductions from assets. Clear-cut distinctions are difficult in some cases but substantial improvements have been made in financial statements filed with the Commission.

Some large corporations have approached the abandonment of the term "surplus" with caution, adopting the device of using both the old and new terms, showing one or the other in parentheses. New terms found in published reports include "net income retained for use in the business," "profit employed in the business," "income retained in the business," "net earnings retained for use in the business," "accumulated earnings—in use in the business," "reinvestment of profits," and "earnings employed in the business." Corporate financial history in many individual cases will present complications which will require special disclosure. A common example is the situation in which earnings have been capitalized by the payment of stock dividends or by an increase in the stated value of any class of outstanding shares. Consideration must also be given to the proper presentation of appropriations from surplus to create reserves or to indicate restrictions on surplus from a variety of causes. An unqualified use of the suggested substitute terms would appear to be technically incorrect and misleading when earnings have been capitalized or appropriated and shown otherwise than as a part of the recaptioned earned surplus. The phrases mentioned above connote that a given account represents all of the earnings which have been retained. In order for a balance sheet using such terminology to be accurate and meaningful the account thus captioned must be pre-

sented in a manner which will reflect all earnings retained in the business, even though capitalized, or otherwise appropriated.

A problem actively discussed during the year grows out of a form of financing which has had a rapid postwar growth in popularity. There are several variations found, but a common example involves the construction of a building, its immediate sale to a second party accompanied by a long-term lease back to the seller, usually with renewal options. In some cases a third party, usually an insurance company or an educational institution, lends the necessary funds to the lessor, taking a mortgage on the property. In still other cases the lessor-owner of the real estate builds to specifications furnished by the lessee. The device is common in the chain store field but is not restricted to it. The problem for the accountant when faced with these situations is to determine how much disclosure is necessary for the investor to interpret properly the effect upon the financial condition of the company.

The Commission's practice with respect to the treatment of these situations depends upon the terms of the contracts. There are, basically, three types of contracts. Some are simple lease arrangements containing no provision for acquisition by the tenant of title to the property. Specific instructions for the reporting of long-term leases, including those of the type under discussion, are now prescribed in item 5 of rule 12-16 of regulation S-X, dealing with "Supplementary Profit and Loss Information," which requires a statement of the aggregate annual amount, if significant, of the rentals upon all real property now leased to the registrant and its subsidiaries for terms expiring more than three years after the date of filing, and the number of such leases. If the rentals are conditional the minimum annual amount thereof is to be stated. It is also essential, in view of the fixed commitment involved, that adequate information with respect to such leases be submitted as supplemental information to the balance sheet, preferably in the form of a footnote keyed to a caption in the balance sheet.

A second type of contract involves the purchase or repurchase of the property by the lessee, and provides that the periodic payments made under the agreement will be applied against the purchase price of the property. Such arrangements are clearly purchase or repurchase contracts, and should be shown at their full contract cost, less appropriate allowance for depreciation, on the asset side of the lessee's balance sheet; with the liability under the purchase contract reflected under an appropriate caption on the liability side. Here, again, adequate information concerning such arrangements should be appropriately disclosed.

The third type of contract incorporates an agreement which permits but does not obligate the lessee to acquire title to the property either during the life of the lease or upon its termination. In these situations it is necessary to go beyond the form of such contracts and determine whether, in substance, the lessee actually intends to acquire the property. Among the factors to be weighed in reaching a decision are:

1. Whether the rentals are to be applied against the purchase price, and if so, whether they are out of line with rentals under leases not containing acquisition provisions;

2: The estimated value of the property at the time the purchase option becomes exercisable as compared with the agreed purchase price, if any;

3. Whether the contract provides for an extension of the lease period, and the amount of the rentals to be paid during the extended period.

If it is determined, after consideration of all the factors in a particular case, that the agreement is in fact a purchase or repurchase contract, it follows that it must be reflected in the balance sheet as in the second type of case. If, on the other hand, the agreement constitutes a *bona fide* lease arrangement, it will be necessary only to submit the required information as a supplement to the financial statements as in the first example.

Most of the articles concerning "net-lease" financing appearing in various financial and accounting publications either do not refer to some of the significant problems inherent in this practice, or give them only passing mention. One of the principal problems to the lessee is, of course, the fixed commitment for a long term of years. In the cases which have come to our attention the arrangements do not appear to be subject to adjustment to conform to changes in business conditions, a situation which may present considerable hazard in periods of declining business activity.

A case in point is that of the Childs Co. The Commission's advisory report³⁷ on the proposed plans of reorganization of this company discloses that the "need for cash to repay bank loans caused the company to dispose of a number of its best properties and take back leases at rentals which later proved burdensome." Among the factors enumerated by the trustee as contributing to the chain's financial difficulties were excessive rentals paid by many of the stores and obsolete restaurant locations which were impossible to abandon because of lease obligations.

It is true, of course, that the purchase of property subject to a mortgage also commits the mortgagor to periodic payments of interest and to repayment of the principal amount. However, the number of such commitments which may be incurred by any one mortgagor is somewhat restricted by virtue of the fact that ordinarily a mortgage cannot be obtained for the full value of the property, and the purchaser must provide the balance himself. Because this restriction is not present in the typical "sell-lease" transaction, and there is a real danger that the lessee will commit himself for payments which he will be unable to meet under adverse conditions, full disclosure of such lease obligations is necessary in order to make the financial statements not misleading.

DIVISION OF OPINION WRITING

The Division of Opinion Writing aids the Commission in the preparation of findings, opinions, and orders promulgated by the Commission in contested and other cases and controversies arising under the Securities Act of 1933, the Securities Exchange Act of 1934, the Holding Company Act of 1935, the Trust Indenture Act of 1939, the Investment Company Act of 1940 and the Investment Advisers Act

³⁷ Corporate Reorganization Release No. 67, September 30, 1946.

of 1940. These statutes provide for a wide variety of administrative proceedings which require quasi-judicial determination by the Commission. Formal opinions are issued in all cases where the nature of the matter to be decided, whether substantive or procedural, is of sufficient importance to warrant a formal expression of views.

The Division of Opinion Writing is an independent staff office which is directly responsible to the Commission. It receives all assignments and instructions from and makes recommendations and submits its work to the Commission directly. It is headed by a director, who is assisted by an assistant director, supervising attorneys and a staff of drafting attorneys and a financial analyst.

While engaged in the preparation of opinions assigned to the Division of Opinion Writing, the members of this Division are completely isolated from members of the operating division actively participating in the proceedings and it is an invariable rule that those assigned to prepare such an opinion must not have had any prior participation in any phase of the proceedings with respect to which the opinion is to be prepared. Commission experts are from time to time consulted on technical problems arising in the course of the preparation of opinions and findings, but these experts are never individuals who have participated in the preparation of the case or testified at the hearing.

The director or assistant director of the Division of Opinion Writing together with the members of the staff of the Division who are assigned to work on a particular case, attend the oral argument of the cases before the Commission and frequently keep abreast of current hearings. Prior to the oral argument, the Division makes a preliminary review of the record and prepares and submits to the Commission a summary of the facts and issues raised in the hearings before the hearing officer, as well as in any proposed findings and supporting briefs, the hearing officer's recommended decision, and exceptions thereto taken by the parties. Following oral argument or, if no oral argument has been held, then at such time as the case is ready for decision, the Division of Opinion Writing is instructed by the Commission respecting the nature and content of the opinion and order to be prepared.

In preparing the draft of the Commission's formal opinion, the entire record in the proceedings is read by a member of the staff of the Division of Opinion Writing and in some cases he also prepares a narrative abstract of the record. Upon completion of a draft opinion and abstract of the record, and after their review and revision within the Division of Opinion Writing, they are submitted to the Commission. If the study of the record in the case by the Division of Opinion Writing has revealed evidence of violations warranting a reference to the Attorney General for criminal prosecution, or has disclosed the desirability or the need for any changes in administrative procedures or techniques, appropriate recommendations are made to the Commission at the time the draft opinion in the case is submitted.

The draft opinion as submitted may be modified, amended, or completely rewritten in accordance with the Commission's final instructions. When the opinion accurately expresses the views and conclusions of the Commission, it is adopted and promulgated as the

official decision of the Commission. In some cases concurring or dissenting opinions are issued by individual Commissioners who wish to express their separate views on matters covered by the opinion adopted by the majority of the Commission. In such cases the Division of Opinion Writing is occasionally instructed to prepare drafts of such concurring or dissenting opinions and confers respecting them with the individual Commissioners involved, submits drafts directly to them, and makes such modifications and revisions as are directed.

The findings of fact, opinions, and orders adopted and promulgated by the Commission serve as an aid and guide to the bench and bar. With minor exceptions (*e. g.*, certain opinions dealing with requests for confidential treatment) all are publicly released and distributed to representatives of the press and persons on the Commission's mailing list. In addition, the findings and opinions are printed and published by the Government Printing Office in bound volumes under the title "Securities and Exchange Commission Decisions and Reports."

The Division of Opinion Writing uses a system of drafting and reviewing attorneys to check and recheck against the record, in order that the cases assigned to it receive the meticulous consideration which their importance and substantial nature require, and to ensure that the findings and opinion of the Commission will reflect with complete correctness the facts in the record and the applicable law. The Commission believes this to be the only effective way to achieve consistent accuracy in dealing with cases having the technical complexities that characterize the matters it is required to decide.

The foregoing represents the primary function of the Division of Opinion Writing—to aid in the preparation of findings, opinions, and orders promulgated by the Commission in contested cases arising under the statutes it administers. The creation of the Division of Opinion Writing as an independent staff unit in 1942 was based on the view that the fair exercise of the Commission's adjudicatory functions in many types of cases made it appropriate that it be assisted in that function by members of its staff who were independent of any other employees who participated in any of the investigative or prosecutory functions of the Commission. Originally initiated as a matter of Commission policy, this arrangement's desirability was subsequently given express recognition in the specific provisions of the Administrative Procedure Act which in certain types of cases require that there be a complete separation of function between quasi-prosecutory functions and quasi-judicial functions. The existence of the Division of Opinion Writing thus made it possible for the Commission even before the passage of the Administrative Procedure Act to meet fully the separation of function requirements contained in Sections 5 (c), 7 and 8 of that act.

Following the adoption of the Administrative Procedure Act in June 1946, the Commission's Rules of Practice and procedure were revised in order to effect full compliance with the provisions of the act. Revised Rules of Practice were adopted effective September 11, 1946; when most provisions of the act became effective, and there were also prepared for publication in the Federal Register, as required by

the act, descriptions of the Commission's organization and procedures, lists of forms, and a compilation of interpretative opinions theretofore issued for the guidance of the public. These materials were prepared under the joint direction of the Division of Opinion Writing and the Office of the General Counsel.

The Commission, through its revised Rules of Practice, has sought to provide a flexible procedure which will be suited to the needs and desires of the participants in the proceeding before it, as well as guarantee them the procedural safeguards required by the general principles of due process and the provisions of the Administrative Procedure Act. Thus, in many instances the Commission, at the request of some participants, has availed itself of the assistance of the Division of Opinion Writing in the preparation of its findings even though separation of functions was not technically required by law. Further, under rule III of the Commission's Rules of Practice, the moving party may, subject to contrary determination by the Commission, specify the procedures considered necessary or appropriate in the proceedings, with particular reference to (1) whether there should be a recommended decision by a hearing officer; (2) whether there should be a recommended decision by any other responsible officer of the Commission; (3) whether the interested Division of the Commission's staff, or only the Division of Opinion Writing, may assist in the preparation of the Commission's decision and (4) whether there should be a 30-day waiting period between the issuance of the Commission's order and the date it is to become effective. Other parties may object to the procedures or specify other procedures, but in the absence of such objection or specification of additional procedures may be deemed to have waived objection to the specified procedure and to the omission of any procedure not specified.

In addition to its primary function, the Division of Opinion Writing is also given assignments of a general nature which are not inconsistent with the objective of the separation of the investigatory and quasi-judicial functions. Thus, the Division has been assigned continuing joint responsibility with the Office of the General Counsel in dealing with problems arising under the Administrative Procedure Act. It has also been given the responsibility of preparing a compilation of administrative decisions and other authorities under the various statutes administered by the Commission, and from time to time it is given other special assignments by the Commission.

The Division of Opinion Writing also assists the operating divisions of the Commission in the preparation of opinions in certain uncontested cases where participation by the operating division in the decisional process is proper under the Administrative Procedure Act. In some instances members of the Division of Opinion Writing are also assigned to assist the Office of the General Counsel in connection with court appeals taken from Commission decisions initially drafted in the Division.

Some of the more significant opinions issued by the Commission during the year are commented upon in this report under the discussions of the various statutes.

INTERNATIONAL FINANCIAL AND ECONOMIC MATTERS

Registration statements covering \$15,353,450 of securities issued by foreign companies were filed during the fiscal year 1949. Because of the withdrawal of one statement covering an offering of \$7,500,000 of securities of a Canadian oil company, only \$7,853,450 of securities of foreign issuers were effectively registered.

Upon the outbreak of World War II the national securities exchanges suspended dealings in all securities of German, Japanese, Italian, and other axis origins. Shortly thereafter the Commission, upon consultation with the Departments of State and Treasury, requested that brokers and dealers refrain from effecting transactions in these securities. Following the filing of a registration statement by the Republic of Italy in December 1947, covering an offer of exchange for the outstanding dollar bonds of the Kingdom of Italy and certain municipal and corporate obligations, the Commission withdrew its request as to Italian securities.

In recognition of the interest of United States bondholders and upon request of the securities exchanges upon which the bonds were traded, the Commission has consulted with the Departments of State, Treasury, Justice, and the Army as to the questions involved in the eventual resumption of trading in German, Japanese, and other former axis issues. Events which have taken place since these bonds were suspended from trading have been reviewed. The uncertain status of prewar dollar obligations of Germany and Japan, the lack of a peace treaty with either country, and the substantial dollar obligations they have incurred during the period of occupation have been noted. The Commission has concurred in the conclusion that it would not be in the interest of United States foreign policy or of public investors, to approve the resumption of trading in German or Japanese securities at this time.

The Commission maintains, through its Adviser on Foreign Investment, facilities for liaison with other agencies which might have jurisdiction over or interest in problems of foreign finance. The Commission has continued its representation on the Staff Committee of the National Advisory Council on International Monetary and Financial Problems. It has continued to cooperate with other agencies concerned with the development of the Government's foreign economic program through the Executive Committee on Economic Foreign Policy and its subcommittees on Foreign Investment Policy, Private Monopolies and Cartels, and the United Nations Economic Subcommittee. The Commission is represented also on the Federal Committee on International Statistics formed to advise and assist the United States member of the United Nations Statistical Commission.

In furtherance of the European Recovery Program, the Commission participated in the preparation for presentation to the Congress of documents on the financial problems of the program through membership on the Financial Policy Subcommittee of the Correlation Committee on ERP. At the request of the Administrator for Economic Cooperation, the Commission's Adviser on Foreign Investment prepared a statement on private United States investments in foreign countries, and the prospects for private investment in certain ERP

countries. This statement was submitted in connection with the hearings on H. R. 2362 (a bill to Amend the Economic Cooperation Act of 1948) before the Committee on Foreign Affairs of the House of Representatives.

The Commission has also contributed to the formulation and implementation of the President's Point IV Program for the provision of technical assistance to and the encouragement of private investment in underdeveloped countries. In this connection the Adviser on Foreign Investment has participated as a member of the working groups on the financial aspects of the program, assisting in the drafting of principles for the investment clauses of treaties to provide prospective United States investors with guaranties through the Export-Import Bank against risks peculiar to foreign investments.

The Commission, through the office of its Adviser on Foreign Investment, maintains a constant surveillance of foreign exchange regulations and capital controls of other countries, noting particularly the effect of such regulations and controls upon United States investors abroad. One of the purposes of this review is to be assured that accurate disclosure of foreign exchange controls is made in registration statements and prospectuses used in connection with public offerings of foreign securities in the United States. During the year the Commission has had occasion to bring to the notice of the Department of State for appropriate action instances of apparent or potential violation of the Securities Act of 1933 in the offering of foreign securities. The Commission continues to maintain surveillance of the transactions in outstanding securities effected by foreigners in the securities markets under the Commission's jurisdiction.

The Commission, as a member of the Board of Visitors of the Foreign Bondholders Protective Council Inc., continued consultation with the Department of State on problems referred to the Board by officers of the Council. Upon the invitation of the United States Governor of the International Bank and Monetary Fund, the Chairman of the Commission and the Adviser on Foreign Investment took part in the third annual meeting of these institutions held in Washington in September of 1948.

At the request of representatives of the National Advisory Council on International Monetary and Financial Problems, the Commission gave consideration to legislation to afford certain conditional exemptions from the Securities Acts for obligations issued or guaranteed by the bank. (See discussion, above, under the section dealing with the Securities Act.)

ADVISORY AND INTERPRETATIVE ASSISTANCE

Constant requests by attorneys, accountants, persons engaged in specialized fields of the securities business, and members of the general public in connection with the acts administered by the Commission has made an interpretative and advisory service an important part of the Commission's work. New problems arise continuously as changes in patterns of financing and business conditions present novel situations. When the frequency and importance of inquiries and the proper administration of the statutes dictate, interpretations of

general application are circulated in release form and are also published in the Federal Register.

Representatives of new enterprises and small business ventures constantly seek guidance and assistance under the various acts which the Commission administers. For the most part, these inquiries involve the applicability of exemptions from the registration provisions of the Securities Act, including the availability of special exemptions for small issues of securities. Many small issuers have thus received timely advice which enables them to comply with the applicable statute with a minimum of effort and expense.

In order to avoid violating the acts administered by the Commission, those who must comply with these acts often seek preliminary advice from the Commission concerning the application of the statutory provisions to proposed transactions. This preliminary advice has frequently proved mutually helpful to the securities industry and to the Commission, inasmuch as it tends to avoid needless effort, expense, and delay that might otherwise be necessary to correct what would have been defective filings by the registrant.

Among the more frequent inquiries received are those which relate to questions of control of an issuer by a particular person for the purpose of determining whether registration of the issuer's stock is required under the Securities Act to cover sales by him; whether a particular offering is public or private; whether a company is an investment company, and the applicability of the various sections of the Investment Company Act to proposed transactions; questions of the extent to which brokers, dealers, investment advisers, statistical agencies, and others may properly disseminate information about securities free of the prospectus requirements of sections 5 and 10 of the Securities Act; the manner and degree to which stabilization may be maintained with respect to the market prices of outstanding securities while a registered offering is in progress; and to whether the disposition of various types of interests, such as membership in a cooperative housing project, participation in pension funds, and the like, constitute offers of securities within the meaning of the Securities Act.

The volume and nature of the interpretations rendered in the Commission's ten regional offices have followed the pattern of those rendered by the staff at the central office. Each regional office is advised concerning inquiries received in the central office originating from persons located in the region covered by the respective regional office, and each office is advised also of all interpretations involving unique situations. In addition, to assure uniformity of interpretations, the central office makes a complete review of interpretations given by the regional offices.

CONFIDENTIAL TREATMENT OF APPLICATIONS, REPORTS, OR DOCUMENTS

The Commission is empowered to grant confidential treatment, upon application by registrants, to information contained in reports, applications, or documents which they are required to file under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public

Utility Holding Company, Act of 1935, the Investment Company Act of 1940, and the Investment Advisers Act of 1940. Under the Securities Act of 1933 the Commission has adopted rule 580, which provides that information as to material contracts, or portions thereof, will be held confidential by the Commission if it determines that disclosure would impair the value of the contracts and is not necessary for the protection of investors. The other four statutes referred to, in general empower the Commission to hold confidential under certain conditions any information contained in any reports required to be filed under those statutes. Disclosure of information confidentially filed under the latter statutes is made only when the Commission determines that disclosure is in the public interest.

The following table indicates the number of applications received and acted upon during the 1949 fiscal year and the number pending at its close:

Applications for confidential treatment—1949 fiscal year

Act under which filed	Number pending July 1, 1948	Number received	Number granted	Number denied or withdrawn	Number pending June 30, 1949
Securities Act of 1933 ¹	4	10	13	0	1
Securities Exchange Act of 1934 ²	11	46	39	8	10
Investment Co. Act of 1940 ³	0	52	52	0	0
Total	15	108	104	8	11

¹ Filed under rule 485.

² Filed under rules X-24B-2 and X-13A-6B.

³ Filed under rule N-45A-1.

A marked drop in the number of applications filed occurred in the 1949 fiscal year. This resulted particularly from the revision in November 1948, of item 7-A of regulation X-14, which reduced the amount of information about the remuneration of officers and directors called for in proxy soliciting material—information frequently made the subject of requests for confidential treatment. The consequent drop in applications relating to proxy soliciting material amounted to more than 75 percent.

Registrants may obtain a private hearing by the Commission under rule X-24B-2 to offer arguments in support of their applications. Out of 105 applications denied or withdrawn during the past 5 years, there were 6 in which such hearings were requested and conducted. In each of these cases the registrant, after the hearing, withdrew application for confidential treatment. Registrants may also seek judicial review of decisions made by the Commission adverse to them, but no such petitions for such judicial review have been filed during the past several years.

STATISTICS AND SPECIAL STUDIES

Saving Study

The Commission continued its series of quarterly releases on the volume and composition of saving by individuals in the United States. These releases show the aggregate volume of individuals' saving; that is, the increase in their assets less the increase in their

liabilities, exclusive of gains or losses from revaluation of assets. The figures also show the components contributing to this total, such as changes in securities, cash, insurance, consumers' indebtedness, and consumers' durable goods.

Financial Position of Corporations

The series of quarterly releases on the working capital position of all United States corporations, exclusive of banks and insurance companies, was continued. These releases show the principal components of current assets and current liabilities and an abbreviated analysis of the sources and uses of corporate funds. Semiannual supplementary tables were also released showing a detailed breakdown of current assets and liabilities for various industry and size groups of corporations registered with the Commission.

The Commission, together with the Federal Trade Commission, continued the joint series of quarterly industrial financial reports. These reports were developed as an extension of the working capital series and present a complete balance sheet and abbreviated income account for all manufacturing corporations in the United States. In addition, data are given for various size groups of corporations and for minor industry groups. It is planned to extend this report to cover nonmanufacturing corporations as well.

The Commission, together with the Department of Commerce, continued also the joint series of quarterly releases on plant and equipment expenditures by United States business other than agriculture. Shortly after the close of each quarter, these releases present industry totals on the actual capital expenditures of that quarter and anticipated expenditures for the next two quarters. These data provide a useful index of present and future activity in the capital-goods industries and capital markets and a valuable barometer of business activity in general.

Survey of American Listed Corporations

During the 1949 fiscal year the Commission again released for public and Government use the annual financial, operating and statistical data filed with the Commission by registrants reporting under the Securities Exchange Act of 1934 and the Securities Act of 1933. These data are summarized in a series of reports known as the "Survey of American Listed Corporations" showing individual data for each company as well as industry totals for 1,891 companies in 157 industry groups. The object of these compilations of reports has been to make more readily available to the investor, to the general public, and to Government bureaus and agencies some of the financial information filed with the Commission. The survey as presently constructed covers approximately 2,000 corporations of which about 1,350 are manufacturing companies.

The results of the survey have been presented in two forms, individual industry reports and special statistical studies. The individual industry reports contain both combined and individual data for registrants from 1934 to 1947, inclusive. A postwar study was made of the industry classifications used in the survey reports and as a result the industry groupings were increased to reflect finer categories. The new groupings were first published in the 1945-46 survey series.

The most recent series of reports, *Data on Profits and Operations Including Surplus 1946-47*, was completed in the current fiscal year. This series, consisting of 7 volumes (volumes 1 to 5 cover manufacturing industry groups and volumes 6 and 7 cover nonmanufacturing industry groups), summarized 1,891 companies in 157 industry groups. The 1946-47 series of surveys also contains a brief analysis of dividends plus a tabulation of reserves showing the number of companies and the dollar amounts and types of reserves created either by charges to income or surplus. The data included are presented on an over-all basis, covering all registrants, and are then presented on an individual basis for each of the registrants comprising the group, with all figures given on a comparative basis with the preceding year. Principal items furnished in these reports on profits and operations, including surplus, are annual data on sales; costs and/or operating expenses; operating profits; net profit before income taxes; net profit after income taxes; depreciation, depletion, amortization, etc.; maintenance and repairs; selling, general, and administrative expenses; earned surplus at the beginning of the period; additions to earned surplus (including net profit after income taxes); deductions from earned surplus (other than dividends); dividends charged to earned surplus, and earned surplus at the end of the period. Also included are capital surplus at the beginning of the period; capital surplus at the end of the period; and net worth at the beginning of each period covered. In addition each item in the profit and loss account is shown as a percentage of net sales, and net profit before and after income taxes as a percentage of net worth. The data presented for the manufacturing industry groups supplement previous reports on *Data on Profits and Operations* beginning with the year 1936. The data for the nonmanufacturing industry groups supplement previous reports beginning with the year 1942. Surplus was presented for the first time in the 1945-46 series.

A summary presenting a condensed profit and loss statement for the most recent 10-year period from 1938 to 1947 was also publicly released for all manufacturing companies and a similar summary was released for a 5-year period from 1942 to 1946 for nonmanufacturing.

In previous years summaries were made of other important financial items. Thus, in the 1943-44 and 1944-45 series of surveys a tabulation was made showing data on termination and renegotiation of war contracts. In the 1944-45 series two additional analyses were made, which resulted in a summary of charges for depreciation and amortization of emergency facilities and for war costs, losses, and expenses. During the 1945 fiscal year the Commission also published a series of survey releases which covered balance sheet data for the years 1939 to 1943, inclusive.

Until 1942 most reports of the survey were made available to the public, but at present, due to budgetary limitations, it is necessary to limit distribution to depository libraries. Copies of all reports, however, have also been made available for general use in the offices of the Commission in Washington, D. C., and in the Commission's regional offices. Photocopies may also be obtained of all or part of these reports.

Investment Company Data

Data for closed-end and open-end management investment companies were compiled and released to the public quarterly. These reports show, in tabular form, aggregate figures for the purchases and sales in both shares and dollars of the registrants' capital stock and of their own funded debt; portfolio changes during the period, comprising purchases, sales, and balance of change in their portfolio; and the nature of their assets at the close of the quarter. The items included in these assets are cash and cash items, Government securities, securities of other investment companies, other securities, other assets, and total assets.

The data in the published tables were obtained from quarterly reports filed pursuant to sections 13 or 15 (d) of the Securities Exchange Act of 1934 and section 30 (b) (1) of the Investment Company Act of 1940. Such reports are filed by management investment companies registered under the latter act, except companies which issue periodic payment plan certificates or which are sponsors or depositors of companies issuing such certificates. The reports are filed by fiscal quarters, and in most cases these correspond with calendar quarters; when the fiscal quarter is not a calendar quarter, the data are grouped with the calendar quarter to which the reported quarter most closely corresponds.

Distribution of Registrants by Independent Accounting Firms

During the 1948 fiscal year a study was made of the distribution of registrants by independent public accounting firms certifying financial statements for 1946. The study included 2,265 registrants, with aggregate assets of 100 billion dollars, which file annual reports with the Commission under the Securities Exchange Act of 1934 and the Securities Act of 1933. These firms' reports were certified by 416 independent public accounting firms. They were classified by aggregate assets of registrants served, showing the number of registrants, number of industry groups, and the percentage of total number of registrants covered. Also shown are a break-down of accounting firms by interval, the number of firms certified to, and the aggregate assets of these registrants.

Quarterly Sales Data

Under rule X-13A-13 companies filing annual reports on Form 10K were required to file quarterly sales data. These sales data were compiled and released by the Commission and covered approximately 1,400 companies in 157 industry groups. The data have been released quarterly in two forms, first in the aggregate, showing the comparable totals for most companies, with a break-down of manufacturing, retail trade and "all others" for the last eight calendar quarters, and second for each individual company and for each industry group for the current calendar quarter, the comparable quarter of the previous year and the quarter previous to the current quarter. During 1948 under rule X-15D-13 companies filing annual reports on Form 1MD were also required to file quarterly sales data. As a result thereof the coverage of the quarterly sales data has been increased to include approximately 350 additional companies.

Financial Highlights

Another report, Financial Highlights, was released by the Commission for the first time during the 1949 fiscal year. The survey is a compilation of significant operating and balance sheet items for 1,322 corporations covering the years 1948 and 1947. This summary presents net sales, net income, current assets, current liabilities, inventories, land, buildings and equipment (net), total assets, and capital stock and surplus (net worth) with computations of the current ratio, working capital, and return on net worth. A further break-down of the summary total is made to show aggregates for manufacturing, nonmanufacturing, and retail trade. The study presents combined figures for the most current financial data available from the financial statements submitted by registrants under the Securities Exchange Act of 1934 and the Securities Act of 1933.

PERSONNEL

As of June 30, 1949, the personnel of the Commission consisted of the following:

Commissioners.....	14
Staff:	
Headquarters Office.....	787
Regional Offices.....	336
	<u>1,123</u>
Total.....	1,127

¹ 1 vacancy.

This represents a reduction of 21 employees from the total personnel on June 30, 1948. Average employment has been reduced from 1,686 during the 1940 fiscal year to 1,150 during the 1949 year. Average employment during the last 5 years has been:

AVERAGE EMPLOYMENT—1945 TO 1949

Fiscal year:	<i>Average employment</i>
1945.....	1,130
1946.....	1,204
1947.....	1,193
1948.....	1,160
1949.....	1,150

The preceding 5-year period has presented unusual problems in the administration of the personnel program. The Commission has shared with all agencies the difficulties arising out of the war and has had, in addition, to face the problems presented by the return of its central office from Philadelphia. The Division of Personnel is the staff organization responsible for the administrative aspects of the personnel program. Its regular work embraces employment, placement, and separation; job evaluation and classification; employee relations and services; training; operation of various committees and boards such as the Committee of Expert Examiners (which conducts examinations for positions peculiar to the Securities and Exchange Commission); wage administration; the uniform efficiency rating system; Commission regulations governing the personal securities

and commodities transactions of its employees; and processing, recording and reporting of all personnel matters. In addition the Division is responsible for the conduct of pre-appointment character investigations; leave administration and accounting; and the maintenance of an emergency medical unit staffed by a registered nurse.

Additions to the responsibilities of that Division during the past 5 or 6 years have included: (a) Administration of an employee suggestion program; (b) administrative work for the Commission's committee of Expert Examiners; (c) administrative work in connection with the Federal Employees' Loyalty Program; (d) wage administration for duplicating shop employees under wage board procedures; (e) the extension of the uniform efficiency rating system and the statutory job classification plan, to cover virtually all employees; and (f) preparation of more comprehensive reports required by agencies of the legislative and executive branches of government.

The staff of the Division of Personnel has gone down from 27 in 1943 to 16 as of June 30, 1949. This represents a reduction of 41 percent as compared to a reduction of 15 percent in the total staff of the Commission during that period. This economy in operation has been accomplished by the intensification of individual effort, the elimination of records and procedures not absolutely required and constant simplification of remaining functions. This reduction in staff is particularly significant if consideration is given to the added duties and responsibilities imposed upon the Division of Personnel during the past 5 or 6 years.

Five years ago, the Commission's personnel was on a wartime basis. After the cessation of hostilities the Commission was faced with the problem of reemploying those men and women who had served in the armed forces. Despite the fact that total employment remained approximately 500 employees less than during the prewar period, all veterans seeking reemployment were restored promptly to the active rolls. In all more than 300 veterans were reemployed. A number of veterans, although eligible for reemployment, preferred to seek employment in other agencies or in private industry.

In May 1946, the President issued an Executive order authorizing the return of Federal employment to a peacetime basis. Under this Executive order, the Securities and Exchange Commission accorded the opportunity to its war service professional and technical employees to compete for permanent civil service status. At present, approximately 89 percent of the staff has permanent civil service status or permanent tenure, the remaining 11 percent being composed primarily of recent additions to the staff in nonprofessional positions.

In January 1948 the Headquarters Office of the Commission was removed from Philadelphia, Pa., to Washington, D. C. Although the Commission lost very few of its professional employees (48 percent of present executive, professional, and technical personnel have 10 or more years of service with the Commission), the move resulted in a considerable turn-over in the clerical and stenographic brackets. The replacement of those employees unable to move to Washington with the Commission was accomplished with a minimum of disruption of day-to-day work.

FISCAL AFFAIRS

Appropriation title	Appropriation	Obligated	Unobligated balance
Salaries and expenses.....	\$6,027,140	\$6,023,450	\$3,680
Printing and binding.....	94,000	91,960	2,040
Total.....	6,121,140	6,115,410	5,730

Receipts for the fiscal year 1949

Character of fee:	Amount
Fees for registration of securities.....	\$454,612
Fees under Trust Indenture Act.....	294,173
Fees from registered exchanges.....	1,000
Fees from photo duplications.....	15,159
Miscellaneous receipts.....	22,601
Total.....	787,545

This money must be turned into the general fund of the Treasury of the United States and is not available for expenditure by the Commission.

PUBLICATIONS

Public Releases

Releases of the Commission consist primarily of official announcements of filings under and actions taken pursuant to the several acts which it administers. These include notices of filings, hearing orders, decisions, regulations and related matters.

During the fiscal year ended June 30, 1949, releases issued under the several acts and in connection with its participation in cases under chapter X of the Bankruptcy Act were as follows:

Act:	Releases
Securities Act of 1933.....	57
Securities Exchange Act of 1934.....	160
Public Utility Holding Company Act of 1935.....	583
Trust Indenture Act of 1939.....	6
Investment Company Act of 1940.....	122
Investment Advisers Act of 1940.....	1
Chapter X, Bankruptcy Act.....	3
Total.....	932

The following break-down of these releases for the month of June 1949 is fairly illustrative of their general nature:

Announcements of filings, orders for hearing, and notices giving opportunity to request hearing.....	38
Interim and final decisions and orders.....	56

The balance of the Commission's releases are of an informational nature, the following having been issued during the year:

Announcements of publication of reports on corporate survey and statistical studies.....	98
Reports of court actions in injunction and criminal prosecution cases initiated by the Commission.....	53
Miscellaneous (announcements regarding appointments of Commissioners, Staff Officials, and related matters).....	10
Total.....	161

Total releases for year, 1,187.

Other Publications

- Daily Registration Record.
- Monthly Statistical Bulletin.
- Bound Volume 15 of the Decisions and Reports (December 16, 1943, to May 15, 1944).
- Twelve monthly issues of the Official Summary of Securities Transactions and Holdings of Officers, Directors and Principal Stockholders.
- The Fourteenth Annual Report of the Commission.
- List of Securities Traded on Exchanges under the Securities Exchange Act of 1934, as of December 31, 1948.
- List of Companies Registered under the Investment Company Act of 1940, as of December 31, 1948.
- Working Capital of 1,275 Registered Corporations, December, 1939 to December, 1948.
- Survey of American Listed Corporations, Data on Profits and Operations, Including Surplus, 1946-47, Parts I, II, III, IV, V, VI, and VII.
- Survey of American Listed Corporations, Investment Companies, Quarterly Data, 1948-49.
- Survey of American Listed Corporations, Brokers and Dealers, Resources and Liabilities, 3,284 Companies, 1946-47.
- Survey of American Listed Corporations, Quarterly Sales Data, 1948-49.
- Survey of American Listed Corporations, Financial Highlights, 1948.
- Survey of American Listed Corporations, Ten Years of Manufacturing, 1938-47.
- Survey of American Listed Corporations, Five Years of Non-manufacturing, 1942-46.
- Survey by American Listed Corporations, Distribution of Registrants by Independent Public Accounting Firms, 1946.
- Work of Securities and Exchange Commission, as of June 6, 1949.
- Accounting Series Release 65, June, 1948.
- Accounting Series Release 66, October, 1948.
- Accounting Series Release 67, April, 1949.

INFORMATION AVAILABLE FOR PUBLIC INSPECTION

The Commission maintains public reference rooms at the central office in Washington, D. C., and in its regional offices in New York City and Chicago, Ill.

Copies of all public information on file with the Commission, contained in registration statements, applications, reports, declarations, and other public documents, are available for inspection in the public reference room at Washington. During the fiscal year 1949, 1,921 persons visited this public reference room seeking such information. In addition to providing facilities for personal inspection of registered public information, there were received in the public reference room thousands of letters and telephone calls from persons requesting registered information. (This does not include requests for copies of releases, forms, publications, etc.) Through the facilities provided for the sale of copies of public registered information, 2,043 orders, involving a total of 153,123 pages, were filled.

In its New York regional office, located at 120 Broadway, facilities are provided for the inspection of certain public information on file with the Commission. This includes copies of (1) applications for registrations of securities on all national securities exchanges, except the New York Stock Exchange and the New York Curb Exchange, together with copies of annual reports, supplemental reports and amendments thereto and (2) annual reports filed pursuant to the provisions of section 15 (d) of the Securities Exchange Act of 1934 by issuers having securities registered under the Securities Act of 1933, as amended. During the fiscal year 1949, 13,593 persons visited the New York public reference room and more than 6,529 telephone calls were received from persons seeking registered public information, copies of forms, releases, and other material.

In the Chicago regional office, located at 105 West Adams Street, copies of applications for registration of securities on the New York Stock Exchange and the New York Curb Exchange, together with copies of all annual reports, supplemental reports and amendments thereto, are available for public inspection. During the fiscal year 1949, 3,128 members of the public visited this public reference room, and approximately 12,215 telephone calls were received from persons seeking registered public information, forms, releases, and other material of a public nature.

In addition to the material which is available in the New York and Chicago public reference rooms, there are available in each of the Commission's regional offices copies of all prospectuses used in public offerings of securities effectively registered under the Securities Act of 1933. Duplicate copies of applications for registration of brokers or dealers transacting business on over-the-counter markets, together with supplemental statements thereto, filed under the Securities Exchange Act of 1934, and duplicate copies of applications for registration of investment advisers and supplemental statements thereto, filed under the Investment Advisers Act of 1940, are available for inspection in the regional office having jurisdiction over the zone in which the registrant's principal office is located. Also, inasmuch as letters of notification under regulation A exempting small issues of securities from registration requirements of the Securities Act of 1933, as amended, may be filed with the regional office of the Commission for the region in which the issuer's principal place of business is located, copies of such material are available for inspection at the particular regional office where filed.

In the Commission's San Francisco office, in which complete facilities are provided for registration of securities and qualification of indentures, copies of registration statements and applications for qualifications of indentures filed at that office are available for public inspection.

Copies of all applications for permanent registrations of securities on national securities exchanges are available for public inspection at the respective exchange upon which the securities are registered.

PUBLIC HEARINGS

The following number of public hearings were held by the Commission under the acts indicated during the fiscal year 1949:

Securities Act of 1933.....	4
Securities Exchange Act of 1934.....	28
Public Utility Holding Company Act of 1935.....	84
Trust Indenture Act of 1939.....	1
Investment Advisers Act of 1940.....	1
Investment Company Act of 1940.....	3

Total.....	<u>124</u>
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Formal hearings under Commission's Rules of practice, made public during fiscal year.....	1
Formal hearings under Commission's rules of practice, not made public during fiscal year.....	2

Total.....	<u>3</u>
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Total hearings for year, 127.

PART IX

APPENDIX

STATISTICAL TABLES

TABLE 1.—Registrations fully effective under the Securities Act of 1933
PART 1.—DISTRIBUTION BY MONTHS, FISCAL YEAR ENDED JUNE 30, 1949
[Amounts in thousands of dollars] ¹

Year and month	All effectively registered			Proposed for sale for account of issuers		
	Number of statements	Number of issues	Amount	Number of statements	Number of issues	Amount
<i>1948</i>						
July.....	31	36	402,565	27	30	306,261
August.....	26	34	228,178	21	25	193,652
September.....	31	45	306,373	25	32	289,206
October.....	36	55	450,365	33	46	407,524
November.....	34	42	349,130	32	36	289,841
December.....	33	46	386,988	26	32	315,371
<i>1949</i>						
January.....	26	33	257,226	19	24	220,522
February.....	36	67	328,544	34	60	305,084
March.....	42	72	341,267	40	67	294,560
April.....	55	63	496,872	47	53	418,252
May.....	36	43	1,252,366	33	39	675,964
June.....	43	52	533,486	40	44	487,776
Total fiscal year 1949.....	429	588	5,333,362	377	488	4,204,008

PART 2.—BREAKDOWN BY METHOD OF DISTRIBUTION AND TYPE OF SECURITY OF THE VOLUME PROPOSED FOR CASH SALE FOR ACCOUNT OF THE ISSUERS, FISCAL YEAR ENDED JUNE 30, 1949

[Amounts in thousands of dollars] ¹

Method of distribution and group to whom offered	Type of security					
	All types	Secured bonds	Unsecured bonds	Preferred stock	Common stock	Other types ²
All methods of distribution.....	4,204,008	1,026,595	1,634,482	325,854	918,802	298,274
To general public.....	3,136,729	1,026,595	1,122,269	285,142	423,701	279,021
To security holders.....	984,559	0	511,463	38,389	434,707	0
To other special groups.....	82,720	0	750	2,323	60,394	19,254
Through investment bankers.....	3,315,814	1,026,595	1,137,225	289,728	601,819	260,448
By purchase and resale.....	2,758,454	1,026,595	1,131,745	278,774	321,340	0
To general public.....	2,526,963	1,026,595	1,097,531	241,713	161,125	0
To security holders.....	231,490	0	34,214	37,061	160,215	0
To other special groups.....	0	0	0	0	0	0
On best efforts basis.....	557,361	0	5,480	10,954	280,479	260,448
To general public.....	514,719	0	5,480	10,477	238,314	260,448
To security holders.....	42,641	0	0	477	42,165	0
To other special groups.....	0	0	0	0	0	0
By issuers.....	888,194	0	497,257	36,126	316,984	37,826
To general public.....	95,046	0	19,259	32,953	24,262	18,572
To security holder.....	710,427	0	477,249	851	232,327	0
To other special groups.....	82,720	0	750	2,323	60,394	19,254

See footnotes at end of table.

TABLE 1.—Registrations fully effective under the Securities Act of 1933—Continued
 PART 3.—PURPOSE OF REGISTRATION AND INDUSTRY OF REGISTRANT, FISCAL YEAR ENDED JUNE 30, 1949
 [Amounts in thousands of dollars] ¹

Purpose of registration and use of proceeds	Industry							
	All industries	Extractive	Manufacturing	Financial and investment	Merchandising	Transportation and communication	Electric, gas and water	Other groups
Number of statements.....	2 429	22	82	106	15	25	165	14
Number of issues.....	588	28	119	173	19	26	202	21
For all purposes of registration (estimated value).....	5,333,362	38,775	885,534	703,814	23,152	1,563,320	2,102,427	16,341
Less: Not for cash sale.....	935,484	4,911	153,120	20,078	1,947	571,500	178,380	5,549
For account of issuers.....	926,363	4,832	149,789	20,078	1,757	571,500	172,863	5,544
Reserved for conversion.....	797,419	0	109,651	13,938	834	571,500	101,497	0
Reserved for option.....	11,916	3,893	4,818	555	0	0	2,650	0
For substitution.....	36,122	907	29,374	0	642	0	0	5,200
For exchange for other securities.....	54,050	33	5,815	5,586	282	0	41,991	344
For other purposes.....	26,856	0	131	0	0	0	26,725	0
For account of others than issuers.....	9,121	79	3,331	0	190	0	5,517	5
For cash sale (estimated gross proceeds).....	4,397,878	33,864	732,414	683,736	21,204	991,820	1,924,047	10,792
Less: For account of others than issuers.....	193,870	369	52,967	3,136	6,530	1,909	127,338	1,621
For cash sale for account of issuers.....	4,204,008	33,495	679,447	680,600	14,675	989,911	1,796,709	9,171
Less: Cost of flotation.....	205,831	2,696	47,460	57,809	1,045	38,438	57,932	450
Commission and discount.....	180,758	2,089	42,909	56,325	831	34,322	43,916	366
Expenses.....	25,073	607	4,552	1,484	214	4,116	14,016	84
Expected net proceeds from sales for account of issuers.....	3,998,176	30,799	631,987	622,791	13,630	951,473	1,738,776	8,720
New money purposes.....	3,043,906	25,958	384,104	104,721	9,749	909,386	1,601,300	8,688
Plant and equipment.....	2,699,728	13,449	186,948	174	4,547	905,256	1,581,508	7,846
Working capital.....	309,530	5,385	183,985	104,547	4,977	4,130	5,664	842
Other new money purposes.....	34,648	7,124	13,171	0	225	0	14,128	0
Retirements.....	351,613	2,615	186,685	2,565	0	42,087	117,662	0
Funded debt.....	92,699	0	192	225	0	34,900	57,383	0
Other debt.....	254,021	2,615	185,921	2,340	0	7,187	55,959	0
Preferred stock.....	4,892	0	572	0	0	0	4,320	0
Purchase of securities.....	539,894	2,184	4,858	514,380	2,939	0	15,533	0
For investment.....	515,526	2,184	0	513,342	0	0	0	0
For affiliation.....	24,367	0	4,858	1,038	2,939	0	15,533	0
Purchase of intangible assets.....	93	0	93	0	0	0	0	0
Miscellaneous and unaccounted for.....	62,670	41	56,247	1,126	942	0	4,282	32

PART 4.—PURPOSE OF REGISTRATION AND USE OF PROCEEDS OF SECURITIES FOR EACH FIVE FISCAL YEARS FROM SEPT. 1, 1934, TO JUNE 30, 1949, AND FOR EACH FISCAL YEAR FROM JULY 1, 1945, TO JUNE 30, 1949

[Amounts in thousands of dollars] ¹

Purpose of registration and use of proceeds	5 fiscal years			Fiscal year				
	1935-39 ⁵	1940-44	1945-49	1945	1946	1947	1948	1949
Number of statements.....	2,569	1,156	2,358	340	661	493	435	1,429
Number of issues.....	3,748	1,670	3,356	508	1,015	686	559	588
For all purposes of registration (estimated value)	15,280,021	8,819,902	28,768,306	3,224,584	7,073,280	6,732,447	6,404,633	5,333,362
Less: Not for cash sale.....	3,363,193	1,528,786	5,095,141	357,609	1,177,440	1,461,276	1,163,332	935,484
For account of issuers.....	2,870,957	1,415,130	4,984,507	337,378	1,159,865	1,430,245	1,130,656	926,363
Reserved for conversion.....	1,083,717	460,861	3,056,403	74,417	420,705	895,973	867,889	797,419
Reserved for option.....	264,624	120,431	191,341	23,876	79,223	70,108	6,218	11,916
For substitution ⁶	324,951	113,565	163,113	3,948	25,931	88,352	8,760	36,122
For exchange for other securities.....	884,199	682,870	1,446,547	229,719	585,319	361,477	215,982	54,050
For other purposes.....	313,467	37,402	127,102	5,418	48,687	14,334	31,807	26,856
For account of others than issuers.....	492,234	113,657	110,634	20,231	17,576	31,031	32,675	9,121
For cash sale (estimated gross proceeds).....	11,916,829	7,291,116	23,673,164	2,866,975	5,895,840	5,271,170	5,241,301	4,397,878
Less: For account of others than issuers.....	291,193	479,451	1,424,449	152,200	472,248	397,029	209,102	193,870
For cash sale for account of issuers.....	11,625,637	6,811,664	22,248,717	2,714,776	5,423,593	4,874,141	5,032,199	4,204,008
Less: Cost of flotation.....	471,264	219,513	1,172,914	101,183	288,375	268,537	308,988	205,831
Commission and discount.....	389,998	180,805	1,047,776	86,317	259,494	242,598	278,609	180,758
Expenses.....	81,266	38,707	125,139	14,866	28,881	25,940	30,379	25,073
Expected net proceeds from sales for account of issuers.....	11,154,372	6,592,150	21,075,800	2,613,592	5,135,217	4,605,604	4,723,211	3,998,176
New money purposes.....	2,227,768	1,308,932	11,106,028	432,545	1,301,294	2,508,972	3,819,311	3,043,906
Plant and equipment.....	940,385	649,991	8,667,565	172,406	742,810	1,891,634	3,160,985	2,699,728
Working capital.....	1,215,437	616,153	2,254,928	258,710	457,249	595,288	634,151	309,530
Other new money purposes.....	71,947	42,787	183,533	1,426	101,235	22,050	24,174	34,648
Retirements.....	7,325,058	4,408,456	6,912,445	1,699,618	3,047,466	1,408,789	404,959	351,613
Funded debt.....	6,330,906	3,759,555	5,467,142	1,495,239	2,554,259	1,060,063	264,882	92,699
Other debt.....	434,897	305,393	576,400	22,003	98,741	101,350	100,285	254,021
Preferred stock.....	559,256	343,508	868,903	182,377	394,466	247,376	39,792	4,892
Purchase of securities.....	1,512,902	815,436	2,930,484	477,603	775,920	654,628	482,539	539,894
For investment.....	1,450,754	770,390	2,741,936	454,211	696,626	615,888	459,685	515,526
For affiliation.....	62,149	45,045	188,546	23,392	79,294	38,640	22,853	24,367
Purchase of intangible assets.....	12,358	20,384	4,944	2,235	901	1,715	0	93
Miscellaneous and unaccounted for.....	76,285	38,941	121,900	1,591	9,636	31,600	16,403	62,670

See footnotes at end of table.

TABLE 1.—Registrations fully effective under the Securities Act of 1933—Continued

PART 5.—METHOD OF DISTRIBUTION OF SECURITIES FOR CASH SALE FOR ACCOUNT OF ISSUERS FOR EACH FIVE FISCAL YEARS FROM SEPT. 1, 1934, TO JUNE 30, 1949, AND FOR EACH FISCAL YEAR FROM JULY 1, 1945, TO JUNE 30, 1949

[Amounts in thousands of dollars] ¹

Method of distribution and group to whom offered	5 fiscal years			Fiscal year				
	1935-39 ¹	1940-44	1945-49	1945	1946	1947	1948	1949
All methods of distribution	11,625,637	6,811,664	22,248,717	2,714,776	5,423,593	4,874,141	5,032,199	4,204,008
To general public.....	10,049,707	5,848,859	17,638,052	2,590,720	4,767,365	3,835,455	3,307,783	3,136,729
To security holders.....	1,170,074	685,207	3,909,010	104,736	622,067	967,231	1,230,427	984,559
To other special groups.....	405,857	277,598	701,655	19,320	34,171	71,455	493,989	82,720
Through investment bankers	10,826,739	6,008,008	18,981,176	2,662,416	5,195,867	4,030,744	3,776,335	3,315,814
By purchase and resale	8,899,612	5,108,852	15,742,378	2,187,844	4,445,915	3,333,621	3,016,544	2,758,454
To general public.....	8,032,069	4,773,664	14,253,665	2,116,711	4,008,526	3,081,119	2,522,346	2,526,963
To security holders.....	856,059	328,914	1,452,479	70,295	437,159	242,053	471,482	231,490
To other special groups.....	12,485	6,274	36,234	838	2,231	10,450	22,715	-----
On best efforts basis	1,927,126	899,156	3,238,799	474,572	749,952	697,123	759,791	557,361
To general public.....	1,834,199	877,404	3,148,697	461,925	739,298	693,058	739,697	514,719
To security holders.....	30,415	9,942	87,453	12,404	10,334	2,080	19,994	42,641
To other special groups.....	62,513	11,809	2,649	244	320	1,985	100	-----
By issuers	798,899	803,655	3,267,542	52,360	227,726	843,397	1,255,865	888,194
To general public.....	183,439	197,791	235,687	12,083	21,541	61,278	45,739	95,046
To security holders.....	284,601	346,351	2,369,079	22,038	174,565	723,098	738,951	710,427
To other special groups.....	330,861	259,514	662,772	18,238	31,620	59,020	471,174	82,720

PART 6.—TYPE OF SECURITY AND INDUSTRY OF SECURITIES EFFECTIVELY REGISTERED FOR CASH SALE FOR ACCOUNT OF ISSUERS FOR EACH FIVE FISCAL YEARS FROM SEPT. 1, 1934, TO JUNE 30, 1949, AND FOR EACH FISCAL YEAR FROM JULY 1, 1945, TO JUNE 30, 1949

[Amounts in thousands of dollars] ¹

Type of security and industry	Five fiscal years			Fiscal year				
	1935-39 ²	1940-44	1945-49	1945	1946	1947	1948	1949
TYPE OF SECURITY								
Number of issues for all types.....	2,470	1,173	2,579	377	760	519	435	488
Secured bonds.....	388	174	328	57	63	46	87	75
Unsecured bonds.....	237	141	255	29	70	63	42	51
Preferred stock.....	458	241	609	97	218	123	194	77
Common stock.....	1,110	433	1,006	121	281	213	176	213
Other types ³	277	184	381	73	128	74	34	72
Gross proceeds for all types.....	11,625,637	6,811,664	22,248,717	2,714,776	5,423,593	4,874,141	5,032,199	4,204,008
Secured bonds.....	5,345,002	2,876,139	6,077,991	1,386,788	1,432,177	841,854	1,390,577	1,026,595
Unsecured bonds.....	2,959,259	1,822,879	6,753,314	320,786	1,478,119	1,936,357	1,383,570	1,634,482
Preferred stock.....	1,003,466	811,992	3,047,236	406,875	990,699	786,866	536,942	325,854
Common stock.....	1,503,766	699,257	4,674,924	316,178	1,028,071	840,675	1,571,168	918,802
Other types ³	814,139	601,398	1,695,250	284,149	494,528	468,388	149,911	298,274
INDUSTRY								
Gross proceeds for all industries ⁴	11,625,637	6,811,664	22,248,717	2,714,776	5,423,593	4,874,141	5,032,199	4,204,008
Extractive.....	152,709	70,107	147,500	—	72,082	15,685	26,238	33,495
Manufacturing.....	3,232,577	2,087,668	5,353,828	786,003	1,749,852	1,266,055	872,471	679,447
Financial and investment.....	2,048,438	941,200	3,583,289	505,374	902,344	714,529	780,542	680,600
Merchandising.....	220,335	139,048	478,379	36,487	174,511	201,373	51,333	14,675
Transportation and communication.....	894,420	659,085	4,897,804	77,756	964,795	1,190,814	1,674,528	989,911
Electric, gas and water.....	4,550,511	2,719,299	7,399,928	1,285,262	1,496,860	1,214,346	1,606,561	1,796,709
Foreign governments.....	530,133	134,248	292,317	15,000	30,212	247,105	—	—
Other groups.....	196,514	61,009	95,872	8,994	32,937	24,234	20,536	9,171

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¹ Dollar amounts are rounded and will not necessarily add to totals.

² The 429 statements shown in this table as "fully effective" differs from the 415 shown on p. 9 of the text by reason of (a) the exclusion of 3 statements which became effective during the 1949 fiscal year subject to amendments which were not filed by the end of the 1949 fiscal year; (b) the inclusion of 7 statements which became effective during the preceding fiscal year, subject to amendments which were filed during the 1949 fiscal year; (c) the inclusion of 10 statements which became effective but were later withdrawn.

³ Consists mainly of certificates of participation and face amount certificates.

⁴ Consists entirely of voting trust certificates.

⁵ Covers the 4 years and 10 months from Sept. 1, 1934, through June 30, 1939.

⁶ Consists of voting trust certificates and certificates of deposit.

⁷ Previous to the 1946 fiscal year this item was "Purchase of other assets" and included "Other tangible assets" which are now shown in "Other new money purposes."

⁸ Beginning with the 1946 fiscal year foreign companies are included in the industry groups to which they belong rather than "Other groups." "Pipe lines" are included in "Electric, gas, and water" rather than "Transportation and communication."

TABLE 2.—Classification by quality and size of new bond issues registered under the Securities Act of 1933 for cash sale to the general public through investment bankers during the fiscal years 1947, 1948, and 1949

PART 1.—NUMBER OF BOND ISSUES AND AGGREGATE VALUE

[Amounts in millions of dollars] ¹

Fiscal year ended June 30	Size of issue (\$000,000)	Quality ²																
		First grade		Second grade		Third grade		Fourth grade		Fifth grade		Below fifth		Unrated		All bonds		
		Number of issues	Aggregate value	Number of issues	Aggregate value	Number of issues	Aggregate value	Number of issues	Aggregate value	Number of issues	Aggregate value	Number of issues	Aggregate value	Number of issues	Aggregate value	Number of issues	Aggregate value	
1947	50 and over	1	77.4	7	875.5	2	127.5	2	129.1							12	1,209.6	
	20-50	2	66.9	3	90.3	5	164.5	10	330.7	1	20.2					21	672.7	
	5-20			9	107.9	12	118.9	9	123.0	2	19.7				1	7.3	33	376.8
	1-5					1	4.6	7	23.9	7	18.3	3	4.9	5	9.6	23	61.2	
	Under 1									1	.6			6	2.4	7	3.0	
	All sizes	3	144.4	19	1,073.7	20	415.5	28	606.7	11	58.8	3	4.9	12	19.2	96	2,323.2	
1948	50 and over	5	418.2	5	416.5	2	250.0									12	1,084.7	
	20-50	4	105.6	5	172.6	7	205.0	4	109.5							20	592.7	
	5-20	1	27.3	14	134.2	27	256.0	8	76.5	3	25.1			1	6.8	54	525.9	
	1-5			3	10.6	11	36.1	6	17.6					1	1.8	21	66.1	
	Under 1									2	1.5			5	2.8	7	4.3	
	All sizes	10	551.1	27	733.9	47	747.1	18	203.6	5	26.6			7	11.4	114	2,273.7	
1949	50 and over	3	183.9	9	703.1	3	160.9	1	50.4							16	1,098.3	
	20-50	1	40.5	5	131.3	5	160.9	3	95.0					1	27.8	15	455.6	
	5-20			15	147.8	28	246.7	11	106.1	2	16.5					56	517.1	
	1-5			5	16.2	10	29.9	2	6.2	1	3.0			2	5.5	20	60.8	
	Under 1													4	1.5	4	1.5	
	All sizes	4	224.4	34	998.4	46	598.4	17	257.7	3	19.5			7	34.8	111	2,133.3	

PART 2.—COMPENSATION TO DISTRIBUTORS

[Percent of gross proceeds]

Fiscal year ended June 30—	Size of issue (\$000,000)	Quality ¹							Unrated	All bonds
		First grade	Second grade	Third grade	Fourth grade	Fifth grade	Below Fifth			
1947	50 and over	0.6	0.5	1.1	1.2					0.6
	20-50	.5	.6	.8	1.4	1.4				1.0
	5-20		.7	.7	1.7	.7			1.8	1.1
	1-5			.4	1.4	2.2	4.3		3.3	2.1
	Under 1					4.5			5.1	5.0
	All sizes	.6	.5	.9	1.4	1.4	4.3		3.0	.9
1948	50 and over	.5	.6	.4						.5
	20-50	.6	.4	.7	1.2					.7
	5-20	.1	.5	.7	1.3	2.5			.4	.8
	1-5		.5	.6	1.5				7.2	1.0
	Under 1					3.6			7.5	6.1
	All sizes	.5	.5	.6	1.3	2.6			3.2	.6
1949	50 and over	.4	.7	.9	.4					.7
	20-50	.5	.4	.9	1.3				5.7	1.1
	5-20		.5	.5	1.3	3.1				.7
	1-5		.3	.5	.6	4.0			5.9	1.1
	Under 1								7.6	7.6
	All sizes	.5	.6	.7	1.1	3.3			5.8	.8

¹ Dollar amounts are rounded and will not necessarily add to the totals.

² The grades are according to the classification of the bonds by investment rating services: "first grade" corresponds to Moody's Aaa, Standard & Poor's A1+, "second grade" to Aa, A1, etc.

³ The compensation figures are based on the data reported in the registration statements as of their effective dates. They do not, therefore, include additional compensation that may have been realized later from the exercise of options that had no realizable value on the effective dates.

TABLE 3.—New securities offered for cash sale in the United States ¹

PART 1.—TYPE OF OFFERING

[Estimated gross proceeds in thousands of dollars] ²

Fiscal year ended June 30—	All offerings	Public ³				Private		
		Registered	Exempt because of—			Registered	Exempt because of—	
			Type of issue or issuer ⁴	Size of issue ⁵	Intrastate offering		Type of issue or issuer ⁴	Purchase by limited group ⁶
1935	3,553,976	496,505	2,711,097		4,298		80,668	261,508
1936	11,060,996	3,265,199	7,372,131		11,514	67,161	19,499	325,493
1937	7,601,506	3,006,992	4,244,812		17,577	8,666	20,869	302,590
1938	3,454,156	891,614	2,196,440		5,092	2,953	7,219	350,838
1939	6,817,226	1,651,696	4,356,446		7,604	61,304	69,188	670,988
1940	5,511,591	1,295,916	3,417,451		6,532	14,712	45,659	731,322
1941	9,842,273	1,682,442	7,142,634		10,005	111,866	57,800	837,526
1942	19,920,651	1,280,345	18,104,723		2,125	5,375	7,886	520,098
1943	47,489,692	419,942	46,754,376		603			314,770
1944	52,399,938	1,050,882	50,750,658		1,013		56,829	540,556
1945	54,004,501	2,127,668	51,019,957	3,343	20,554	12,083	34,433	786,483
1946	36,159,637	4,651,402	30,179,815	111,892	4,211	5,000	6,070	1,201,144
1947	18,996,848	4,080,237	12,685,311	143,366	8,817		20,944	2,058,171
1948	19,530,183	4,002,192	12,353,440	140,845	9,063	5,000	13,228	3,006,415
1949	20,701,688	3,443,423	14,292,906	121,358	1,834		19,595	2,822,572
1948								
July	2,574,282	287,753	2,001,557	12,366				272,586
August	1,215,608	87,635	846,679	12,362				268,932
September	1,733,685	256,137	1,295,913	8,292				173,343

October.....	1,895,287	262,548	1,166,789	9,442		11,920	444,587
November.....	1,425,908	179,741	990,472	9,623		4,860	241,212
December.....	1,992,099	415,128	1,256,238	8,843	600		311,289
<i>1949</i>							
January.....	1,408,484	209,749	1,101,708	11,974	150		84,902
February.....	1,289,151	98,631	1,024,430	8,852	284		156,955
March.....	1,395,287	202,067	1,056,323	7,441	800	2,815	125,841
April.....	1,606,409	391,949	926,866	13,925			273,669
May.....	1,493,214	194,931	1,154,329	11,329			132,625
June.....	2,672,296	857,154	1,471,602	6,909			336,631

See footnotes at end of table.

TABLE 3.—New securities offered for cash sale in the United States ¹—Continued

PART 2.—TYPE OF SECURITY

[Estimated gross proceeds in thousands of dollars] ²

Fiscal year ended June 30—	All types of securities			Bonds, debentures and notes			Preferred stock	Common stock
	All issuers	Noncorporate	Corporate	All issuers	Noncorporate	Corporate		
1935.....	3, 553, 976	2, 658, 791	895, 184	3, 534, 933	2, 658, 791	876, 142	12, 161	6, 881
1936.....	11, 060, 996	6, 853, 177	4, 207, 819	10, 765, 721	6, 853, 177	3, 912, 544	188, 752	106, 524
1937.....	7, 601, 506	3, 896, 145	3, 705, 361	6, 772, 299	3, 896, 145	2, 876, 154	410, 020	419, 188
1938.....	3, 454, 156	2, 165, 081	1, 289, 075	3, 207, 377	2, 165, 081	1, 042, 296	186, 029	60, 749
1939.....	6, 817, 226	4, 371, 626	2, 445, 601	6, 636, 832	4, 371, 626	2, 265, 206	106, 650	73, 745
1940.....	5, 511, 591	3, 189, 573	2, 322, 017	5, 280, 499	3, 189, 573	2, 090, 926	135, 681	95, 411
1941.....	9, 842, 273	6, 811, 670	3, 030, 603	9, 604, 238	6, 811, 495	2, 792, 743	172, 313	65, 721
1942.....	19, 920, 551	17, 933, 427	1, 987, 124	19, 620, 469	17, 933, 427	1, 687, 042	184, 270	115, 813
1943.....	47, 489, 692	46, 747, 286	742, 406	47, 427, 238	46, 747, 286	679, 952	33, 311	29, 144
1944.....	52, 399, 938	50, 665, 588	1, 734, 349	51, 990, 392	50, 665, 588	1, 324, 604	325, 670	83, 875
1945.....	54, 004, 501	49, 767, 097	4, 237, 403	53, 419, 331	49, 767, 097	3, 652, 234	370, 174	214, 995
1946.....	36, 159, 537	28, 824, 909	7, 334, 628	34, 203, 542	28, 824, 909	5, 378, 632	1, 181, 463	774, 532
1947.....	18, 996, 848	12, 634, 337	6, 362, 511	17, 413, 403	12, 634, 337	4, 779, 065	885, 644	697, 800
1948.....	19, 530, 183	12, 128, 144	7, 402, 038	17, 996, 086	12, 128, 144	5, 867, 942	694, 444	839, 653
1949.....	20, 701, 688	13, 822, 761	6, 878, 928	19, 661, 162	13, 822, 761	5, 838, 401	395, 736	644, 790
<i>1948</i>								
July.....	2, 574, 262	1, 933, 037	641, 224	2, 524, 736	1, 933, 037	591, 698	14, 344	35, 182
August.....	1, 216, 608	963, 445	252, 163	1, 141, 418	963, 445	177, 974	39, 748	34, 441
September.....	1, 733, 685	1, 250, 112	483, 573	1, 660, 984	1, 250, 112	410, 872	12, 193	60, 509
October.....	1, 895, 287	1, 104, 126	791, 160	1, 808, 392	1, 104, 126	704, 265	51, 940	34, 955
November.....	1, 425, 908	918, 424	507, 484	1, 373, 847	918, 424	455, 423	21, 224	30, 837
December.....	1, 992, 099	1, 209, 407	782, 691	1, 909, 815	1, 209, 407	700, 408	14, 494	67, 790
<i>1949</i>								
January.....	1, 408, 484	1, 063, 219	345, 265	1, 336, 383	1, 063, 219	273, 164	7, 523	64, 573
February.....	1, 289, 151	967, 725	321, 426	1, 275, 497	967, 725	307, 772	5, 414	8, 240
March.....	1, 395, 287	984, 690	410, 697	1, 314, 388	984, 690	329, 698	40, 044	40, 855
April.....	1, 606, 409	908, 288	698, 121	1, 423, 356	908, 288	515, 068	49, 715	133, 338
May.....	1, 493, 214	1, 105, 066	388, 148	1, 351, 045	1, 105, 066	245, 979	82, 248	59, 921
June.....	2, 672, 296	1, 415, 220	1, 257, 075	2, 541, 301	1, 415, 220	1, 126, 081	56, 845	74, 149

PART 3.—TYPE OF ISSUER

[Estimated gross proceeds in thousands of dollars] ²

Fiscal year ended June 30—	Corporate ¹					Total non-corporate	Non-corporate United States Government (including agency issues guaranteed)	Federal agency (issues not guaranteed)	State and municipal	Foreign government	Eleeosynary and other non-profit
	Total corporate	Industrial	Public utility	Rail	Real estate and financial						
1935.....	895,184	328,948	377,605	137,404	51,228	2,658,791	1,572,410	60,109	1,020,326	4,978	968
1936.....	4,207,819	1,340,552	2,008,143	659,857	199,263	6,863,177	5,354,680	94,827	1,248,675	130,538	24,477
1937.....	3,705,361	1,203,865	1,637,526	501,036	362,934	3,896,145	2,589,372	25,446	1,060,212	163,239	57,877
1938.....	1,289,075	659,730	577,281	41,428	10,636	2,165,081	1,206,754	81,670	863,794	3,250	9,613
1939.....	2,445,601	954,950	1,365,540	106,351	18,759	4,371,626	2,904,127	63,269	1,322,048	66,797	15,385
1940.....	2,322,017	691,039	1,108,325	297,935	224,719	3,189,573	2,140,357	47,258	952,491	27,939	21,627
1941.....	3,030,603	1,047,929	1,530,509	375,026	77,139	6,811,670	5,411,505	79,742	1,295,248	4,120	27,055
1942.....	1,987,124	779,472	977,422	174,202	56,029	17,933,427	17,209,070	35,172	679,850	89,700	9,334
1943.....	742,406	291,823	331,753	105,265	12,565	46,747,286	46,193,211	2,912	457,405	15,000	4,058
1944.....	1,734,349	854,064	637,746	163,404	59,136	50,655,388	50,141,375	1,185	496,070	19,398	6,661
1945.....	4,237,403	1,200,521	1,724,396	1,191,005	129,480	49,767,097	49,856,299	114,463	778,788	15,000	2,548
1946.....	7,334,628	3,067,101	2,612,257	1,356,588	298,686	28,824,909	27,257,610	608,424	928,211	30,213	452
1947.....	6,362,511	3,195,453	2,669,459	273,734	323,864	12,634,337	10,264,412	139,825	1,976,844	247,106	6,152
1948.....	7,402,038	2,951,816	3,459,285	448,218	542,710	12,128,144	9,348,522	2,525,953	2,525,953	249,300	4,370
1949.....	6,878,928	2,476,861	3,337,505	615,259	449,303	13,822,761	11,135,188	2,513,408	166,000	166,000	8,165
1948											
July.....	641,224	331,289	192,810	68,519	48,605	1,933,037	1,812,800	119,903	119,903	150,000	334
August.....	252,163	131,232	79,779	30,234	10,918	963,445	526,374	286,793	286,793	150,000	277
September.....	483,573	139,579	253,085	41,659	49,250	1,250,112	1,128,363	121,749	121,749	150,000	352
October.....	791,160	409,917	272,165	64,283	44,795	1,104,127	824,612	279,162	279,162	150,000	3,552
November.....	507,484	166,091	230,597	74,604	36,192	918,424	763,080	151,793	151,793	150,000	251
December.....	782,691	231,163	496,682	45,481	9,365	1,209,407	1,080,242	128,915	128,915	150,000	251
1949											
January.....	345,265	168,756	119,723	36,489	20,297	1,063,219	870,073	192,804	192,804	150,000	252
February.....	321,426	129,014	105,696	54,602	32,113	967,725	763,299	204,073	204,073	150,000	353
March.....	410,597	117,140	182,891	87,633	22,932	984,690	791,917	175,490	175,490	16,000	1,282
April.....	698,121	339,992	281,455	17,578	59,097	908,288	716,502	190,274	190,274	150,000	1,513
May.....	388,148	101,681	197,909	49,263	39,295	1,105,066	758,691	346,375	346,375	150,000	251
June.....	1,257,075	211,006	924,714	44,913	76,444	1,415,220	1,099,236	315,985	315,985	150,000	251

See footnotes at end of table.

TABLE 3.—New securities offered for cash sale in the United States¹—ContinuedPART 4.—PRIVATE PLACEMENTS OF CORPORATE SECURITIES²[Estimated gross proceeds in thousands of dollars]³

Fiscal year ended June 30—	All private placements	Type of security		Type of issuer ¹			
		Bonds, debentures and notes	Stocks	Industrial	Public utility	Railroad	Real estate and financial
1935	261,508	259,459	2,050	158,469	77,700		25,340
1936	412,152	409,264	2,889	165,324	215,530	19,499	11,800
1937	325,525	321,961	3,564	121,638	151,905	13,386	38,595
1938	357,759	357,158	601	226,698	123,343	7,219	500
1939	748,435	748,036	399	360,771	364,232	23,432	
1940	756,643	747,715	8,927	138,703	418,614	9,692	189,734
1941	991,392	989,094	2,298	361,090	563,160	24,142	43,000
1942	531,458	523,188	8,270	272,472	221,017	5,986	31,984
1943	314,770	312,720	2,050	144,537	152,233	18,000	
1944	592,485	585,270	7,215	347,521	162,660	77,979	4,325
1945	832,979	822,610	10,369	437,456	345,154	34,433	15,936
1946	1,212,214	1,172,424	39,790	803,387	300,976	51,545	56,309
1947	2,075,955	2,011,036	64,918	1,598,822	256,798	3,839	216,499
1948	3,024,233	2,922,349	101,883	1,917,278	722,220	1,000	383,734
1949	2,676,167	2,616,857	59,310	1,713,646	687,193	4,800	270,529
1948							
July	272,586	263,836	8,750	212,651	23,810		36,124
August	118,932	108,877	10,056	98,915	13,518		6,499
September	173,343	172,143	1,200	95,822	53,000		24,520
October	456,507	455,125	1,382	367,153	44,384	1,920	43,050
November	246,072	246,072		136,572	80,119	2,880	26,500
December	311,289	304,277	7,012	210,847	95,617		4,825
1949							
January	84,902	83,502	1,400	58,900	10,002		16,000
February	156,955	156,655	300	117,850	30,855		8,250
March	112,656	91,556	21,100	58,501	33,155		21,000
April	273,669	272,819	850	228,671	44,998		
May	132,625	127,965	4,660	82,000	31,715		18,910
June	336,631	334,031	2,600	88,585	183,196		64,850

¹ The data in these tables cover substantially all new issues of securities offered for cash sale in the United States in amounts over \$100,000 and with terms to maturity of more than 1 year. The figures represent offerings, not actual sales. However, the proportion of the total remaining unsold is believed to be quite minor, and is composed chiefly of nonunderwritten issues of small companies. Included in the coverage are issues privately placed as well as issues publicly offered, and unregistered issues as well as those registered under the Securities Act of 1933. Excluded are: intercorporate transactions; United States Government "Special Series" issues, and other sales directly to Federal agencies and trust accounts; notes issued exclusively to commercial banks; and corporate issues sold through continuous offering, such as issues of open-end investment companies. The chief sources of data are the financial press and documents filed with the Commission. Data for offerings of State and municipal securities are from totals published by the Commercial and Financial Chronicle; unlike the other data in table 2, these represent principal amounts instead of gross proceeds. All figures are subject to revision as new data are received.

² Gross proceeds are derived by multiplying principal amounts or numbers of units by offering prices, except for municipal issues where principal amount is used. Slight discrepancies between the sum of figures in the tables and the totals shown are due to rounding.

³ Issues sold by competitive bidding directly to ultimate investors are classified as publicly offered issues.

⁴ Issues exempt because of type of issue or issuer include offerings of Federal, State, and local governments, banks, issuers subject to regulation by the Interstate Commerce Commission, and eleemosynary and other nonprofit institutions.

⁵ Issues in this group include those between \$100,000 and \$300,000 in size which are exempt because of amendment to regulation A of the Securities Act of 1933, effective May 21, 1945.

⁶ Securities for which registration under the Securities Act of 1933 would be required if they were publicly offered.

⁷ The classification by type of issuer of the offerings of corporate securities in this table is less detailed than that of Securities Act registrations in pt. 3 of table 2. In comparing the 2 distributions the following points should be noted: (1) The "public utility" classification in this table embraces both the "heat, light, power, and water" and the "transportation and communication" categories of the other with the principal exception of air lines, which have been included in the "industrial" classification of table 4; (2) the "real estate and financial" category in this table includes offerings of securities of the type of issuer represented in the "financial and investment" classification of table 1 except that it does not include issues offered on a continuous basis by open-end investment companies; (3) the "industrial" classification in table 4 includes the type of issuers represented in the "extractive," "manufacturing," "merchandising," and "other" classification of table 2 except foreign governments. (See footnote 8 to table 2.)

⁸ Bonds of the International Bank for Reconstruction and Development.

⁹ Excludes issues sold by competitive bidding directly to ultimate investors.

TABLE 4.—Proposed uses of net proceeds from the sale of new corporate securities offered for cash sale in the United States

PART I.—ALL CORPORATE

[Amounts in thousands of dollars] ¹

Fiscal year ended June 30—	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds ²	Total net proceeds ²	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock	
1935	895, 184	872, 204	112, 067	55, 796	56, 272	728, 959	628, 633	99, 661	665	31, 178
1936	4, 207, 819	4, 080, 791	419, 055	260, 586	158, 469	3, 637, 122	3, 167, 120	253, 312	216, 691	24, 613
1937	3, 705, 361	3, 589, 334	1, 195, 768	561, 909	633, 859	2, 332, 519	1, 986, 784	91, 786	263, 949	61, 047
1938	1, 289, 075	1, 255, 763	650, 750	412, 191	238, 559	599, 720	453, 021	129, 247	17, 452	5, 294
1939	2, 445, 601	2, 391, 738	587, 503	379, 369	208, 133	1, 790, 275	1, 489, 212	174, 461	126, 602	13, 961
1940	2, 322, 017	2, 267, 785	292, 377	184, 099	108, 278	1, 948, 865	1, 696, 787	182, 657	70, 420	26, 543
1941	3, 030, 603	2, 970, 499	782, 268	616, 578	165, 691	2, 167, 477	1, 923, 831	99, 685	143, 961	20, 753
1942	1, 987, 124	1, 954, 957	862, 499	589, 342	273, 157	1, 061, 176	800, 818	206, 535	53, 824	31, 283
1943	742, 406	728, 304	242, 444	123, 906	118, 538	469, 101	397, 737	26, 832	34, 532	26, 759
1944	1, 734, 349	1, 699, 741	458, 620	229, 009	229, 611	1, 200, 933	915, 837	97, 368	187, 728	40, 188
1945	4, 237, 403	4, 160, 331	759, 837	295, 294	464, 542	3, 352, 344	2, 966, 618	51, 362	334, 364	48, 150
1946	7, 334, 628	7, 180, 841	1, 617, 185	1, 038, 956	578, 229	5, 309, 950	4, 436, 705	240, 354	632, 892	253, 706
1947	6, 362, 511	6, 254, 136	4, 065, 938	2, 600, 152	1, 465, 787	2, 054, 850	1, 298, 770	454, 186	301, 894	133, 348
1948	7, 402, 038	7, 271, 587	5, 887, 340	4, 354, 844	1, 532, 496	1, 136, 498	679, 710	357, 091	99, 697	247, 750
1949	6, 878, 928	6, 774, 047	5, 779, 238	4, 545, 646	1, 233, 592	776, 763	151, 020	597, 368	28, 375	218, 046
1948										
July	641, 224	630, 587	457, 245	317, 812	139, 433	112, 800	8, 239	102, 990	1, 570	60, 543
August	252, 163	246, 107	232, 320	178, 002	54, 319	12, 705	1, 897	10, 808	-----	1, 082
September	483, 573	475, 346	398, 158	277, 551	120, 607	50, 254	12, 284	33, 819	4, 152	26, 933
October	791, 160	782, 461	733, 914	559, 184	174, 730	45, 390	23, 451	21, 731	208	3, 157
November	507, 484	501, 273	482, 522	313, 880	148, 642	34, 395	-----	26, 096	8, 299	4, 356
December	782, 691	770, 985	677, 047	585, 928	91, 118	79, 596	7, 280	69, 560	2, 755	14, 342
1949										
January	345, 265	335, 898	311, 735	274, 214	37, 521	8, 561	-----	6, 610	1, 951	15, 602
February	321, 426	317, 727	219, 716	171, 820	47, 895	31, 639	7, 066	24, 573	-----	66, 372
March	410, 977	402, 602	318, 974	252, 651	66, 324	80, 690	37, 020	43, 670	-----	2, 937
April	698, 121	687, 932	553, 422	401, 956	151, 466	127, 049	697	126, 352	-----	7, 461
May	355, 148	379, 604	339, 706	254, 343	85, 363	33, 171	13, 313	14, 839	5, 019	6, 727
June	1, 257, 075	1, 243, 526	1, 074, 480	958, 305	116, 175	160, 513	39, 773	116, 319	4, 420	8, 533

PART 2.—INDUSTRIAL
[Amounts in thousands of dollars] ¹

Fiscal year ended June 30—	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds ²	Total net proceeds ²	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock	
1935.....	328,948	321,656	49,900	19,500	30,400	251,652	239,139	11,847	665	20,104
1936.....	1,340,552	1,295,398	191,242	96,764	94,478	1,092,997	809,426	151,178	132,392	11,159
1937.....	1,203,865	1,150,608	602,828	239,994	362,833	507,499	334,333	57,772	115,394	40,282
1938.....	659,730	642,079	461,609	268,473	193,136	177,228	114,241	45,993	16,993	3,243
1939.....	954,950	933,170	444,029	253,524	190,505	478,368	328,521	126,882	22,966	10,773
1940.....	691,039	666,063	118,932	50,408	68,524	532,202	455,255	44,203	32,745	14,929
1941.....	1,047,929	1,021,150	184,436	98,553	85,883	822,631	676,337	60,309	85,986	14,082
1942.....	779,472	762,093	401,354	187,220	244,135	337,521	180,170	164,111	43,240	23,217
1943.....	291,823	284,453	127,442	22,669	104,774	139,758	91,792	20,607	27,899	17,253
1944.....	854,064	833,347	358,077	157,769	200,308	446,987	223,835	84,091	139,062	28,283
1945.....	1,200,521	1,167,725	534,361	159,734	374,628	610,337	432,760	40,021	137,555	23,027
1946.....	3,067,101	2,970,324	1,305,493	859,797	445,698	1,525,263	989,848	174,091	361,323	139,568
1947.....	3,195,453	3,126,975	2,189,777	1,062,851	1,096,927	839,248	394,053	325,497	119,698	97,950
1948.....	2,951,816	2,886,982	2,274,326	1,194,978	1,079,348	499,348	185,467	268,159	45,722	113,309
1949.....	2,476,861	2,432,716	1,793,668	977,831	820,837	486,228	23,476	458,013	4,737	147,821
1948										
July.....	331,289	324,314	187,901	92,561	95,341	104,182	4,979	98,475	728	32,230
August.....	131,232	127,141	117,863	74,231	43,632	8,291	745	7,546	-----	987
September.....	139,579	136,313	117,018	23,307	93,711	13,206	1,470	11,243	493	6,089
October.....	409,917	406,485	382,609	256,156	126,453	21,313	2,759	18,554	-----	2,563
November.....	166,091	164,019	145,147	84,827	60,320	16,207	-----	16,202	5	2,666
December.....	231,163	228,079	166,095	83,156	82,938	49,880	4,801	43,520	1,558	12,104
1949										
January.....	168,756	162,061	138,711	120,170	18,542	8,509	-----	6,558	1,951	14,840
February.....	129,014	127,620	38,720	19,496	19,224	22,576	1,800	20,776	-----	66,324
March.....	117,140	113,705	85,132	41,864	43,268	25,786	-----	25,786	-----	2,788
April.....	339,992	336,101	214,795	114,624	100,171	118,021	202	117,818	-----	3,285
May.....	101,681	99,918	91,634	27,503	64,130	7,403	2,463	4,940	-----	881
June.....	211,006	206,960	113,043	39,935	73,108	90,852	4,257	86,595	-----	3,064

See footnotes at end of table.

TABLE 4.—Proposed uses of net proceeds from the sale of new corporate securities offered for cash sale in the United States—Continued

PART 3.—PUBLIC UTILITY

[Amounts in thousands of dollars] ¹

Fiscal year ended June 30—	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds ²	Total net proceeds ³	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock	
1935.....	377,605	366,631	10,351	4,673	5,678	348,489	316,537	31,952	-----	7,792
1936.....	2,008,143	1,955,387	63,893	43,300	20,593	1,888,828	1,786,965	33,169	68,694	2,697
1937.....	1,637,526	1,595,666	73,207	64,923	8,284	1,508,983	1,388,098	12,342	108,543	13,476
1938.....	577,281	563,894	151,898	114,885	37,013	410,704	327,027	83,219	458	1,292
1939.....	1,365,540	1,337,126	86,882	77,017	9,864	1,249,107	1,105,117	47,679	96,411	1,138
1940.....	1,108,325	1,086,454	65,275	54,556	10,719	1,012,482	939,338	35,738	37,407	8,697
1941.....	1,530,509	1,504,828	306,804	280,971	25,834	1,194,029	1,129,516	13,390	51,122	3,995
1942.....	977,422	966,212	307,830	305,421	2,408	655,354	609,805	34,966	10,583	3,028
1943.....	331,753	326,315	67,935	61,908	6,027	249,493	236,095	6,765	6,633	8,888
1944.....	657,746	646,761	17,898	7,160	10,738	619,136	561,768	10,862	46,505	9,727
1945.....	1,724,396	1,697,841	49,113	36,522	12,591	1,630,274	1,434,820	6,546	188,908	18,454
1946.....	2,612,257	2,578,384	80,638	70,683	9,954	2,429,140	2,164,629	41,898	222,614	68,607
1947.....	2,569,469	2,537,009	1,477,069	1,294,219	182,850	1,036,686	822,188	42,289	172,208	23,253
1948.....	3,459,285	3,406,893	2,846,503	2,784,721	61,782	509,085	402,272	58,406	48,406	51,305
1949.....	3,337,505	3,289,318	3,005,989	2,992,033	13,957	248,356	119,437	106,477	22,441	34,973
<i>1948</i>										
July.....	192,810	190,808	157,927	157,107	820	6,078	968	4,268	842	26,803
August.....	79,779	78,324	77,489	74,757	2,732	811	452	359	-----	24
September.....	253,085	249,922	212,131	211,377	753	36,327	10,483	22,186	3,658	1,464
October.....	272,165	267,639	245,695	245,649	46	21,856	20,468	1,181	208	87
November.....	230,597	228,015	209,204	209,204	-----	18,188	-----	9,895	8,294	623
December.....	496,682	488,625	490,680	467,560	3,120	27,457	2,479	24,978	-----	488
<i>1949</i>										
January.....	119,723	117,677	117,677	117,528	148	-----	-----	-----	-----	-----
February.....	105,696	104,349	102,053	101,950	104	2,296	2,296	-----	-----	-----
March.....	182,891	179,334	125,421	123,595	1,825	63,914	36,030	17,884	-----	-----
April.....	281,455	276,439	269,774	269,451	323	6,600	495	6,105	-----	65
May.....	197,909	192,164	171,446	170,133	1,313	20,692	10,850	4,823	5,019	25
June.....	924,714	916,023	856,493	853,721	2,773	54,137	34,917	14,799	4,420	5,394

PART 4.—RAILROAD
[Amounts in thousands of dollars] ¹

Fiscal year ended June 30—	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds ²	Total net proceeds ³	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock	
1935	137,404	133,871	31,540	31,323	217	101,186	63,429	37,758		1,145
1936	659,857	637,588	122,603	120,522	2,080	514,986	452,073	62,913		
1937	501,036	489,861	265,753	256,654	9,099	224,108	203,891	16,480	3,738	
1938	41,428	40,815	29,328	28,827	500	11,487	11,487			
1939	106,351	104,352	48,778	48,778		55,574	55,574			
1940	297,935	293,481	80,585	79,136	1,450	212,896	212,683	212		
1941	375,026	368,981	236,711	236,711		131,981	110,942	18,039	3,000	289
1942	174,202	171,726	128,699	126,699		45,027	45,027			
1943	106,265	105,187	39,330	39,330		65,858	65,858			
1944	163,404	162,007	64,080	64,080		97,928	97,928			
1945	1,191,006	1,175,778	98,240	98,240		1,077,536	1,077,536			
1946	1,356,588	1,340,579	98,541	98,541		1,242,038	1,240,248	1,171	619	
1947	273,734	271,056	204,962	202,968	1,994	66,095	61,906	4,189		
1948	448,218	443,624	362,544	362,544		75,095	61,230	13,864		5,985
1949	615,259	609,418	604,325	604,147	60,177	5,094		5,094		
<i>1948</i>										
July	68,519	67,524	67,524	67,524						
August	30,234	29,956	29,956	28,650		1,297		1,297		
September	41,659	41,382	41,382	41,382						
October	64,283	63,761	63,761	67,375	6,383					
November	74,604	73,394	73,394	19,600	53,795					
December	45,481	45,146	45,146	45,146						
<i>1949</i>										
January	36,489	36,218	36,218	36,218						
February	54,602	54,172	50,375	50,375		3,797		3,797		
March	87,633	86,993	86,993	86,993						
April	17,578	17,441	17,441	17,441						
May	49,263	48,869	48,869	48,869						
June	44,913	44,562	44,562	44,562						

See footnotes at end of table.

TABLE 4.—Proposed uses of net proceeds from the sale of new corporate securities offered for cash sale in the United States—Continued

PART 5.—REAL ESTATE AND FINANCIAL

[Amounts in thousands of dollars] ¹

Fiscal year ended June 30—	Proceeds		New money			Retirements				All other purposes
	Total gross proceeds ²	Total net proceeds ²	Total new money	Plant and equipment	Working capital	Total retirements	Funded debt	Other debt	Preferred stock	
1935	51,228	50,046	20,276	300	19,976	27,632	9,528	18,104		2,137
1936	199,268	192,418	41,343		41,348	140,313	118,655	6,052	15,605	10,758
1937	362,934	353,199	253,981	338	253,643	91,923	60,462	5,191	26,275	7,290
1938	10,936	8,976	7,916	6	7,910	301	266	35		759
1939	18,759	17,090	7,813	50	7,763	7,226			7,226	2,051
1940	224,719	221,787	27,585		27,585	191,284	88,511	102,504		2,917
1941	77,139	75,540	54,317	343	53,974	18,837	7,036	7,948	3,853	2,386
1942	56,029	54,927	26,616	2	26,614	23,274	15,816	7,458		5,037
1943	12,565	12,349	7,737		7,737	3,992	3,992			619
1944	59,136	57,626	18,565		18,565	36,833	32,306	2,415	2,162	2,179
1945	121,480	118,989	78,122	799	77,324	34,197	21,502	4,794	7,901	6,670
1946	298,686	291,555	132,512	9,933	122,579	113,511	41,981	23,193	48,536	45,532
1947	323,864	319,094	194,129	10,118	184,011	112,819	20,624	52,208	9,988	12,146
1948	542,719	534,088	403,967	12,601	391,366	52,970	30,740	16,661	5,669	77,151
1949	449,303	442,595	370,256	31,636	338,621	37,087	8,106	27,784	1,197	35,232
<i>1948</i>										
July	48,605	47,943	43,893	620	43,273	2,540	2,292	248		1,509
August	10,918	10,687	8,309	355	7,954	2,307	700	1,607		71
September	49,250	47,728	27,628	1,484	26,143	721	330	390		19,380
October	44,795	44,576	41,848		41,848	2,221	225	1,996		507
November	36,192	35,844	34,777	249	34,528					1,088
December	9,365	9,135	5,126	66	5,060	2,259		1,082	1,197	1,750
<i>1949</i>										
January	20,297	19,942	19,129	299	18,831	52		52		761
February	32,113	31,586	28,568		28,568	2,970	2,970			49
March	22,932	22,569	21,429	198	21,231	990	990			150
April	69,097	57,951	51,412	440	50,972	2,428		2,428		4,112
May	39,295	38,654	27,757	7,838	19,920	5,076		5,076		5,821
June	76,444	75,981	60,382	20,088	40,294	13,524	599	14,295		75

¹ Slight discrepancies between the sum of figures in the tables and the totals shown are due to rounding.

² Total estimated gross proceeds represent the amount paid for the securities by investors, while total estimated net proceeds represent the amount received by the issuer after payment of compensation to distributors and other costs of flotation.

TABLE 5.—A 16-year summary of corporate bonds¹ publicly offered and privately placed in each year—1934 through 1949—by calendar year.

[Millions of dollars]

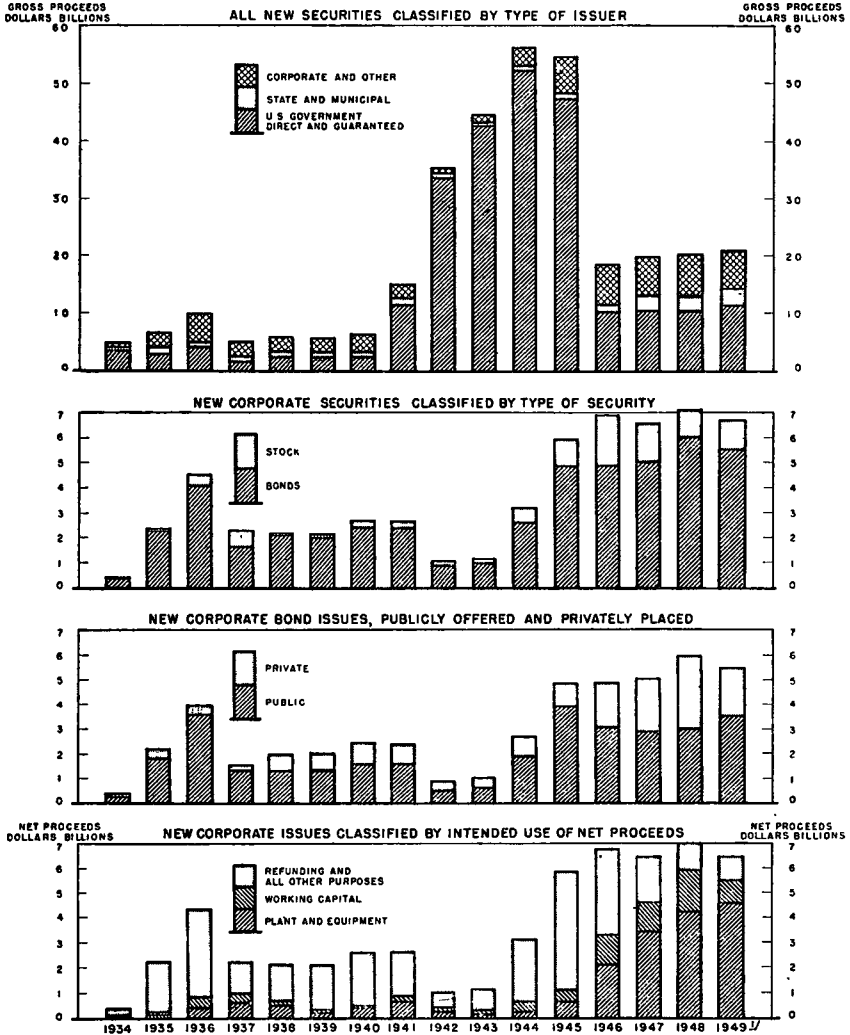
Year	Total offer-ings	Publicly offered	Placed privately	Percent of total placed privately
1934	372	280	92	24.7
1935	2,225	1,840	385	17.3
1936	4,029	3,650	369	9.2
1937	1,618	1,291	327	20.2
1938	2,044	1,353	691	33.8
1939	1,979	1,276	703	35.5
1940	2,386	1,628	758	31.8
1941	2,389	1,578	811	33.9
1942	917	506	411	44.8
1943	990	621	369	37.3
1944	2,670	1,892	778	29.1
1945	4,855	3,851	1,004	20.7
1946	4,882	3,019	1,863	38.2
1947	5,036	2,889	2,147	42.6
1948	6,008	2,965	3,043	50.6
1949 ²	5,508	3,466	2,042	37.1

¹ Bonds, notes, and debentures.² Preliminary figures estimated on basis of figures through July 1949.

TABLE 6

A SIXTEEN-YEAR SUMMARY OF NEW SECURITIES OFFERED FOR CASH IN THE UNITED STATES

AS TO TYPE OF ISSUER, TYPE OF SECURITY, WHETHER PUBLICLY OFFERED OR PRIVATELY PLACED, AND THE INTENDED USE OF THE PROCEEDS -- 1934 THROUGH 1949, BY CALENDAR YEAR



PRELIMINARY FIGURES ESTIMATED ON BASIS OF DATA THROUGH JULY 1949

TABLE 7.—Brokers and dealers registered under section 15 of the Securities Exchange Act of 1934¹—Effective registrations as of June 30, 1949, classified by type of organization and by location of principal office

Location of principal office	Number of registrants				Number of proprietors, partners, officers, etc. ²				Number of employees				Number of branch offices maintained by registrants			
	Total	Sole proprietors	Partnerships	Corporations	Total	Sole proprietors	Partnerships	Corporations	Total	Sole proprietors	Partnerships	Corporations	Total	Sole proprietors	Partnerships	Corporations
Alabama	22	8	6	8	55	8	18	29	72	20	27	25	4		2	2
Arizona	8	6	2		13	6	7		23	23	12	11				
Arkansas	19	10	3	6	40	10	7	23	27	5	7	15				
California	225	79	82	64	835	126	325	384	3,142	194	1,668	1,280	201	4	108	89
Colorado	59	29	9	21	151	29	24	98	250	34	72	144	6	4	4	2
Connecticut	52	21	15	16	162	21	57	84	659	46	315	298	27	4	8	15
Delaware	8	3	2	3	37	3	27	7	270	3	265	2	3	3		
District of Columbia	59	24	13	22	212	24	53	135	634	33	282	319	9		5	4
Florida	29	16	5	8	65	16	15	34	90	44	12	34	3	1		2
Georgia	26	9	5	12	85	9	18	58	345	8	233	104	28		21	7
Idaho	9	5	2	2	18	5	4	9	37	4	21	12	3		2	1
Illinois	233	62	79	92	893	62	328	503	4,129	93	2,387	1,649	182		136	46
Indiana	53	23	8	22	146	23	19	104	121	17	18	86	7			7
Iowa	32	11	6	15	98	11	15	72	162	20	33	109	7			8
Kansas	38	20	4	14	112	20	8	84	127	25	23	79	9		1	3
Kentucky	14	4	5	5	42	4	19	19	104	10	65	29	2		2	
Louisiana	59	36	17	6	113	36	54	23	221	37	152	32	11		8	3
Maine	33	15	3	15	78	15	8	55	104	24	19	61				
Maryland	40	14	19	7	129	14	82	33	562	5	514	43	21		11	10
Massachusetts	229	106	46	77	788	106	233	449	3,608	238	2,042	1,328	115	4	76	35
Michigan	60	6	25	29	240	6	98	136	719	16	327	376	24		16	8
Minnesota	53	10	9	34	219	10	27	182	2,891	46	164	2,681	31		8	23
Mississippi	12	6	4	2	19	6	8	5	17	10	3	4	4	3	1	
Missouri	93	19	31	43	418	19	146	253	1,282	30	762	490	63		29	34
Montana	6	2	1	3	14	2	2	10	10	2	6	6				
Nebraska	29	10	3	16	89	10	6	73	226	11	15	200	2			2
Nevada	4	2	1	1	7	2	2	3	5	1	1	3				
New Hampshire	11	7	1	3	20	7	3	10	17	4	2	11				
New Jersey	102	61	19	22	207	61	51	95	206	43	66	97	14	2	5	7
New Mexico	8	5	2	1	12	5	4	3	11	3	6	2				
New York State (excluding New York City)	229	168	25	36	428	168	117	143	581	133	229	219	19		8	8
North Carolina	26	10	3	13	102	10	6	86	175	12	5	158	10			10
North Dakota	3	2		1	6	2		4	1	1						
Ohio	149	41	43	65	517	41	182	294	1,203	61	611	531	40		18	22
Oklahoma	49	40	3	6	73	40	6	27	108	64	5	39	2			2

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Oregon	24	8	7	9	62	8	17	37	94	25	18	51	2				2
Pennsylvania	218	76	91	51	684	76	366	242	2,741	129	1,977	635	89		68		21
Rhode Island	29	13	11	5	61	13	29	19	126	11	106	9	1	1			
South Carolina	28	11	7	10	71	11	25	35	91	20	25	46	5		1		4
South Dakota	2	1		1	4	1		3	2			2					
Tennessee	34	11	7	16	114	11	22	81	246	9	91	146	21				12
Texas	146	86	25	35	348	86	66	196	459	84	129	246	18	1	9		8
Utah	18	9	4	5	47	9	12	26	209	15	179	15	12	1	11		
Vermont	2			2	11			11	7			7					
Virginia	25	9	9	7	78	9	38	31	158	18	61	79	1				1
Washington	80	46	7	27	204	46	20	138	461	59	56	346	17	1	3		13
West Virginia	9	4	3	2	37	4	9	24	91	3	18	70	10		2		8
Wisconsin	54	17	5	32	200	17	21	162	385	23	83	279	14	1	3		10
Wyoming	5	5			5	5			3	3							
Total (excluding New York City)	2,755	1,186	677	892	8,369	1,233	2,604	4,532	27,212	1,708	13,107	12,397	1,030	26	578		426
New York City	1,200	385	608	207	4,405	385	2,911	1,109	28,916	469	24,304	4,183	839	17	646		176
Total	3,955	1,571	1,285	1,099	12,774	1,618	5,515	5,641	56,128	-2,167	37,411	16,550	1,869	43	1,224		602

¹ Domestic registrants only, excludes 39 foreign.

² Includes directors, officers, trustees, and all other persons occupying similar status or performing similar functions.

³ Includes all forms of organizations other than sole proprietorships and partnerships.

TABLE 8.—Market value and volume of sales effected on securities exchanges for the fiscal year ended June 30, 1949

PART 1.—ON ALL REGISTERED EXCHANGES

[In thousands]

Exchange	Total market value (dollars)	Stocks ¹		Bonds ²		Rights and warrants	
		Market value (dollars)	Number of shares	Market value (dollars)	Principal amount (dollars)	Market value (dollars)	Number of units
All registered exchanges.....	11,025,766	10,321,980	443,738	676,087	924,718	27,699	30,786
Baltimore ³	1,727	1,415	64	312	622	.....	.....
Boston.....	163,957	152,905	3,950	17	24	1,035	892
Chicago Board.....	210	210	24	.....	.....	.....	.....
Chicago Stock.....	179,103	178,830	7,055	.....	.....	273	462
Cincinnati.....	12,061	12,016	374	.....	.....	45	120
Cleveland.....	14,488	14,455	487	.....	.....	33	55
Detroit.....	37,677	37,450	2,659	.....	.....	227	760
Los Angeles.....	122,730	122,461	8,394	36	35	233	377
New Orleans.....	633	575	23	58	56	.....	.....
New York Curb.....	874,819	827,299	64,013	36,539	49,101	10,980	7,456
New York Stock.....	9,343,310	8,692,099	322,449	637,084	872,868	14,128	19,379
Philadelphia-Baltimore ⁴	101,479	100,347	3,601	809	855	323	628
Pittsburgh.....	15,138	15,085	825	2	2	51	124
St. Louis.....	10,324	10,297	327	5	4	22	20
Salt Lake.....	2,125	2,125	12,828	.....	.....	.....	.....
San Francisco Mining.....	549	549	4,710	.....	.....	.....	.....
San Francisco Stock.....	147,709	146,400	9,510	960	895	349	613
Spokane.....	1,625	1,625	2,176	.....	.....	.....	.....
Washington.....	6,102	5,837	269	265	256	.....	.....
Break-down of fiscal year totals by months							
<i>1948</i>							
July.....	1,176,815	1,105,815	44,155	68,289	90,827	1,711	1,101
August.....	791,412	739,358	29,583	51,238	67,315	816	1,240
September.....	796,212	744,694	30,493	50,449	67,313	1,069	1,830
October.....	948,993	889,722	37,016	57,712	78,581	1,559	3,678
November.....	1,199,706	1,134,531	48,275	63,049	88,261	2,126	6,140
December.....	1,140,266	1,076,083	47,988	63,470	89,347	713	1,104
<i>1949</i>							
January.....	915,095	853,531	36,546	60,686	80,599	878	523
February.....	772,313	719,267	30,841	52,009	70,080	1,037	668
March.....	809,738	751,761	34,692	56,225	80,637	1,752	2,223
April.....	905,702	845,296	37,746	53,189	76,590	7,217	2,934
May.....	816,042	760,298	33,135	50,767	67,997	4,977	4,276
June.....	754,472	701,624	33,268	49,004	67,171	3,844	6,169

TABLE 8.—Market value and volume of sales effected on securities exchanges for the fiscal year ended June 30, 1949—Continued

PART 2.—ON ALL EXEMPTED EXCHANGES

[In thousands]

Exchange	Total market value (dollars)	Stocks ¹		Bonds ²		Rights and warrants	
		Market value (dollars)	Number of shares	Market value (dollars)	Principal amount (dollars)	Market value (dollars)	Number of units
All exempted exchanges.....	7, 418	7, 400	759	18	19		
Colorado Springs.....	225	225	272				
Honolulu.....	4, 115	4, 097	349	18	19		
Minneapolis-St. Paul.....	2, 169	2, 169	117				
Richmond.....	463	463	8				
Wheeling.....	446	446	13				
Break-down of fiscal year totals by months							
<i>1948</i>							
July.....	633	633	54				
August.....	631	629	64	2	2		
September.....	612	611	101	1	1		
October.....	555	555	65				
November.....	436	436	50				
December.....	817	815	77	2	2		
<i>1949</i>							
January.....	704	699	65	5	6		
February.....	701	699	44	2	2		
March.....	594	594	56				
April.....	510	508	74	2	2		
May.....	648	647	69	1	1		
June.....	577	574	40	3	3		

¹ "Stocks" includes voting trust certificates, American depository receipts, and certificates of deposit for stocks.

² "Bonds" includes mortgage certificates and certificates of deposit for bonds.

³ The Baltimore Stock Exchange and the Philadelphia Stock Exchange effected a plan of merger of the business of the 2 exchanges which resulted in the termination of the activities of the Baltimore Stock Exchange with the close of business Mar. 5, 1949.

⁴ Effective Mar. 7, 1949, the name of the Philadelphia Stock Exchange was changed to the Philadelphia-Baltimore Stock Exchange.

NOTE.—Value and volume of sales effected on registered securities exchanges are reported in connection with fees paid under section 31 of the Securities Exchange Act of 1934. For most exchanges the figures represent transactions cleared during the calendar month. Figures may differ from comparable data in the Monthly Statistical Bulletin, due to revision of data by exchanges.

TABLE 9
PART 1.—SHARE VOLUME OF TRANSACTIONS ON 16 REGISTERED EXCHANGES BY CALENDAR YEARS

I. IN THOUSANDS OF SHARES

Exchange	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
New York Stock.....	497,052	685,951	583,319	418,591	363,610	282,651	225,690	168,114	360,581	338,172	495,980	501,818	336,553	392,668
New York Curb.....	83,931	155,110	121,126	55,960	52,200	47,900	38,301	25,226	77,258	76,223	152,427	141,251	74,045	79,481
Chicago Stock.....	12,027	19,345	13,397	7,505	8,444	6,897	7,124	5,204	9,744	8,748	12,406	12,087	6,882	8,035
San Francisco Stock.....	10,175	15,769	13,234	7,543	6,267	5,871	4,594	3,337	5,299	6,052	9,658	14,394	10,141	11,501
Boston.....	6,318	6,910	6,842	5,541	5,500	4,503	4,379	3,014	3,699	3,788	5,091	5,507	4,208	4,344
Los Angeles.....	8,193	12,649	13,668	6,812	4,581	4,301	3,494	2,459	4,048	5,105	13,104	12,856	9,836	10,073
Philadelphia.....	4,468	5,571	4,218	3,662	3,774	3,430	3,354	2,084	3,869	3,376	4,771	5,033	3,949	3,867
Detroit.....	5,777	7,085	4,949	4,058	3,569	3,087	2,699	1,999	3,110	4,021	6,044	5,017	3,409	3,170
Pittsburgh.....	2,330	2,989	2,541	1,374	1,196	1,155	1,108	642	891	1,202	3,039	2,265	958	929
Cleveland.....	529	788	612	408	503	551	566	422	541	451	685	711	651	557
Cincinnati.....	235	351	224	194	237	318	356	269	325	278	339	371	344	384
St. Louis.....	150	424	467	304	304	281	221	190	242	220	262	309	274	314
New Orleans.....	154	177	285	110	117	58	60	64	147	139	169	142	41	36
Washington.....	18	25	21	17	14	18	30	31	20	28	42	44	38	216
Baltimore.....	682	998	1,038	609	568	419	336	279	269	273	240	190	141	92
Chicago Board of Trade.....	261	405	262	68	46	30	21	13	11	9	36	41	18	26
Total.....	632,300	914,547	766,203	512,756	450,930	361,470	292,333	213,347	470,504	448,085	704,293	702,036	451,487	515,693

2. IN PERCENT

New York Stock.....	78.610	75.001	76.131	81.636	80.636	78.195	77.203	78.798	76.711	75.471	70.422	71.480	74.543	76.144
New York Curb.....	13.274	16.961	15.809	10.913	11.576	13.251	13.102	11.824	16.436	17.011	21.643	20.120	16.400	15.412
Chicago Stock.....	1.902	2.115	1.748	1.464	1.873	1.908	2.437	2.439	2.073	1.952	1.762	1.722	1.524	1.558
San Francisco Stock.....	1.609	1.724	1.727	1.471	1.309	1.624	1.571	1.564	1.127	1.351	1.371	2.050	2.246	2.230
Boston.....	.999	.760	.893	1.081	1.220	1.246	1.498	1.413	.787	.845	.723	.784	.932	.842
Los Angeles.....	1.296	1.383	1.784	1.329	1.016	1.190	1.196	1.152	.861	1.139	1.861	1.831	2.179	1.953
Philadelphia.....	.707	.609	.551	.714	.837	.949	1.147	.977	.823	.753	.677	.717	.875	.750
Detroit.....	.914	.775	.646	.791	.791	.854	.923	.937	.662	.897	.858	.715	.755	.615
Pittsburgh.....	.368	.327	.332	.268	.265	.320	.379	.301	.190	.268	.431	.323	.212	.180
Cleveland.....	.084	.086	.080	.080	.111	.152	.194	.198	.115	.101	.097	.101	.144	.108
Cincinnati.....	.037	.038	.029	.038	.053	.085	.122	.126	.069	.062	.048	.053	.076	.074
St. Louis.....	.024	.046	.061	.059	.067	.078	.076	.089	.051	.049	.037	.044	.061	.061
New Orleans.....	.024	.019	.037	.021	.026	.016	.020	.030	.031	.031	.024	.020	.009	.007
Washington.....	.003	.003	.003	.003	.003	.005	.010	.015	.004	.006	.006	.006	.008	.042
Baltimore.....	.108	.109	.135	.119	.126	.116	.115	.131	.057	.061	.034	.027	.031	.018
Chicago Board of Trade.....	.041	.044	.034	.013	.010	.008	.007	.006	.002	.002	.005	.006	.004	.005

3. PERCENT DISTRIBUTION EXCLUDING 2 NEW YORK EXCHANGES

Chicago Stock	23.44	26.32	21.69	19.64	24.04	22.30	25.13	26.01	30.24	25.97	22.20	20.50	16.83	18.45
San Francisco	19.83	21.46	21.43	19.74	17.84	18.99	16.21	16.68	16.45	17.96	17.28	24.41	24.80	26.41
Boston	12.31	9.40	11.08	14.50	15.66	14.56	15.45	15.06	11.48	11.24	9.11	9.34	10.29	9.98
Los Angeles	15.98	17.21	22.13	17.83	13.04	13.91	12.33	12.29	12.57	15.15	23.45	21.80	24.05	23.13
Philadelphia	8.70	7.58	6.83	9.59	10.75	11.09	11.83	10.42	12.01	10.02	8.54	8.54	9.66	8.88
Detroit	11.26	9.64	8.01	10.62	10.16	9.98	9.52	9.99	9.65	11.94	10.81	8.51	8.34	7.28
Pittsburgh	4.54	4.07	4.11	3.60	3.41	3.74	3.91	3.21	2.77	3.57	5.44	3.84	2.34	2.13
Cleveland	1.03	1.07	.99	1.07	1.43	1.78	2.00	2.11	1.68	1.34	1.23	1.21	1.59	1.28
Cincinnati	.46	.48	.36	.51	.67	1.03	1.26	1.34	1.01	.83	.60	.63	.84	.88
St. Louis	.29	.58	.76	.80	.87	.91	.78	.95	.75	.65	.47	.52	.67	.72
New Orleans	.30	.24	.46	.29	.33	.19	.21	.32	.46	.41	.30	.24	.10	.08
Washington	.04	.03	.03	.04	.04	.06	.11	.16	.06	.08	.08	.07	.09	.50
Baltimore	1.33	1.36	1.68	1.59	1.62	1.36	1.19	1.39	.84	.81	.43	.32	.35	.21
Chicago Board of Trade	.51	.55	.42	.18	.13	.10	.07	.07	.03	.03	.06	.07	.05	.06
Total volume 14 exchanges (in thousands of shares)	51,317	73,486	61,758	38,206	35,120	30,919	28,342	20,007	32,215	33,690	55,886	58,967	40,890	43,544

4. NEW YORK VERSUS OTHER EXCHANGES

2 New York exchanges	91.88	91.96	91.94	92.55	92.21	91.45	90.30	90.62	93.15	92.48	92.07	91.60	90.94	91.57
14 other exchanges	8.12	8.04	8.06	7.45	7.79	8.55	9.70	9.38	6.85	7.52	7.93	8.40	9.06	8.43

¹ Mining exchanges (San Francisco Mining, Salt Lake, Spokane), retired exchanges and exempted exchanges not included. Rights and warrants not included. San Francisco Curb figures included in those of San Francisco Stock Exchange prior to 1938 merger.

TABLE 9—Continued

PART 2.—DOLLAR VALUE OF STOCK TRANSACTIONS ON 16 REGISTERED EXCHANGES: BY CALENDAR YEARS

I. IN MILLIONS OF DOLLARS

Exchange	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
New York Stock	13,335.4	20,365.7	18,432.4	11,013.4	9,968.2	7,166.1	5,252.9	3,673.5	7,670.5	8,243.7	13,461.9	15,519.9	9,706.6	10,921.3
New York Curb	1,204.8	2,049.9	1,584.0	683.1	747.6	642.7	464.3	284.6	799.7	904.1	1,727.9	1,971.6	999.5	1,032.0
Chicago Stock	183.0	292.7	190.1	110.1	175.8	155.3	144.5	92.8	165.8	188.9	296.6	336.7	181.5	212.0
San Francisco Stock	142.6	204.1	171.9	95.3	99.4	83.8	66.0	45.5	76.8	103.3	185.8	228.8	169.9	183.6
Boston	206.2	248.3	231.4	187.0	194.7	161.4	141.3	100.4	117.9	126.3	188.9	229.5	173.9	171.1
Los Angeles	71.1	111.5	91.1	62.2	57.5	44.3	37.7	28.3	52.1	63.5	103.1	122.6	100.6	141.5
Philadelphia	92.5	127.6	109.8	80.2	84.6	70.7	61.1	36.3	65.6	72.3	126.8	140.7	100.6	106.6
Detroit	62.4	73.5	50.7	45.4	39.0	30.4	20.8	14.5	27.1	33.3	57.7	62.2	41.5	43.8
Pittsburgh	30.1	48.0	41.9	22.6	20.7	15.6	13.3	9.9	14.0	14.6	23.5	29.4	15.8	17.9
Cleveland	14.0	22.0	16.8	7.3	10.6	12.2	11.8	8.2	9.9	11.0	18.5	24.6	18.5	16.1
Cincinnati	5.9	8.1	6.2	4.4	6.4	7.9	7.4	5.5	6.7	7.5	10.2	12.7	12.1	12.9
St. Louis	3.5	9.3	11.6	6.4	4.3	4.3	3.1	2.3	4.7	4.2	6.2	9.1	7.1	8.9
New Orleans	1.1	.9	1.7	.5	.63	.33	.37	.3	.9	1.2	2.3	4.5	1.3	1.1
Washington	1.0	1.6	1.0	1.0	.65	.7	1.0	.8	1.0	1.2	1.9	2.4	1.5	4.4
Baltimore	10.8	17.6	15.4	7.6	9.0	6.4	6.7	4.4	5.3	4.4	5.4	5.6	2.8	2.2
Chicago Board of Trade	2.5	2.2	1.3	.25	.12	.05	.03	.01	.02	.03	.1	.3	.1	.2
Total	15,366.9	23,583.0	20,957.4	12,326.8	11,419.4	8,402.2	6,232.3	4,307.3	9,018.0	9,779.5	16,216.8	18,700.6	11,523.3	12,875.6

2. IN PERCENT

New York Stock	86.780	86.358	87.952	89.345	87.292	85.289	84.285	85.285	85.058	84.296	83.012	82.991	84.235	84.822
New York Curb	7.840	8.692	7.558	5.542	6.547	7.650	7.460	6.607	8.868	9.245	10.655	10.543	8.674	8.015
Chicago Stock	1.191	1.241	.907	.893	1.539	1.848	2.319	2.154	1.839	1.932	1.829	1.800	1.575	1.647
San Francisco Stock	.928	.865	.820	.773	.870	.997	1.059	1.056	.852	1.056	1.146	1.223	1.388	1.426
Boston	1.342	1.053	1.104	1.517	1.705	1.921	2.267	2.331	1.307	1.291	1.165	1.227	1.509	1.329
Los Angeles	.463	.473	.435	.505	.504	.527	.605	.657	.578	.649	.636	.656	.873	1.099
Philadelphia	.602	.541	.524	.651	.741	.841	.980	.843	.727	.739	.782	.752	.873	.828
Detroit	.406	.312	.242	.368	.341	.362	.334	.337	.300	.341	.356	.333	.360	.340
Pittsburgh	.196	.204	.200	.183	.181	.186	.213	.230	.155	.149	.145	.157	.137	.139
Cleveland	.091	.093	.081	.059	.094	.145	.189	.190	.110	.112	.114	.132	.160	.125
Cincinnati	.038	.034	.030	.036	.056	.094	.119	.128	.074	.077	.063	.068	.105	.100
St. Louis	.023	.039	.035	.052	.038	.051	.050	.053	.052	.043	.038	.049	.063	.069
New Orleans	.007	.004	.008	.004	.006	.004	.006	.007	.010	.012	.014	.024	.011	.008
Washington	.007	.007	.005	.008	.006	.008	.016	.019	.011	.012	.012	.013	.013	.034
Baltimore	.070	.075	.073	.062	.079	.076	.107	.102	.059	.045	.033	.030	.024	.017
Chicago Board of Trade	.016	.009	.006	.002	.001	.001	.001	.001	.000	.000	.000	.002	.001	.002

B. PERCENT DISTRIBUTION EXCLUDING 2 NEW YORK EXCHANGES

Chicago Stock	22.14	25.07	20.20	17.47	24.99	26.17	28.05	26.57	30.27	29.90	28.88	27.85	22.21	22.99
San Francisco	17.25	17.48	18.27	15.12	14.13	14.12	12.81	13.03	14.02	16.35	18.09	18.92	19.57	19.91
Boston	24.94	21.27	24.59	29.87	27.67	27.20	27.43	28.75	21.52	19.99	18.39	18.98	21.28	18.55
Los Angeles	8.60	9.55	9.68	9.87	8.17	7.47	7.32	8.10	9.51	10.05	10.04	10.14	12.31	15.34
Philadelphia	11.19	10.93	11.67	12.72	12.03	11.91	11.86	10.40	11.97	11.45	12.35	11.64	12.31	11.56
Detroit	7.55	6.30	5.39	7.20	5.54	5.12	4.04	4.15	4.95	5.27	5.62	5.15	5.08	4.75
Pittsburgh	3.64	4.11	4.45	3.59	2.94	2.63	2.58	2.83	2.55	2.31	2.29	2.43	1.93	1.94
Cleveland	1.69	1.88	1.78	1.16	1.51	2.06	2.29	2.35	1.81	1.74	1.80	2.04	2.26	1.74
Cincinnati .....	.71	.69	.66	.70	.91	1.33	1.44	1.57	1.22	1.19	.99	1.05	1.48	1.40
St. Louis .....	.42	.80	1.23	1.02	.61	.72	.60	.66	.86	.66	.60	.75	.87	.96
New Orleans .....	.13	.08	.18	.08	.09	.06	.07	.08	.16	.19	.22	.37	.16	.12
Washington .....	.12	.14	.12	.16	.09	.12	.19	.23	.18	.19	.19	.20	.18	.48
Baltimore	1.30	1.51	1.64	1.20	1.28	1.05	1.30	1.26	.97	.69	.53	.46	.34	.24
Chicago Board of Trade .....	.30	.19	.14	.04	.02	.01	.01	.01	.01	.01	.01	.02	.01	.02
Total volume 14 exchanges (in mil- lions of dollars).....	826.7	1,167.4	941.0	630.3	703.6	593.4	515.1	349.2	547.8	631.7	1,027.0	1,209.1	817.2	922.3

4. NEW YORK VERSUS OTHER EXCHANGES

2 New York exchanges.....	94.62	95.05	95.51	94.89	93.84	92.94	91.74	91.89	93.93	93.54	93.67	93.53	92.91	92.84
14 Other exchanges.....	5.38	4.95	4.49	5.11	6.16	7.06	8.26	8.11	6.07	6.46	6.33	6.47	7.09	7.16

¹ Mining exchanges (San Francisco Mining, Salt Lake, Spokane), retired exchanges and exempted exchanges not included. Rights and warrants not included. San Francisco Curb figures included in those of San Francisco Stock Exchange prior to 1938 merger.

TABLE 10.—Round-lot stock transactions¹ effected on the New York Stock Exchange for the accounts of members and nonmembers, weekly, June 28, 1948–June 25, 1949

[Thousands of shares]

Week ended	All round-lot sales		Round-lot transactions for the account of members ²											Round-lot transactions for the account of nonmembers			
			Transactions of specialists in stocks in which they are registered			Transactions for the odd-lot accounts of specialists and odd-lot dealers			Other transactions initiated on the floor			Other transactions initiated off the floor					
	Total	Short ³	Purchases	Sales		Purchases	Sales		Purchases	Sales		Purchases	Sales		Purchases	Sales	
				Total	Short ³		Total	Short ³		Total	Short ³		Total	Short ³		Total	Short ³
1948																	
July 3	4,988	147	551	514	71	184	173	-----	128	134	18	171	256	20	3,954	3,911	38
July 10	4,464	122	423	423	63	172	145	-----	114	98	12	188	251	20	3,567	3,547	27
July 17	7,716	244	710	768	119	268	235	-----	173	229	29	259	430	35	6,306	6,054	61
July 24	7,367	229	825	837	115	263	231	-----	185	207	18	237	320	35	5,856	5,772	61
July 31	4,729	188	508	524	94	220	150	-----	73	97	11	173	223	23	3,755	3,735	60
Aug. 7	4,102	150	440	428	76	203	126	-----	78	86	14	125	194	27	3,256	3,268	33
Aug. 14	4,134	139	445	474	68	203	134	-----	69	89	16	153	197	19	3,264	3,240	36
Aug. 21	3,200	126	354	350	63	182	111	-----	63	72	11	126	164	21	2,475	2,503	31
Aug. 28	2,964	113	317	307	63	151	117	-----	52	45	5	126	134	16	2,318	2,361	29
Sept. 4	3,921	126	411	427	64	180	129	-----	107	90	13	141	189	26	3,082	3,086	23
Sept. 11	4,200	119	472	469	59	151	141	-----	82	113	9	197	227	23	3,298	3,250	28
Sept. 18	3,571	101	355	354	53	165	121	-----	75	78	9	135	182	15	2,841	2,836	24
Sept. 25	4,396	146	406	426	66	205	134	-----	104	111	12	193	194	16	3,488	3,531	52
Oct. 2	4,958	170	480	501	81	219	161	-----	119	129	15	239	229	19	3,901	3,938	55
Oct. 9	3,695	135	379	367	64	188	117	-----	66	74	8	153	187	33	2,909	2,950	30
Oct. 16	4,065	118	355	331	61	173	122	-----	91	87	7	239	167	20	3,207	3,358	30
Oct. 23	7,696	251	695	711	126	303	201	-----	201	201	23	361	339	37	6,136	6,244	65
Oct. 30	5,716	219	584	598	113	233	207	-----	132	174	26	237	257	32	4,530	4,480	48
Nov. 6	9,964	291	1,176	1,189	149	359	308	-----	268	302	20	447	431	28	7,714	7,734	94
Nov. 13	7,497	263	741	822	131	358	136	-----	173	200	18	268	286	22	5,957	6,053	92
Nov. 20	5,835	248	520	554	136	348	114	-----	100	109	16	216	238	24	4,651	4,820	72
Nov. 27	5,074	181	393	429	102	223	120	-----	75	85	7	181	212	16	4,202	4,228	56
Dec. 4	6,785	287	656	624	148	324	143	-----	171	158	28	229	243	22	5,405	5,617	89
Dec. 11	6,674	250	595	551	133	296	161	-----	187	151	23	234	317	25	5,362	5,494	69
Dec. 18	5,767	151	470	437	92	254	170	-----	103	98	7	187	199	14	4,753	4,863	38
Dec. 25	5,380	122	464	377	72	210	155	-----	81	63	3	186	167	16	4,439	4,618	31

1949																			
Jan. 1	7,423	155	649	601	94	258	239	131	129	11	254	185	14	6,131	6,269				36
Jan. 8	5,602	282	540	770	139	333	144	153	177	16	207	275	22	4,369	4,236				105
Jan. 15	4,313	181	436	387	80	268	119	112	114	11	155	215	17	3,342	3,478				73
Jan. 22	4,319	156	462	386	72	214	127	127	95	6	222	178	23	3,294	3,533				55
Jan. 29	4,912	217	459	505	88	260	161	114	149	16	177	222	21	3,902	3,875				92
Feb. 5	4,900	184	393	448	74	247	165	102	112	7	202	197	28	3,956	3,978				75
Feb. 12	5,353	290	469	456	93	264	145	128	123	11	229	166	22	4,263	4,463				164
Feb. 19	4,117	220	384	377	91	199	141	88	81	10	174	134	24	3,272	3,384				95
Feb. 26	3,642	181	289	286	68	176	118	68	82	8	121	112	16	2,988	3,044				89
Mar. 5	4,106	236	404	363	93	204	133	99	93	11	207	159	26	3,192	3,358				106
Mar. 12	4,851	194	447	411	86	218	151	104	95	6	248	199	23	3,834	3,995				79
Mar. 19	4,108	175	348	394	79	196	141	69	105	11	171	171	15	3,324	3,297				79
Mar. 26	4,505	194	399	415	86	227	133	111	141	12	174	192	17	3,594	3,624				79
Apr. 2	7,038	379	677	704	166	307	178	177	226	24	265	280	32	5,612	5,650				167
Apr. 9	5,254	230	465	451	84	243	159	160	187	13	192	254	25	4,194	4,203				108
Apr. 16	4,020	169	310	300	54	172	133	102	152	9	182	171	20	3,254	3,284				86
Apr. 23	5,695	251	410	420	79	231	181	129	200	13	237	265	39	4,688	4,629				120
Apr. 30	4,593	230	358	355	79	213	162	113	137	15	201	216	29	3,708	3,723				107
May 7	4,976	227	388	395	83	214	168	107	112	12	284	245	34	3,983	4,056				98
May 14	4,328	188	382	335	69	166	163	88	62	7	201	156	28	3,491	3,612				84
May 21	4,855	168	345	384	72	168	198	102	105	16	335	216	19	3,905	3,952				61
May 28	4,260	153	329	302	62	154	160	72	87	6	168	210	17	3,537	3,501				68
June 4	4,443	165	302	316	63	155	147	59	84	7	146	179	17	3,781	3,717				78
June 11	5,043	237	418	407	69	216	158	89	98	12	200	229	34	4,120	4,151				122
June 18	5,044	250	438	427	78	205	165	105	101	17	186	150	20	4,110	4,201				135
June 25	3,559	200	338	354	87	160	109	79	73	9	211	157	17	2,771	2,866				87

¹ Round-lot transactions in the unit of trading or multiples thereof; the unit of trading on the New York Stock Exchange is 100 shares in most stocks, and 10 shares for certain inactive stocks.

² The term "members" includes all members, their firms and their partners.
³ Round-lot, short sales which are exempted from restriction by the Commission's or Exchange's rules are not included in short sales, but are included in total sales.

TABLE 11.—*Odd-lot stock transactions effected on the New York Stock Exchange for the odd-lot account of odd-lot dealers, specialists, and customers, weekly, June 23, 1948–June 25, 1949*

Week ended	Purchases by customers from odd-lot dealers and specialists			Sales by customers to odd-lot dealers and specialists			Customers' short sales ¹	
	Number of orders	Number of shares	Market value (dollars)	Number of orders	Number of shares	Market value (dollars)	Number of orders	Number of shares
<i>1948</i>								
July 3.....	20,584	617,892	25,022,408	21,681	589,084	21,961,295	81	2,977
July 10.....	17,914	538,108	22,026,009	19,548	529,799	19,341,405	74	2,566
July 17.....	27,113	829,114	32,055,734	26,376	763,479	27,138,698	118	4,360
July 24.....	28,335	852,218	32,226,717	26,843	804,551	28,578,780	148	5,427
July 31.....	19,747	588,337	23,475,672	18,929	530,122	19,640,622	125	4,402
Aug. 7.....	18,438	526,559	21,572,393	16,774	457,136	16,904,433	94	3,428
Aug. 14.....	19,117	545,052	22,062,222	16,440	457,449	16,821,401	113	4,152
Aug. 21.....	15,559	440,204	18,665,784	14,965	401,383	14,629,586	93	3,630
Aug. 28.....	14,373	414,755	17,094,361	13,832	372,999	13,552,826	56	1,902
Sept. 4.....	16,865	489,011	20,244,038	16,212	438,366	15,424,962	86	3,372
Sept. 11.....	15,453	453,139	18,668,874	15,675	430,849	15,620,831	57	2,074
Sept. 18.....	18,005	452,499	18,560,528	15,468	401,013	14,431,526	69	2,841
Sept. 25.....	18,966	537,919	21,220,449	17,014	460,887	16,198,809	113	4,853
Oct. 2.....	19,791	566,045	21,923,552	18,782	525,682	18,454,276	178	7,552
Oct. 9.....	16,929	485,663	20,035,511	15,496	412,431	14,924,113	75	2,983
Oct. 16.....	15,048	442,097	18,094,584	15,365	409,293	15,198,584	74	2,671
Oct. 23.....	25,683	766,874	31,329,557	24,309	695,459	25,226,450	108	3,752
Oct. 30.....	23,299	691,150	28,002,314	22,515	630,878	23,973,278	139	5,500
Nov. 6.....	34,751	1,035,773	38,803,504	29,716	894,510	31,873,918	212	8,694
Nov. 13.....	30,792	880,666	32,273,785	22,831	681,618	22,667,359	287	11,085
Nov. 20.....	25,149	712,968	27,320,266	18,546	500,881	17,174,804	178	6,583
Nov. 27.....	20,450	586,166	21,333,652	16,112	458,263	15,561,038	181	7,467
Dec. 4.....	26,177	757,032	27,691,518	20,116	592,421	19,127,655	166	6,162
Dec. 11.....	25,032	737,797	26,958,625	22,401	636,647	21,071,080	133	5,458
Dec. 18.....	23,966	702,133	26,104,621	23,760	632,666	21,237,083	90	3,516
Dec. 25.....	20,561	696,935	22,907,355	20,422	551,474	18,510,087	61	2,380

1949

Jan. 1	28, 192	822, 815	28, 943, 651	28, 458	808, 699	23, 876, 279	58	2, 358
Jan. 8	24, 940	718, 085	27, 940, 680	19, 126	484, 010	17, 117, 649	239	8, 298
Jan. 15	21, 671	598, 980	25, 771, 118	18, 303	463, 695	17, 051, 498	186	6, 944
Jan. 22	19, 356	520, 635	22, 795, 512	18, 197	473, 702	18, 745, 225	140	5, 711
Jan. 29	23, 691	650, 904	27, 419, 644	20, 307	534, 547	19, 857, 563	251	9, 916
Feb. 5	24, 046	654, 909	26, 219, 172	20, 495	537, 377	19, 547, 124	245	8, 772
Feb. 12	24, 699	678, 819	24, 987, 555	20, 818	574, 974	19, 743, 773	414	16, 475
Feb. 19	17, 942	497, 272	19, 267, 494	16, 690	445, 551	15, 207, 880	198	7, 807
Feb. 26	16, 429	447, 420	16, 666, 468	15, 980	406, 300	13, 751, 774	223	9, 688
Mar. 5	17, 983	491, 049	18, 690, 884	16, 183	426, 529	14, 180, 706	217	8, 627
Mar. 12	18, 577	527, 257	20, 577, 307	17, 898	476, 465	15, 897, 496	217	8, 102
Mar. 19	18, 174	499, 529	19, 661, 564	16, 316	434, 590	14, 820, 472	196	7, 821
Mar. 26	20, 370	563, 395	21, 387, 880	17, 748	472, 042	16, 070, 418	171	7, 200
Apr. 2	25, 226	739, 266	26, 689, 369	21, 709	588, 260	19, 332, 705	272	10, 586
Apr. 9	20, 860	589, 357	22, 917, 003	19, 945	532, 544	18, 075, 428	257	10, 692
Apr. 16	16, 203	464, 878	19, 266, 747	15, 379	408, 517	15, 350, 080	183	7, 227
Apr. 23	22, 801	643, 764	26, 401, 544	20, 402	579, 609	19, 987, 945	305	12, 098
Apr. 30	19, 903	553, 504	22, 449, 226	18, 147	509, 597	17, 847, 674	254	9, 963
May 7	19, 445	541, 843	22, 366, 643	19, 067	516, 812	18, 201, 523	216	7, 756
May 14	16, 419	467, 532	18, 432, 120	17, 827	481, 455	16, 640, 709	157	5, 828
May 21	17, 682	503, 806	20, 229, 968	18, 698	504, 287	17, 992, 606	141	5, 410
May 28	16, 364	460, 372	17, 336, 932	17, 635	466, 116	16, 058, 941	174	6, 965
June 4	16, 730	454, 131	16, 766, 078	15, 119	421, 104	14, 350, 763	215	7, 808
June 11	20, 270	567, 955	19, 944, 215	18, 017	510, 978	16, 268, 719	315	12, 419
June 18	20, 672	560, 201	19, 165, 927	19, 061	527, 860	16, 998, 143	383	15, 314
June 25	14, 062	388, 337	13, 834, 953	13, 717	363, 141	11, 678, 126	141	5, 577

*Short sales which are exempted from restriction by the Commission's or Exchange's rules are not included in short sales, but are included in total sales.

TABLE 12.—Round-lot and odd-lot stock transactions ¹ effected on the New York Curb Exchange for accounts of members and nonmembers, weekly, June 23, 1948—June 25, 1949

[Thousands of shares]

Week ended	All round-lot sales		Round-lot transactions for the account of members ²									Round-lot transactions for the account of nonmembers			Odd-lot transactions for accounts of customers ³		
			Transactions of specialists in stocks in which they are registered ³			Other transactions initiated on the floor			Other transactions initiated off the floor								
	Total	Short ⁴	Purchases	Sales		Purchases	Sales		Purchases	Sales		Purchases	Sales		Purchases	Sales	
				Total	Short ⁴		Total	Short ⁴		Total	Short ⁴		Total	Short ⁴		Total	Short ⁴
<i>1948</i>																	
July 3.....	1,265	38	111	109	13	23	24	1	42	70	15	1,089	1,062	9	43	57	-----
July 10.....	883	8	93	100	4	20	19	1	51	50	2	719	714	1	41	54	-----
July 17.....	1,510	13	123	182	10	28	31	1	51	79	1	1,308	1,218	1	58	80	-----
July 24.....	1,443	17	166	174	11	29	33	1	79	47	3	1,169	1,189	2	57	65	-----
July 31.....	924	14	85	114	8	21	22	(⁵)	51	36	2	767	752	4	40	56	-----
Aug. 7.....	732	12	75	79	6	7	10	1	53	32	2	597	611	3	33	46	-----
Aug. 14.....	867	15	71	96	4	16	29	4	59	52	5	721	690	2	33	42	-----
Aug. 21.....	760	17	70	70	6	20	30	4	55	29	4	615	631	3	29	44	-----
Aug. 28.....	831	10	66	74	6	8	8	1	44	34	1	713	715	2	30	42	-----
Sept. 4.....	783	7	77	77	4	17	10	1	52	34	1	637	662	1	30	44	-----
Sept. 11.....	955	17	81	116	7	25	30	(⁵)	41	53	5	808	756	5	33	46	-----
Sept. 18.....	771	15	66	75	6	20	27	5	54	29	2	631	640	2	30	43	-----
Sept. 25.....	970	23	88	95	6	29	38	8	77	47	3	776	790	6	32	47	-----
Oct. 2.....	1,152	17	93	103	7	47	50	4	73	52	1	939	947	5	41	54	-----
Oct. 9.....	1,013	19	83	99	6	43	38	1	65	47	6	822	829	6	35	47	-----
Oct. 16.....	928	14	73	68	4	10	10	1	88	82	4	757	768	5	29	40	-----
Oct. 23.....	1,684	23	133	122	9	46	45	2	145	81	5	1,360	1,436	7	51	61	-----
Oct. 30.....	1,228	21	94	125	9	22	36	1	86	67	2	1,026	1,000	9	44	57	-----
Nov. 6.....	1,899	24	191	212	11	43	45	2	104	84	3	1,561	1,558	8	50	63	-----
Nov. 13.....	1,466	26	133	150	8	41	50	9	80	57	3	1,212	1,209	6	52	53	-----
Nov. 20.....	1,075	27	91	108	9	24	27	9	63	71	2	897	899	7	43	48	-----
Nov. 27.....	1,087	17	68	106	8	22	17	2	73	69	1	924	895	6	39	42	-----
Dec. 4.....	1,857	38	134	109	16	28	33	6	87	49	1	1,108	1,166	15	47	55	-----
Dec. 11.....	1,360	23	107	106	8	25	31	3	88	66	6	1,140	1,157	6	41	52	-----
Dec. 18.....	1,445	19	113	109	11	28	19	2	100	70	6	1,204	1,247	5	45	67	-----
Dec. 25.....	1,134	11	81	81	6	21	17	2	94	38	1	938	998	2	36	55	-----

1949																		
Jan. 1	1,543	16	139	123	7	25	22	2	102	38	1	1,277	1,360	6	45	79		
Jan. 8	1,109	26	93	130	12	20	27	3	115	50	2	881	902	9	40	43		
Jan. 15	1,145	19	82	114	9	31	25	1	119	48	2	913	958	7	43	48		
Jan. 22	1,028	24	84	87	10	22	26	2	86	57	2	836	858	8	34	50		
Jan. 29	1,098	22	86	112	9	26	21	2	83	58	2	903	907	9	40	50		
Feb. 5	1,068	40	90	97	9	20	18	2	59	47	11	899	906	18	45	52		
Feb. 12	1,070	35	80	96	7	22	30	5	57	51	7	911	893	16	40	48		
Feb. 19	976	37	67	73	4	23	36	8	51	45	13	835	822	12	34	47		
Feb. 26	767	23	52	63	3	14	20	5	31	46	6	670	658	9	27	40		
Mar. 5	974	24	63	65	5	21	26	9	53	49	2	837	834	8	28	41		
Mar. 12	1,010	26	85	88	9	22	29	2	61	52	6	842	841	9	35	54		
Mar. 19	812	15	56	80	5	12	15	1	43	31	3	701	686	6	34	43		
Mar. 26	930	23	62	88	9	21	21	1	43	52	3	804	769	10	33	46		
Apr. 2	1,430	50	118	160	25	31	32	2	47	74	6	1,234	1,164	17	33	62		
Apr. 9	1,206	33	96	111	13	32	29	(*) 2	49	57	7	1,029	1,009	13	35	55		
Apr. 16	1,019	25	64	88	6	27	31	1	54	31	5	874	869	13	29	49		
Apr. 23	1,104	41	93	109	8	23	23	2	37	65	16	951	907	15	40	57		
Apr. 30	945	26	94	105	9	27	23	1	38	55	4	786	762	12	34	47		
May 7	1,056	37	85	98	11	31	27	1	58	56	8	882	875	17	32	51		
May 14	1,070	24	69	80	4	22	26	1	63	53	5	916	911	14	28	59		
May 21	1,076	34	90	109	7	18	20	3	57	164	11	911	783	13	35	63		
May 28	878	23	57	80	3	10	11	1	28	126	17	783	661	2	28	43		
June 4	703	20	73	110	3	11	14	2	29	84	10	590	495	5	28	37		
June 11	1,108	42	96	103	5	13	13	1	43	115	26	956	877	10	32	44		
June 18	1,006	42	91	103	5	15	20	1	39	82	25	861	801	11	34	43		
June 25	826	50	73	68	9	24	21	1	42	112	36	687	625	4	29	34		

* Round-lot transactions in the unit of trading or multiples thereof; while odd-lot transactions involve less than the unit of trading. The unit of trading on the New York Curb Exchange is not the same in all stocks, but ranges from 10 to 100 shares. Right and warrant transactions are not included in these data, although ticker volume for this exchange includes such transactions.

† The term "members" includes all members, their firms, and their partners.

‡ On the New York Curb Exchange odd-lot transactions are handled solely by specialists in stocks in which they are registered, and the round-lot transactions resulting from such odd-lot transactions are not segregated from specialists other round-lot transactions.

§ Short sales which are exempted from restriction by the Commission's or Exchange's rules are not included in short sales, but are included in total sales.

¶ 500 shares or less.

TABLE 14.—Secondary distributions of listed stocks approved by national securities exchanges for fiscal year ended June 30, 1949¹

Exchange	Number made	Number of shares			Value of shares sold (thousands of dollars)	Number of secondaries by duration		
		In original offer	Available for distribution	Sold		Terminated same day	Others terminated next day	Not terminated next day
All exchanges:								
Total.....	97	4,564,313	4,592,679	4,480,953	129,014	59	22	16
Completed.....	87	3,966,817	3,987,883	4,009,346	122,444	59	18	10
Not completed.....	10	597,496	604,796	471,607	6,570		4	6
Chicago Stock Exchange:								
Total.....	12	93,247	93,477	93,477	3,207	8	2	2
Completed.....	12	93,247	93,477	93,477	3,207	8	2	2
Not completed.....								
New York Curb Exchange:								
Total.....	21	348,163	344,265	340,650	10,076	12	7	2
Completed.....	20	338,163	334,265	335,975	10,030	12	6	2
Not completed.....	1	10,000	10,000	4,675	46		1	
New York Stock Exchange:								
Total.....	63	4,119,303	4,151,337	4,043,226	115,641	38	13	12
Completed.....	54	3,531,807	3,556,541	3,576,294	109,117	38	10	6
Not completed.....	9	587,496	594,796	466,932	6,524		3	6
St. Louis Stock Exchange:								
Total.....	1	3,600	3,600	3,600	90	1		
Completed.....	1	3,600	3,600	3,600	90	1		
Not completed.....								

¹ Secondary distributions which exchanges have approved for member participation and have reported to the Commission.

TABLE 15.—Classification by industry of issuers having securities registered on national securities exchanges as of June 30, 1948 and as of June 30, 1949

Industry	As of June 30, 1948	As of June 30, 1949
Agriculture.....	8	7
Beverages (distilleries, breweries, soft drinks).....	53	49
Building and related companies (including lumber building materials, and construction).....	93	91
Chemicals, drugs, and allied products.....	89	88
Financial and investment companies.....	130	127
Food and related products.....	109	104
Foreign governments and political subdivisions thereof.....	70	71
Foreign private issuers other than Canadian, Cuban, and Philippine.....	56	56
Iron and steel (excluding machinery).....	76	77
Machinery and tools (excluding transportation equipment).....	206	207
Merchandising (chain stores, department stores).....	168	167
Mining, coal.....	19	19
Mining, other than coal.....	221	223
Miscellaneous manufacturing.....	39	40
Oil and gas wells.....	52	53
Oil refining and distributing.....	39	36
Paper and paper products.....	39	40
Printing, publishing, and allied industries.....	21	21
Real estate.....	15	15
Rubber and leather products.....	36	36
Services (advertising, amusements, hotels, restaurants).....	48	52
Textiles and related products.....	67	68
Tobacco products.....	18	18
Transportation and communication (railroads, telephone, radio).....	238	236
Transportation equipment.....	173	172
Utility holding companies (electric, gas, water).....	31	26
Utility operating-holding companies.....	15	12
Utility operating.....	80	83
Total.....	2,209	2,194

TABLE 16.—Number and amount of securities classified according to basis for the admission to dealing on all exchanges as of June 30, 1949

	Stocks			
	Column I ¹		Column II ²	
	Issues	Number of shares	Issues	Number of shares
Registered.....	2,570	2,985,371,336	2,570	2,985,371,336
Temporarily exempted from registration ³	21	56,725,260	21	56,725,260
Admitted to unlisted trading privileges on registered exchanges.....	883	1,952,242,012	344	353,595,077
Listed on exempted exchanges.....	126	118,490,763	81	33,578,686
Admitted to unlisted trading privileges on exempted exchanges.....	42	11,192,108	36	5,924,794
Unduplicated total of stock issues and number of shares admitted to dealing on all exchanges.....			3,052	3,415,195,153
	Bonds			
	Issues	Principal amount	Issues	Principal amount
Registered ⁴	979	\$20,777,298,047	979	\$20,077,298,047
Temporarily exempted from registration ³	4	51,758,000	4	51,758,000
Admitted to unlisted trading privileges on registered exchanges.....	91	1,297,434,936	84	774,251,036
Listed on exempted exchanges.....	7	22,250,000	7	22,250,000
Admitted to unlisted trading privileges on an exempted exchange.....	1	140,000	1	140,000
Unduplicated total of bond issues and principal amount admitted to dealing on all exchanges.....			1,075	21,625,697,083

¹ The purpose of column I is to show the number and amount of securities admitted to dealing under the various bases for the admission of securities to dealing on exchanges under the act. (Issues exempted from registration under sec. 3 (a) (12) of the act, such as obligations of the United States, States, counties, cities, and United States-owned corporations, are not shown in this table.) Each security is counted once under each basis for its admission to dealing. Thus, a security which is registered on 2 exchanges and also admitted to unlisted trading privileges on 3 exchanges would be counted once under "registered" and once under "admitted to unlisted trading privileges." Because of such duplications, column I is not totaled.

² The purpose of column II is to show the unduplicated total of all securities admitted to dealing on all exchanges. Each security is counted only once, and the elimination of the duplication in column I is made in column II in the order in which the various bases for admission to dealing is given above.

³ Includes securities for which the Commission has granted, by general rules, temporary exemption from registration for stated periods and under certain conditions, such as stock issues of certain operating banks and securities resulting from modification of previously listed securities.

⁴ Includes 8 bond issues in pounds sterling in the aggregate amount of £17,305,840. This amount in sterling has been excluded from the amount in dollars given above.

TABLE 17

PART 1.—NUMBER AND AMOUNT OF SECURITIES CLASSIFIED ACCORDING TO THE NUMBER OF REGISTERED EXCHANGES ON WHICH EACH ISSUE WAS ADMITTED TO DEALING AS OF JUNE 30, 1949

	Stocks		Bonds	
	Issues	Shares	Issues	Principal amount
1. Registered on 1 exchange.....	1,632	1,102,654,327	894	\$17,284,283,547
2. Unlisted on 1 exchange.....	332	325,355,241	84	774,251,036
3. Registered on 2 or more exchanges.....	401	312,668,022	78	2,969,830,600
4. Unlisted on 2 or more exchanges.....	12	28,239,836		
5. Registered on 1 exchange and unlisted on 1 exchange.....	223	222,009,670	5	82,755,600
6. Registered on 2 or more exchanges and unlisted on 1 exchange.....	71	138,398,389	1	271,562,300
7. Registered on 1 exchange and unlisted on 2 or more exchanges.....	149	611,736,001		
8. Registered on 2 or more exchanges and unlisted on 2 or more exchanges.....	94	577,904,927	1	168,866,100
9. Temporarily exempted from registration on 1 exchange.....	20	52,960,780	3	45,016,000
10. Temporarily exempted from registration on 2 or more exchanges.....	1	3,764,480	1	6,742,000
Total.....	2,935	3,375,691,673	1,067	21,603,307,083

PART 2.—PROPORTION OF REGISTERED ISSUES THAT ARE ALSO ADMITTED TO UNLISTED TRADING PRIVILEGES ON OTHER EXCHANGES AS OF JUNE 30, 1949

1. All registered issues (pt. 1, lines 1, 3, 5, 6, 7, and 8).....	2,570	2,965,371,336	979	\$20,777,298,047
2. Registered issues that are also admitted to unlisted trading privileges on other exchanges (pt. 1, lines 5, 6, 7, and 8).....	537	1,550,048,987	7	\$523,183,900
3. Percent of registered issues that are also admitted to unlisted trading privileges on other exchanges (percent).....	20.9	52.3	.7	2.5

PART 3.—PROPORTION OF ISSUES ADMITTED TO UNLISTED TRADING PRIVILEGES THAT ARE ALSO REGISTERED ON OTHER EXCHANGES AS OF JUNE 30, 1949

1. All issues admitted to unlisted trading privileges (pt. 1, lines 2, 4, 5, 6, 7, 8, and 1 stock issue each under lines 9 and 10).....	883	1,952,242,012	91	\$1,297,434,936
2. Unlisted issues that are also registered on other exchanges (pt. 1, lines 5, 6, 7, and 8).....	537	1,550,048,987	7	\$523,183,900
3. Percent of issues admitted to unlisted trading privileges that are also registered on other exchanges (percent).....	60.8	79.4	7.7	40.3

PART 4.—PROPORTION OF ALL ISSUES ADMITTED TO DEALING ON REGISTERED EXCHANGES THAT ARE ADMITTED TO DEALING ON MORE THAN 1 REGISTERED EXCHANGE

1. All issues admitted to dealing on registered exchanges (pt. 1, total).....	2,935	3,375,691,673	1,067	\$21,603,307,083
2. Issues on more than 1 exchange (pt. 1, all lines except 1, 2, and 9).....	951	1,894,721,325	86	\$3,499,756,500
3. Percent of all issues admitted to dealing on all registered exchanges that are admitted to dealing on more than one registered exchange (percent).....	32.4	56.1	8.1	16.2

TABLE 18.—Number of issuers having securities admitted to dealings on all exchanges as of June 30, 1949, classified according to the basis for admission of their securities to dealing.

Basis of admission of securities to dealing	Column I ¹	Column II ²
	Number of issuers	Number of issuers
Registered.....	2,194	2,194
Temporarily exempted from registration.....	21	17
Admitted to unlisted trading privileges on registered exchanges.....	843	316
Listed on exempted exchanges.....	110	71
Admitted to unlisted trading privileges on exempted exchanges.....	40	35
Total number of issuers having securities admitted to dealing on all exchanges.....		2,633

¹ The purpose of column I is to show the number of issuers having securities admitted to dealing on exchanges under the various bases for the admission of securities to dealing under the act. (Issuers whose securities are exempted under sec. 3 (a) (12) of the act, such as obligations of the United States, States, counties, cities, and United States-owned corporations, are not shown in this table.) Each issuer is counted once under each basis for admission of securities to dealing. Thus, an issuer having securities registered on two or more exchanges and unlisted on two or more exchanges is counted once under "registered" and once under "unlisted." Because of these duplications, column I is not totaled.

² The purpose of column II is to show the net number of issuers having securities admitted to dealing on all exchanges under the act. Each issuer is counted only once, and the elimination of the duplications in column I is made in column II in the order of the various bases for admission to dealing given above.

TABLE 19.—Number of issuers having stocks only, bonds only, and both stocks and bonds admitted to dealings on all exchanges as of June 30, 1949

	Number of issuers	Percent of total issuers
1. Issuers having only stocks admitted to dealings on exchanges.....	2,134	81.1
2. Issuers having only bonds admitted to dealings on exchanges.....	275	10.4
3. Issuers having both stocks and bonds admitted to dealings on exchanges.....	224	8.5
Total issuers.....	2,633	100.0
4. Issuers having stocks admitted to dealings on exchanges (lines 1 plus 3).....	2,358	89.6
5. Issuers having bonds admitted to dealings on all exchanges (lines 2 plus 3).....	499	18.9

TABLE 20.—For each exchange as of June 30, 1949, the number of issuers and securities, basis for admission of securities to trading, and the percentage of stocks and bonds admitted to trading on one or more other exchanges

Name of exchange	Total issuers	Total issues	Stocks					Total stocks	Percent traded on 1 or more other exchanges	Bonds					Total bonds	Percent traded on 1 or more other exchanges
			Basis of admission to trading ¹							Basis of admission to trading ¹						
			R	X	U	XL	XU			R	X	U	XL	XU		
Boston.....	334	388	115		249			364	86.5	24					24	62.5
Chicago Board of Trade.....	23	24	19		5			24	54.2							
Chicago Stock.....	266	321	267	1	43			311	73.0	10					10	80.0
Cincinnati.....	79	97	61	1	30			92	51.1	4	1				5	100.0
Cleveland.....	91	106	71		35			106	71.7							
Colorado Springs ²	14	15				15		15	26.7							
Detroit.....	183	193	110		83			193	86.5				7	1		
Honolulu ²	86	101				56	37	93	24.7						8	
Los Angeles.....	225	257	141	2	108			251	88.8	5		1			6	100.0
Minneapolis-St. Paul ²	12	15				13	2	15	60.0							
New Orleans.....	13	20	3		14			17	23.5			2			3	33.3
New York Curb.....	761	910	439	2	363			804	27.3	19		87			106	4.3
New York Stock.....	1,264	2,382	1,455	7				1,462	49.1	916	4				920	9.7
Philadelphia-Baltimore.....	432	541	99		377			476	94.1	65					65	64.6
Pittsburgh.....	123	135	57		77			134	84.3	1					1	
Richmond ²	20	26				26		26	19.2							
St. Louis.....	44	52	44		5			49	46.9	3					3	100.0
Salt Lake.....	96	97	93		4			97	8.2							
San Francisco Mining.....	41	42	42					42	14.3							
San Francisco Stock.....	292	358	182	6	151			339	77.3	17		2			19	100.0
Spokane.....	29	32	24		8			32	28.1							
Washington.....	32	52	30	9	1			40	22.5	12					12	66.7
Wheeling ²	17	19				16	3	19	52.4							

¹ R—registered; X—temporarily exempted from registration; U—admitted to unlisted trading privileges on a registered national securities exchange; XL—listed on an exempted exchange; XU—admitted to unlisted trading privileges on an exempted exchange.

² These 5 exchanges are exempted from registration as a national securities exchange.

Issues exempted under sec. 3 (a) (12) of the act, such as obligations of the United States, States, counties, cities, and United States-owned corporations, are not shown in this table.

TABLE 21.—Number of issues admitted to unlisted trading pursuant to clauses 2 and 3 of sec. 12 (f) of the Securities Exchange Act of 1934 and volume of transactions therein ¹

[Stock volumes in shares; bond volumes in dollars of principal amount]

Name of stock exchange	Number of issues		Volume reported for the calendar year 1948	Percent of total 1948 volume on each exchange in stocks and bonds respectively	Aggregate volume reported for the calendar years 1937 to 1948, inclusive
	Admitted total	Remain-ing June 30, 1949			
Stocks pursuant to clause 2:					
Boston.....	87	81	602,213	13.9	4,222,013
Chicago.....	43	42	2,344,993	29.2	11,614,339
Cincinnati.....	30	30	155,191	40.4	836,230
Cleveland.....	35	35	127,132	22.8	860,997
Detroit.....	71	68	632,916	20.0	3,737,834
Los Angeles.....	67	65	1,030,366	10.2	4,574,971
New York Curb.....	6	2	987,320	1.2	6,676,310
Philadelphia.....	102	94	545,692	14.1	2,839,093
Pittsburgh.....	67	60	166,609	17.9	1,476,349
St. Louis.....	6	5	46,294	14.7	65,708
Salt Lake.....	1	1	35,633		35,633
San Francisco Stock.....	40	38	667,362	5.8	3,364,257
Washington.....	1	1	5,862	2.7	5,862
Wheeling.....	6	3	530	5.5	16,084
Total.....	662	524	7,312,480		40,405,690
Stocks pursuant to clause 3:					
Chicago.....	1	1			13,986
New York Curb.....	9	7	945,035	1.2	2,876,886
Salt Lake.....	1	1	6,713	.04	6,713
Total stocks.....	11	9	951,748		2,897,585
Bonds pursuant to clause 2:					
Los Angeles.....	1	1	\$16,000	100.0	\$16,000
New York Curb.....	3	1	\$1,156,000	2.0	\$14,111,000
San Francisco Stock.....	3	2	\$377,900	100.0	\$2,654,100
Bonds pursuant to clause 3:					
New York Curb.....	45	19	\$20,410,000	34.2	\$144,339,000
Total bonds.....	52	23	\$21,959,900		\$161,120,100

¹ For enactment of clauses 2 and 3 and procedure thereunder, see tenth annual report under "Unlisted Trading Privileges on Securities Exchanges." For volume reported in each of the years 1937 through 1944, see eleventh annual report, appendix table 18. For subsequent volumes see tables in subsequent reports.

² Only odd-lot trading is permitted in 6 of these issues.

³ Only odd-lot trading is permitted in 1 of these issues.

⁴ Only odd-lot trading is permitted in 3 of these issues.

⁵ Only odd-lot trading is permitted in these 5 issues.

⁶ San Francisco Stock Exchange figures include San Francisco Curb Exchange figures prior to the 1938 merger.

⁷ Wheeling Stock Exchange is an exempted exchange. All other exchanges shown are registered exchanges.

⁸ 40 of these issues had been removed to June 30, 1949.

⁹ This figure includes duplications arising from admission of various issues to unlisted trading on more than 1 exchange. The net number of issues admitted as of June 30, 1949, was 271 pursuant to clause 2 and 7 pursuant to clause 3.

¹⁰ 29 of these issues had been removed to June 30, 1949, principally on account of redemptions.

TABLE 22.—*Reorganization cases instituted under ch. X and sec. 77-B in which the Commission filed notice of appearance and in which the Commission actively participated during the fiscal year ended June 30, 1949*

PART 1.—DISTRIBUTION OF DEBTORS BY TYPE OF INDUSTRY

Industry	Number of debtors		Total assets		Total indebtedness	
	Principal	Subsidiary	Amount (thousands of dollars)	Percent of grand total	Amount (thousands of dollars)	Percent of grand total
Agricultural.....						
Mining and other extractive.....	3	1	\$6, 113	.37	\$4, 212	.36
Manufacturing.....	12	2	37, 590	2.25	24, 953	2.15
Financial and investment.....	5	1	102, 113	6.11	63, 489	5.46
Merchandising.....	1	1	1, 135	.07	981	.08
Real Estate.....	35	3	235, 729	14.11	231, 032	19.86
Construction and allied.....						
Transportation and communication.....	11	8	389, 872	23.34	360, 067	30.96
Service.....	6		24, 914	1.49	13, 837	1.19
Utilities: light, power, and gas.....	7	5	872, 979	52.26	464, 478	39.64
Other: religious, charitable, etc.....						
Grand total.....	80	21	1, 670, 445	100.00	\$1, 163, 049	100.00

PART 2.—DISTRIBUTION OF DEBTORS BY AMOUNT OF INDEBTEDNESS

Range of indebtedness (thousands of dollars)	Number of debtors		Total indebtedness	
	Principal	Subsidiary	Amount (thousands of dollars)	Percent of grand total
Less than 100.....	3	8	\$434	0.04
100-249.....	3	3	1, 044	.09
250-499.....	4	2	2, 078	.18
500-999.....	12	4	11, 647	1.00
1, 000-1, 999.....	11	1	16, 127	1.39
2, 000-2, 999.....	10	1	26, 939	2.32
3, 000-4, 999.....	13		50, 454	4.34
5, 000-9, 999.....	8		65, 051	5.59
10, 000-24, 999.....	11		177, 603	15.27
25, 000-49, 999.....	1		34, 635	2.98
Over 50,000.....	4	2	777, 037	66.81
Grand total.....	80	21	1, 163, 049	100.00

TABLE 23.—Reorganization proceedings in which the Commission participated during the fiscal year ended June 30, 1949

Debtor	District court	Proceedings instituted under	Petition		Participation 1	Securities and Exchange Commission notice of appearance filed
			Filed	Approved		
Aireon Manufacturing Corp.	D. Kans.	Ch. X	Nov. 22, 1947	Nov. 22, 1947	Motion	Jan. 7, 1948
American Acoustics, Inc.	D. N. J.	do	Mar. 21, 1947	May 5, 1947	do	Apr. 21, 1947
American Fuel & Power Co.	E. D. Ky.	Sec. 77-B	Dec. 6, 1935	Dec. 20, 1935	Request	May 1, 1940
Buckeye Fuel Co.	do	Ch. X	Nov. 23, 1939	Nov. 23, 1939	do	Do.
Buckeye Gas Service Co.	do	do	do	do	do	Do.
Carbreath Gas Co.	do	do	do	do	do	Do.
Inland Gas Distributing Co.	do	do	do	do	do	Do.
American Silver Corp.	S. D. Calif.	do	May 6, 1948	May 7, 1948	do	May 11, 1948
Bankers Building, Inc.	N. D. Ill.	do	Sept. 21, 1943	Oct. 5, 1943	Motion	Oct. 19, 1943
Bellevue-Stratford Co.	E. D. Pa.	Sec. 77-B	Oct. 31, 1936	Oct. 31, 1936	Request	Feb. 24, 1939
Brand's Restaurant Control Corp.	S. D. N. Y.	Ch. X	Aug. 2, 1939	Aug. 10, 1939	Motion	Aug. 30, 1939
Broadway Exchange Corp.	do	do	Apr. 9, 1942	Apr. 9, 1942	Request	Apr. 11, 1942
Broadway Garage, Inc.	S. D. Ohio	do	Apr. 26, 1946	Apr. 26, 1946	Motion	June 24, 1946
Calumet & South Chicago Railway Co.	N. D. Ill.	do	June 29, 1944	Sept. 18, 1944	do	Oct. 20, 1944
Central States Electric Corp.	E. D. Va.	do	Feb. 26, 1942	Feb. 27, 1942	Request	Mar. 11, 1942
Cenwest Corp.	S. D. N. Y.	do	Mar. 17, 1942	Apr. 3, 1942	Motion	Mar. 21, 1942
Chicago City Railway Co.	N. D. Ill.	do	Nov. 27, 1939	Sept. 18, 1944	do	Oct. 20, 1944
Chicago Railways Co.	do	do	Oct. 15, 1938	do	do	Do.
Chicago & West Towns Railways, Inc.	do	do	June 30, 1947	July 1, 1947	do	July 24, 1947
Childs Co.	S. D. N. Y.	do	Aug. 26, 1943	Aug. 27, 1943	do	Aug. 26, 1943
Congress & Senate Co.	E. D. Mo.	do	Nov. 20, 1944	Nov. 20, 1944	do	Jan. 31, 1945
Cosmos Records, Inc.	E. D. N. Y.	do	Jan. 27, 1947	Jan. 27, 1947	do	Jan. 30, 1947
Cosmopolitan Records, Inc.	do	do	do	do	do	Do.
Automatic Industries, Inc.	do	do	do	do	do	Do.
Dorbank Corp.	do	do	do	do	do	Do.
Diversey Hotel Corp.	N. D. Ill.	do	May 29, 1947	do	Request	June 13, 1947
Drake Stadium & Field House Corp.	S. D. Iowa	do	Dec. 27, 1947	Dec. 27, 1947	do	Feb. 16, 1948
80 John Street Corp.	S. D. N. Y.	do	Sept. 14, 1945	Sept. 14, 1945	Motion	Oct. 8, 1945
Equitable Office Building Corp.	do	do	Apr. 10, 1941	Apr. 10, 1941	do	Apr. 14, 1941
Federal Facilities Realty Trust	N. D. Ill.	Sec. 77-B	Dec. 26, 1934	Apr. 25, 1935	do	Oct. 29, 1940
Franklin Building Co.	E. D. Wisc.	Ch. X	May 5, 1947	May 5, 1947	do	Aug. 18, 1947
General Public Utilities Corp. (formerly Associated Gas & Electric Co.)	S. D. N. Y.	do	Jan. 10, 1940	Jan. 10, 1940	do	Jan. 15, 1940
Associated Gas & Electric Corp.	do	do	do	do	do	Do.
Adolf Gobel, Inc.	do	do	Sept. 29, 1941	Sept. 30, 1941	do	Oct. 1, 1941
Garmott Corp.	do	do	Mar. 1, 1946	Mar. 4, 1946	do	Mar. 21, 1946
Hotel Martin Co. of Utica	N. D. N. Y.	Sec. 77-B	June 6, 1935	June 19, 1935	do	June 24, 1939
Hotels Maestic, Inc.	E. D. Pa.	do	Oct. 30, 1936	Oct. 31, 1936	do	Feb. 26, 1942
Industrial Office Building Corp.	D. N. J.	Ch. X	Oct. 3, 1947	Oct. 3, 1947	do	Oct. 10, 1947
Inland Gas Corp.	E. D. Ky.	Sec. 77-B	Oct. 14, 1935	Nov. 1, 1935	Request	Mar. 23, 1939

International Mining & Milling Co.	D. Nev.	Ch. X	June 29, 1939	June 29, 1939	Motion	Aug. 7, 1939
Mount Gaines Mining Co.	do	do	do	do	do	Do.
International Power Securities Corp.	D. N. J.	do	Feb. 24, 1941	Feb. 24, 1941	do	Mar. 3, 1941
International Railway Co.	W. D. N. Y.	do	July 28, 1947	July 28, 1947	do	Aug. 4, 1947
Isham Garden Apartments	S. D. N. Y.	do	Apr. 7, 1943	Apr. 8, 1943	do	Apr. 13, 1943
Keeshin Freight Lines, Inc.	N. D. Ill.	do	Jan. 31, 1946	Jan. 31, 1946	Request	Apr. 25, 1949
Keeshin Motor Express Co., Inc.	do	do	do	do	do	Do.
Seaboard Freight Lines, Inc.	do	do	do	do	do	Do.
National Freight Lines, Inc.	do	do	do	do	do	Do.
Kellett Aircraft Corp.	E. D. Pa.	do	Oct. 18, 1946	Oct. 18, 1946	Motion	Dec. 4, 1946
Kentucky Fuel Gas Corp.	E. D. Ky.	Sec. 77-B	Oct. 25, 1935	Nov. 1, 1935	Request	Mar. 28, 1939
Keystone Realty Holding Co.	W. D. Pa.	Ch. X	Feb. 10, 1939	Feb. 11, 1939	do	Mar. 8, 1939
Lorraine Castle Apartments Building Corp.	N. D. Ill.	do	Apr. 7, 1942	May 5, 1942	do	July 22, 1943
Lower Broadway Properties, Inc.	S. D. N. Y.	do	Nov. 24, 1942	Nov. 24, 1942	Motion	Dec. 2, 1942
Majestic Radio & Television Corp.	N. D. Ill.	do	Mar. 31, 1948	June 24, 1948	Request	Sept. 15, 1948
Manufacturers Trading Corp.	N. D. Ohio	do	Oct. 15, 1948	Oct. 15, 1948	Motion	Oct. 25, 1948
Manufacturers Discount	do	do	do	do	do	Do.
Moorhead Knitting Co.	M. D. Pa.	do	June 19, 1941	June 24, 1941	do	Aug. 6, 1941
National Realty Trust	N. D. Ill.	Sec. 77-B	Dec. 26, 1934	Apr. 25, 1935	do	Oct. 29, 1940
New Union Building Co.	E. D. Mich.	Ch. X	May 5, 1949	May 6, 1949	do	June 7, 1949
Neville Island Glass Co., Inc.	W. D. Pa.	do	Mar. 1, 1948	Mar. 1, 1948	do	Mar. 17, 1948
Norwalk Tire & Rubber Co.	D. Conn.	do	May 20, 1949	May 20, 1949	do	June 8, 1949
Novo Engine Co.	E. D. Mich.	do	Mar. 14, 1949	Mar. 14, 1949	Request	Apr. 25, 1949
P. R. Holding Corp.	S. D. N. Y.	do	Apr. 24, 1942	May 21, 1942	Motion	May 21, 1942
Philadelphia & Western Railway Co.	E. D. Pa.	Sec. 77-B	July 2, 1934	July 3, 1934	do	Dec. 17, 1940
Pittsburgh Railways Co.	W. D. Pa.	do	May 10, 1938	May 10, 1938	Request	Jan. 4, 1939
Pittsburgh Motor Coach Co.	do	do	do	do	do	Do.
Pittsburgh Terminal Coal Corp.	do	Ch. X	Dec. 4, 1939	Jan. 2, 1940	do	Jan. 6, 1940
Plankinton Building Co.	E. D. Wis.	do	June 25, 1940	June 27, 1940	do	July 16, 1940
Polar Frosted Foods, Inc.	W. D. Wash.	do	May 21, 1947	May 23, 1947	do	June 19, 1947
Portland Electric Power Co.	D. Oreg.	do	Apr. 3, 1939	Apr. 3, 1939	do	Apr. 16, 1939
Pratts Fresh Frozen Foods, Inc.	D. N. J.	do	Apr. 13, 1948	Apr. 13, 1948	Motion	May 29, 1948
Pratts Distributors, Inc.	do	do	May 17, 1948	May 17, 1948	do	Do.
Quaker City Cold Storage Co.	E. D. Pa.	do	Dec. 17, 1941	Feb. 13, 1942	do	Jan. 28, 1942
R. A. Security Holding, Inc.	E. D. N. Y.	do	May 7, 1942	July 31, 1942	do	May 22, 1942
Realty Associates Securities Corp.	do	do	Sept. 28, 1943	Sept. 28, 1943	do	Oct. 4, 1943
Espade Realty Corp.	do	do	Mar. 17, 1944	Mar. 20, 1944	do	Apr. 19, 1944
Savannah-Sabula Bridge Co.	N. D. Ill.	do	May 24, 1946	May 25, 1946	do	July 5, 1946
Slesian American Corp.	S. D. N. Y.	do	July 29, 1941	July 29, 1941	do	Aug. 1, 1941
Solar Manufacturing Co., Inc.	D. N. J.	do	Dec. 14, 1948	Dec. 14, 1948	do	Dec. 27, 1948
South Bay Consolidated Water Co., Inc.	S. D. N. Y.	do	Apr. 26, 1949	Apr. 26, 1949	do	May 23, 1949
Sponsor Realty Co.	do	do	July 17, 1942	Mar. 19, 1943	do	Sept. 25, 1942
Third Avenue Transit Corp.	do	do	Oct. 25, 1948	Oct. 25, 1948	do	Jan. 3, 1949
32-36 North State Street Building Corp.	N. D. Ill.	do	Mar. 14, 1944	Apr. 24, 1944	Request	June 7, 1944
32 West Randolph Corp.	do	do	Apr. 15, 1946	do	do	May 20, 1946
322 East Avenue Corp.	S. D. N. Y.	do	Dec. 3, 1945	Dec. 4, 1945	Motion	Dec. 18, 1945
Trinity Buildings Corp. of New York	do	do	Jan. 18, 1945	Jan. 18, 1945	do	Feb. 19, 1945
263 West 38th Street Corp.	do	do	Dec. 26, 1940	Mar. 5, 1941	do	Jan. 29, 1941
U. S. Realty & Improvement Co.	do	do	Feb. 1, 1944	Feb. 1, 1944	Request	Feb. 7, 1944

See footnote at end of table.

TABLE 23.—Reorganization proceedings in which the Commission participated during the fiscal year ended June 30, 1949—Continued

Debtor	District court	Proceedings instituted under	Petition		Participation ¹	Securities and Exchange Commission notice of appearance filed
			Filed	Approved		
Van Rensselaer Estates, Inc.....	S. D. N. Y.....	Sec. 77-B.....	July 12, 1935	July 12, 1935	Motion.....	July 22, 1941
Van Sweringen Corp.....	N. D. Ohio.....	do.....	Oct. 13, 1936	Oct. 15, 1936	do.....	Jan. 23, 1940
Cleveland Terminal Buildings Co.....	do.....	do.....	do.....	do.....	do.....	Do.....
Wade Park Manor Corp.....	do.....	Ch. X.....	June 28, 1947	June 30, 1947	do.....	July 28, 1947
Warner Sugar Corp.....	S. D. N. Y.....	do.....	June 7, 1940	July 9, 1940	Request.....	July 9, 1940
Washington Gas & Electric Co.....	do.....	do.....	Sept. 29, 1941	Sept. 29, 1941	Motion.....	Oct. 14, 1941
Westover, Inc.....	do.....	do.....	Mar. 18, 1943	Mar. 24, 1943	do.....	Mar. 24, 1943
Wilkes Barre Railways Corp.....	M. D. Pa.....	do.....	July 1, 1943	July 1, 1943	do.....	July 15, 1943
Wilkes Barre Railway Co.....	do.....	do.....	do.....	do.....	do.....	Do.....
Wilkes Barre Trackless Trolley Co.....	do.....	do.....	do.....	do.....	do.....	Do.....
Wyoming Valley Autobus Co.....	do.....	do.....	do.....	do.....	do.....	Do.....
Wyoming Valley Public Service Co.....	do.....	do.....	do.....	do.....	do.....	Do.....
Windsor Wilson Liquidation Trust.....	N. D. Ill.....	do.....	Mar. 18, 1941	May 28, 1941	Request.....	June 12, 1941

¹ "Request" denotes participation at the request of the judge; "motion" refers to participation upon approval by the judge of the Commission's motion to participate in proceedings.

TABLE 24.—*Summary of cases instituted in the courts by the Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, the Investment Company Act of 1940, and the Investment Advisers Act of 1940*

Types of cases	Total cases instituted up to end of 1949, fiscal year	Total cases closed up to end of 1949, fiscal year	Cases pending at end of 1949, fiscal year	Cases pending at end of 1948, fiscal year	Cases instituted during 1949, fiscal year	Total cases pending during 1949, fiscal year	Cases closed during 1949, fiscal year
Actions to enjoin violations of the above acts.....	538	520	18	17	18	35	17
Actions to enforce subpoenas under the Securities Act and the Securities Exchange Act.....	49	47	2	4	-----	4	2
Actions to carry out voluntary plans to comply with sec. 11 (b) of the Holding Company Act.....	71	61	10	13	6	19	9
Miscellaneous actions.....	12	10	2	2	-----	2	-----
Total.....	670	638	32	36	24	60	28

TABLE 25.—*Statistical summary of all cases instituted against the Commission, cases in which the Commission participated as intervenor or amicus curiae, and reorganization cases on appeal under ch. X in which the Commission participated—pending during the fiscal year ended June 30, 1949*

Types of cases	Total cases instituted up to end of 1949, fiscal year	Total cases closed up to end of 1949, fiscal year	Cases pending at end of 1949, fiscal year	Cases pending at end of 1948, fiscal year	Cases instituted during 1949, fiscal year	Total cases pending during 1949, fiscal year	Cases closed during 1949, fiscal year
Actions to enjoin enforcement of Securities Act, Securities Exchange Act and Public Utility Holding Company Act with the exception of subpoenas issued by the Commission.....	64	64	-----	-----	-----	-----	-----
Actions to enjoin enforcement of or compliance with subpoenas issued by the Commission.....	8	8	-----	-----	-----	-----	-----
Petitions for review of Commission's orders by circuit court of appeals under the various acts administered by the Commission.....	147	140	7	8	5	13	6
Miscellaneous actions against the Commission or officers of the Commission and cases in which the Commission participated as intervenor or amicus curiae.....	125	101	24	18	13	31	7
Appeal cases under ch. X in which the Commission participated.....	97	93	4	3	5	8	4
Total.....	441	406	35	29	23	52	17

TABLE 26.—*Injunctive proceedings brought by the Commission, under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1949*

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Aldred Investment Trust.....	8	Massachusetts.....	May 19, 1944	Sec. 36, Investment Company Act of 1940.	Judgment June 19, 1946, directing receivers to liquidate and distribute assets of Aldred Investment Trust. Final decree May 31, 1949, allowing receivers' final accounting, discharging receivers and terminating receivership. Closed.
Aloha Oil Co.....	2	Western District of Oklahoma.	June 28, 1949	Sec. 5 (a), 1933 act.....	Injunction by consent June 30, 1949. Pending.
American Silver Corp.....	3	Southern District of California.	Apr. 23, 1948	Secs. 5 (a) (1) and (2), 1933 act.....	Complaint dismissed May 18, 1949, on motion of the Commission. Closed.
Atlas Investment Co.....	3	Western District of Missouri.	Apr. 7, 1948	Secs. 10 (b), 15 (a), 15 (c) (1), and 17 (a), 1934 Act.	Injunction by consent June 24, 1948. Closed.
Banner, Ben Clinton.....	1	Northern District of Texas.	Oct. 3, 1947	Secs. 17 (a) (1), (2), and (3), 1933 act.	Injunction by consent Dec. 24, 1948. Closed.
Burruss, John Rogers.....	2	do.....	Aug. 16, 1948	Sec. 5 (a), 1933 act.....	Injunction by consent Aug. 16, 1948. Closed.
Caplan, Gabriel.....	6	Southern District of New York.	Feb. 15, 1949	Sec. 17 (a) (1), 1933 act; sec. 10 (b) and rule X-10B-5, 1934 act.	Injunction by consent as to 1 defendant Mar. 10, 1949. Injunction by consent as to 4 defendants May 3, 1949. Action against defendant, Caplan, discontinued on May 17, 1949, because of his death. Pending.
H. P. Carver Corp.....	1	Massachusetts.....	Sept. 24, 1948	Secs. 10 (b) and 15 (c) (3) and Rules X-10B-5 and X-15C3-1, 1934 act.	Injunction by consent Sept. 27, 1948. Receiver appointed. Pending.
Cuozzo, James M., dba Cuvell & Co.	1	do.....	June 7, 1949	Secs. 5 (a) and 17 (a), 1933 act.....	Temporary restraining order entered June 7, 1949. Pending.
Delker, Frederick G.....	1	Southern District of New York.	Oct. 25, 1948	Secs. 5 (a) (1) and (2), 1933 act.....	Preliminary injunction entered Nov. 8, 1948. Final judgment by the court Dec. 10, 1948. Closed.
Derryberry, John.....	1	Western District of Louisiana.	May 4, 1948	Sec. 5 (a), 1933 act; sec. 15 (a), 1934 act.	Injunction by consent May 4, 1948. Closed.
Dixieland Petroleum Corp.....	3	Southern District of New York.	Mar. 11, 1948	Sec. 5 (a), 1933 act.....	Injunction by consent Mar. 26, 1948, against 2 defendants. Pending.
Ellenburger Exploration Enterprises, Inc.	2	Northern District of Texas.	May 31, 1949	Secs. 5 (a) and 17 (a), 1933 act.....	Temporary restraining order May 31, 1949. Injunction by consent June 8, 1949. Pending.
Engineered Production, Inc.....	2	Northern District of Oklahoma.	June 9, 1948	Sec. 5 (a), 1933 act.....	Injunction by consent June 9, 1948. Closed.
Ferrel Industries, Inc.....	2	Northern District of California.	Aug. 18, 1948	Secs. 5 (a) (1) and (3), 1933 act.....	Final judgment by default against defendant company Jan. 26, 1949. Temporary restraining order against remaining defendant Jan. 27, 1949. Temporary injunction June 6, 1949. Pending.
Fidelity Agency, Inc.....	5	Colorado.....	Nov. 2, 1943	Secs. 17 (a) (1), (2) and (3), 1933 act.	Injunction by consent Jan. 4, 1944, as to 4 defendants. Dismissed as to remaining defendant. Closed.
Funke, Felix C.....	1	Eastern District of Washington.	Aug. 23, 1948	Secs. 5 (a) and 17 (a), 1933 act.....	Injunction by consent Aug. 23, 1948. Closed.

W. J. Howey Co.....	2	Southern District of Florida.	May 16, 1944	Sec. 5 (a), 1933 act.....	Supreme Court on May 27, 1946, reversed ruling of CA-5 which had affirmed district court ruling denying injunction. Petition for rehearing denied Oct. 14, 1946 (328 U. S. 293). Closed.
Kirby, Josiah Marshall.....	1	Northern District of Ohio.	July 15, 1948	Sec. 15 (a), 1934 act.....	Preliminary injunction entered Aug. 31, 1948. Final judgment by the court Apr. 28, 1949. Pending.
Landberg, John Noah.....	1	Southern District of New York.	Feb. 4, 1949	Sec. 10 (b) and Rule X-10B-5 (1), 1934 act.	Injunction by consent Feb. 4, 1949. Closed.
Lucky Friday Extension Mining Co.	6	Eastern District of Washington.	Mar. 18, 1948	Secs. 5 (a) (1) and (2), 1933 act.....	Preliminary injunction against all defendants Mar. 30, 1948. Pending.
May, Jim.....	1	Southern District of Texas.	Mar. 23, 1949	Secs. 5 (a) and 17 (a), 1933 act.....	Injunction by consent Mar. 24, 1949. Closed.
Michel, Edmond.....	2	Northern District of Illinois.	June 11, 1948	.....do.....	Injunction by consent June 30, 1948. Closed.
Muchow, William Mark.....	2	.....do.....	Nov. 19, 1948	Sec. 5 (a), 1933 act.....	Injunction by consent Dec. 7, 1948. Closed.
Oil Traders Bureau, Inc.....	2	District of Kansas.....	June 20, 1949	Secs. 5 (a) (1) and 17 (a) (1), (2) and (3), 1933 act.	Injunction by consent June 20, 1949. Pending.
Okin, Samuel.....	1	Southern District of New York.	Oct. 4, 1944	Sec. 14 (a), 1934 act; sec. 12 (e), 1935 act.	Preliminary injunction Oct. 11, 1944. Notice of appeal filed Oct. 13, 1944. Action dismissed for lack of prosecution. Closed.
Pilot Silver-Lead Mines, Inc.....	6	Eastern District of Washington.	June 3, 1948	Secs. 5 (a) (1) and (2), 1933 act....	Preliminary injunction entered June 11, 1948, against 4 defendants. Pending.
Ramsey, Cleo F.....	1	Western District of Washington.	Apr. 8, 1949	Sec. 17 (a), 1933 act.....	Pending.
Rose, Charles S.....	1	Southern District of Indiana.	Apr. 13, 1949	Secs. 10 (b) and 15 (c) (1), 1934 act; secs. 17 (a) (2) and (3), 1933 act.	Injunction by consent Apr. 13, 1949. Pending.
Sound Cities Gas & Oil Co., Inc..	1	Western District of Washington.	Oct. 10, 1945	Sec. 5 (a), 1933 act.....	Action to enjoin sale of oil and gas interests in violation of the registration provisions of the 1933 act. Pending.
Todd, Frank Payson.....	1	Massachusetts.....	Nov. 14, 1946	Sec. 206 (2), Investment Advisers Act of 1940.	Final judgment by consent Nov. 14, 1946. Defendant moved to vacate consent judgment. Action dismissed pursuant to stipulation on Oct. 4, 1948. Closed.
Topping, John A.....	1	Southern District of New York.	Apr. 29, 1949	Sec. 14 (a) and Reg. X-14, 1934	Plaintiff's motion for preliminary injunction and defendant's motion to dismiss complaint denied June 14, 1949. Pending.
Walters, John K., & Co. Inc.....	2	Delaware.....	May 10, 1949	Secs. 15 (c) (1), 17 (a), 20 (b), and rules X-15C1-2 and X-17A-3, 1934 act.	Preliminary injunction June 20, 1949, as to Sec. 17 (a) and Rule X-17A-3 of 1934 act. Pending.
Wimer, Nye A.....	1	Western District of Pennsylvania.	Oct. 29, 1947	Secs. 5 (a) (1), (2) and 17 (a) (2), 1933 act.	Temporary restraining order entered Oct. 29, 1947. Preliminary injunction entered Nov. 18, 1947. Defendant's motion to dismiss complaint denied Mar. 3, 1948. Pending.
Wix, Ernest T.....	4	Northern District of Illinois.	Oct. 18, 1944	Secs. 5 (a) and 17 (a), 1933 act....	Injunction by consent as to 3 defendants Dec. 1, 1944. Hearing on motion for preliminary injunction as to remaining defendant pending. Pending.

TABLE 27.—Indictments returned for violation of the acts administered by the Commission, the Mail-Fraud Statute (sec. 333, title 18, U. S. C.), and of the related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the 1949 fiscal year

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Alfred, Claude Cleave (Missouri Oil & Mineral Co.)	1	Eastern District of Tennessee.	Dec. 6, 1948	Sec. 17 (a) (1) of 1933 act; Sec. 1341, title 18, U. S. C.	Defendant pleaded not guilty on April 25, 1949. Pending.
Allen, James A. (Lucky Friday Extension Mining Co.).	3	Eastern District of Washington.	May. 6, 1948	Sec. 17 (a) of 1933 act; secs. 88 and 338, title 18, U. S. C.	Keane pleaded nolo contendere to all counts of the indictment and Grismer pleaded nolo contendere to conspiracy count only, all other counts dismissed as to him. Allen found guilty by jury on conspiracy count and acquitted on all other counts. Pending.
Austin, Benjamin F. (B. F. Austin & Co., Inc.)	1	Eastern District of Michigan.	Oct. 19, 1948	Sec. 5 (a) (2) of 1933 act.	Defendant pleaded nolo contendere on Oct. 19, 1948, and was sentenced to 1 year and 1 day and fined \$2,500. Prison sentence suspended and defendant placed on probation for 2 years.
Baker, Henry L.	1	Southern District of California.	Mar. 25, 1939	Secs. 17 (a) (1) and (3) of 1933 act; sec. 338, title 18, U. S. C.	Defendant not apprehended. Pending.
Bank, Harry W. (Cosmo Records, Inc.)	9	Southern District of New York.	Dec. 6, 1948	Sec. 17 (a) (1) of 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	7 defendants pleaded not guilty and were released on bond. 2 remaining defendants, Cosmo Records, Inc. and E. F. Gillespie & Co., Inc., have not entered a plea. Pending.
Bauer, Kenneth Leo.	3	District of New Jersey.	Mar. 24, 1948	Sec. 17 (a) (1) of 1933 act.	Bauer pleaded guilty on Apr. 12, 1948, and was sentenced to 1 year and 1 day imprisonment. Dawes pleaded guilty on Feb. 2, 1949, and was sentenced to 15 years imprisonment. Del Tufo pleaded not guilty. Pending.
Boyer, James F.	2	Southern District of Florida.	Feb. 23, 1945	Sec. 17 (a) (1) of 1933 act; secs. 88 and 338, title 18, U. S. C.	Defendant Boyer reported deceased. Reining found guilty on all counts on May 1, 1947, and sentenced to 6 years imprisonment. On Apr. 20, 1948, CA-5 affirmed judgment on 4 counts and reversed on 2 counts. Defendant's sentence reduced from 6 to 4 years. Certiorari denied Oct. 11, 1948.
Broadley, Albert E. (Hudson Securities).	5	Western District of New York.	July 17, 1947	Secs. 5 (a) (1), (2) and 17 (a) (1) of 1933 act; secs. 88 and 338, title 18, U. S. C.	Pending.
Bronson, Edmond B. (Bagdad Copper Corp.).	8	Southern District of New York.	Mar. 8, 1939	do.	5 defendants previously convicted and 1 acquitted. Case dismissed as to 1 and pending as to Thomas who was granted severance.
Cactus Oil Co., Inc.	3	District of Delaware	Jan. 21, 1948	Secs. 5 (a) and 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.	Husson withdrew plea of not guilty and pleaded guilty as to counts 1 and 5. Anderson & Cactus Oil Co., Inc., pleaded not guilty. Anderson posted \$1,000 bond. Pending.

Cannon, William J. (Graco Oil & Refining Co.).	1	District of Colorado...	Oct. 11, 1948	Secs. 5 (a) (1) and 17 (a) (1) of 1933 act; sec. 338 (now sec. 1351) title 18, U. S. C.	On Apr. 25, 1949, defendant withdrew his previous plea of not guilty and entered a plea of nolo contendere as to 2 mail fraud counts, other counts dismissed. Court imposed a fine of \$1,000 on each of the 2 counts and the defendant also returned to the Graco Oil & Refining Co. 100,000 shares of its stock.
DePalma, Albert Edward (A. E. DePalma & Co.).	1	Northern District of Ohio.	June 11, 1947	Secs. 5 (a) (1), (2) and 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.	DePalma apprehended Dec. 17, 1947, and released on \$50,000 bond, pending his arraignment on Jan. 26, 1948, in the United States District Court in Cleveland, Ohio. The defendant's bail was forfeited, when he failed to appear in court on that date and he is presently a fugitive. Pending.
Diaz, Gabriel (Plaquemines Land Co.).	13	Eastern District of Louisiana.	Sept. 4, 1942	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.	9 defendants convicted and sentenced to terms ranging from 5 years and 1 day to 8 years. CA-5 affirmed convictions July 10, 1946. Certiorari denied Oct. 28, 1946. Keifer convicted on nolo contendere plea, Nov. 22, 1948, and sentenced to pay fine of \$500. Second indictment nolle prossed as to both defendants on May 28, 1948. Case dismissed as to Manzella, Bryce, and Adler, remaining defendants.
Duemling, Gerhardt A. (Steel Conversion Corp.).	1	District of Nevada....	Oct. 26, 1948	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Defendant pleaded nolo contendere to all counts of the indictment and was sentenced on Jan. 1, 1949, to a 3 year prison term, to run concurrently with a 3-year sentence imposed upon him in connection with 2 other indictments. Pending.
Elliott, N. James.....	1	Southern District of New York.	Sept. 29, 1948	Sec. 17 (a) (1) and (2) of 1933 act; sec. 338, title 18, U. S. C.	
Epstein, Alfred (Pfeiffer Brewing Co.).	3	Eastern District of Michigan.	June 7, 1946	Sec. 338 title 18, U. S. C.....	All defendants found guilty on May 15, 1948. CA-6 on Apr. 11, 1949, reversed convictions of all defendants and directed their acquittal.
Finch, Galen B. (Finch Oil Co.)..	1	Southern District of California.	Apr. 13, 1949	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Defendant pleaded not guilty on June 6, 1949, to all 15 counts of the indictment. Released on \$5,000 bond. Pending.
Freeman, Mark A. (Consolidated Associates, Inc.).	13	Northern District of Illinois.	Feb. 26, 1943	Secs. 88 and 338, title 18, U. S. C.	7 defendants previously convicted and sentenced, 2 acquitted, 2 dismissed and 1 deceased. On Apr. 15, 1948, CA-7 affirmed conviction of Freeman. Certiorari denied on Oct. 11, 1948.
Hancock, William A.....	1	Southern District of New York.	Apr. 27, 1949	Sec. 10 (b), rule X-10B-5 of 1934 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Pending.
Haynes, Melvan D. (Benners Owens & Co.).	7	Eastern District of Michigan.	Oct. 19, 1936	Secs. 17 (a) (1) and (2) of 1933 act; secs. 88 and 338, title 18, U. S. C.	5 defendants have been previously convicted. Indictment nolle prossed as to Brooks on Nov. 29, 1946. Pending as to Fraino, the remaining defendant.
Herck, John.....	6	do.....	July 30, 1942	Sec. 17 (a) (1) of 1933 act; secs. 88 and 338, title 18, U. S. C.	Herck entered plea of not guilty on Feb. 13, 1942, and posted \$7,000 bond. Remaining defendants are fugitives. Pending as to all defendants.
Do.....	1	do.....	do.....	Sec. 15 (a) of 1934 act.	
Do.....	5	do.....	do.....	Secs. 5 (a) (1) and (2) of 1933 act; sec. 88, title 18, U. S. C.	

TABLE 27.—Indictments returned for violation of the acts administered by the Commission, the Mail-Fraud Statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case) which were pending during the 1949 fiscal year—Continued

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Hildebrand, Glen Jerome (Hildebrand-Osborne & Co.).	3	Southern District of Illinois.	June 9, 1945	Secs. 15 (c) (1), 8 (c) and 17 (a) of 1934 act; secs. 88 and 338, title 18, U. S. C.	Hildebrand entered a plea of guilty and on Mar. 19, 1946, was placed on 5-year probation, on the condition that restitution be made in the amount of \$3,000. Frank was found guilty on June 21, 1948, and placed on probation for 5 years and ordered to make restitution in the amount of \$1,000. Case pending as to the remaining defendant Hildebrand-Osborne & Co.
Hill, Edward M.	12	Northern District of Ohio.	May 21, 1940	Secs. 88 and 338, title 18, U. S. C.	Eleven defendants convicted and sentenced. Dismissed as to remaining defendant, Gould, on Apr. 18, 1949.
Knowles, Noel H. (LaSalle Yellowknife Mines, Ltd.).	3	Eastern District of New York.	Oct. 1, 1946	Secs. 5 (a) (1), (2) and 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.	Knowles pleaded not guilty on June 21, 1948, and released on \$25,000 bail. Knowles' bond forfeited Nov. 1, 1948. Case dismissed as to Newson on Mar. 15, 1949. Pending. Case pending as to Low and Hardie, who are fugitives.
Low, Harry (Trenton Valley Distillers Corp.).	2	Eastern District of Michigan	Feb. 3, 1939	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.	Case pending as to Low and Hardie, who are fugitives.
Martin, Clarence Everett.	1	Northern District of Illinois.	Feb. 27, 1948	Sec. 10 (b) of 1934 act and rule X-10B-5 thereunder; sec. 338, title 18, U. S. C.	Defendant withdrew previous plea of not guilty and pleaded nolo contendere to all counts and on Apr. 15, 1949, was placed on probation for 1 year.
May, Herbert R. (Washington Chemical & Salt Co., et al.).	2	Western District of Washington.	Aug. 26, 1948	Secs. 5 (a) and 17 (a) (1) of 1933 act; secs. 338 and 88, title 18, U. S. C.	May was acquitted by jury on 8 counts. Jury was unable to agree on remaining count (sec. 5 (a) of 1933 act) and this count was dismissed by United States Attorney. Daly was permitted to withdraw his previous plea of nolo contendere and entered a plea of not guilty. Pending. On Feb. 21, 1949, defendant found guilty after trial and sentenced to 2 years, on each of the 4 counts to run concurrently and fined \$3,000.
McElfresh, Elden Adam.	1	Northern District of Ohio.	Oct. 21, 1948	Sec. 17 (a) (1) of 1933 act.	Case pending as to first indictment. Kaufman and Niditch were convicted after trial on second and third indictments. Kaufman's conviction affirmed on appeal by CA-6 on July 14, 1947.
E. M. McLean & Co. (Devon Gold Mines, Ltd.).	2	Eastern District of Michigan.	Oct. 21, 1941	Sec. 15 (a) of 1934 act.	Certiorari denied Mar. 15, 1948. Kaufman's sentence reduced from 7 years and \$1,000 fine to 2 years on May 10, 1948. Lewis pleaded guilty to 1 count in the second and third indictments and was fined. Pending as to 9 persons and firms, remaining defendants on the second and third indictments.
Do.	7	do.	do.	Secs. 5 (a) (1) and (2) of 1933 act; sec. 88, title 18, U. S. C.	
Do.	12	do.	do.	Secs. 17 (a) (1) and (2) of 1933 act; secs. 88 and 338, title 18, U. S. C.	
Moore, Lloyd T. (Fitsum Mining Co.).	3	District of Montana.	June 18, 1943	Secs. 5 (a) (1), (2) and 17 (a) (1) of 1933 act; secs. 88 and 338, title 18, U. S. C.	Indictment dismissed as to Collier and Treicher on Mar. 23, 1946. Pending as to Moore, who has not been apprehended.
Neely, Thomas A.	1	Northern District of Illinois	Aug. 30, 1946	Secs. 5 (a) (1), (2) and 17 (a) of 1933 act; sec. 338, title 18, U. S. C.	Neely found guilty and sentenced to 3 years on Feb. 10, 1948. Appeal dismissed on Oct. 11, 1948.
Do.	1	do.	Nov. 21, 1946	do.	

Nemec, F. E. (Ronale Engineering Co., Ltd.).

O'Keefe, Wallace Rice

Plasket, Chester S

Platten, Arthur J

Poynter, Aubrey M

Do

Price, Eldridge S

Rubinstein, Serge

Do

Rubrecht, Charles J. (McLaughlin MacAfee & Co.).

Schumpert, Paul A. (National Loan Guaranty Co., Inc.).

Do

7	Eastern District of Washington.	Jan. 19, 1948	Sec. 17 (a) of 1933 act; secs. 88 and 338, title 18 U. S. C.
1	Western District of Washington.	June 23, 1948	Secs. 5 (a) and 17 (a) of 1933 act.
1	Western District of Texas.	Apr. 9, 1948	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.
1	Eastern District of Michigan.	Nov. 23, 1948	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.
1	District of Louisiana.	Apr. 23, 1947	Sec. 17 of 1933 act; sec. 338, title 18, U. S. C.
6	do.	do.	do.
1	District of Kansas	Mar. 9, 1945	Secs. 5 (a) (2) and 17 (a) of 1933 act; sec. 338, title 18, U. S. C.
2	Southern District of New York.	Dec. 16, 1948	Secs. 5 (a) (1) and 17 (a) of 1933 Act; sec. 9 (a) (4) of 1934 act; sec. 338 (now sec. 1341), title 18, U. S. C.
2	do.	Feb. 7, 1949	Sec. 88 (now sec. 371), title 18, U. S. C.
4	Western District of Pennsylvania.	Sept. 18, 1946	Sec. 10 (b) of 1934 act and rule X-10B-5 thereunder; sec. 338, title 18, U. S. C.
1	Middle District of Tennessee.	Jan. 26, 1949	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.
3	do.	Feb. 25, 1949	Secs. 338 (now sec. 1341), and 88 (now sec. 371), title 18, U. S. C.

All defendants arraigned and pleaded not guilty. Rector withdrew his not guilty plea and pleaded guilty to conspiracy count at opening of trial. On July 2, 1948, Nemec and Dawson were found guilty of Securities Act, mail fraud, and conspiracy violations. Richardson and Clarke convicted on the conspiracy count. Carpenter and Schwartz the remaining defendants in the conspiracy count were acquitted. On July 3, 1948, the following sentences were imposed; Nemec, total of 4 years imprisonment; Dawson, 18 months concurrent sentence; Rector 3-year sentence suspended and placed on probation; Clarke 3 months imprisonment; Richardson, 3 years probation and fined \$1,000. Notice of appeals filed by Richardson, Clarke, Dawson & Nemec. Pending.

Defendant withdrew previous plea of not guilty and pleaded guilty to sec. 17 (a) count, other count dismissed. Defendant sentenced to 5 years and fined \$5,000.

Defendant pleaded guilty to 4 Securities Act counts and was sentenced to 13 months imprisonment.

Indictment dismissed upon motion of United States Attorney because of death of the defendant on Dec. 3, 1948.

Defendant, Poynter, pleaded guilty on May 4, 1949, to 1 count of the second indictment, remaining counts were nolle prossed. Poynter sentenced to 2 years imprisonment on June 22, 1949. Pending as to remaining defendants.

Indictment nolle prossed.

Rubinstein pleaded not guilty on Apr. 25, 1949, and released on \$50,000 bond. Bliss pleaded not guilty and released on \$5,000 bond. Pending.

Nolle prosee entered on June 17, 1948, as to Glunt who died. Nolle prossed as to remaining defendants on Oct. 25, 1948.

Schumpert pleaded not guilty to both indictments. Lansford and Morris pleaded not guilty to second indictment. On July 14, 1949, Schumpert and Lansford withdrew their previous pleas of not guilty. Schumpert pleaded guilty to 6 counts of the first indictment and 2 counts of the second indictment, and was sentenced to 22 years and fined \$10,000. Lansford pleaded guilty to 2 counts of the second indictment and was sentenced to a 2-year prison term. Remaining counts dismissed as to both defendants. Remaining defendant, Morris, acquitted by court.

TABLE 27.—*Indictments returned for violation of the acts administered by the Commission, the Mail-Fraud Statute (sec. 338, title 18, U. S. C.), and other related Federal statutes (where the Commission took part in the investigation and development of the case), which were pending during the 1949 fiscal year—Continued*

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Schumpert, Paul A. (National Acceptance Corp.).	3	Southern District of Mississippi.	June 8, 1949	Sec. 17 (a) (1) of 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	All defendants apprehended and released on bail. Pending.
Taylor, Ellis R. (Taylor Washing Machine Co.).	1	Northern District of Illinois.	Aug. 28, 1946	Sec. 10 (b) of 1934 act and rule X-10B-5 thereunder; sec. 338, title 18, U. S. C.	Defendant found guilty on all counts and sentenced to serve a concurrent prison term of a year and 1 day and fined \$1,000.
Thurman, Arthur G.-----	3	District of Massachusetts.	Jan. 19, 1939	Sec. 17 (a) (2) of 1933 act; secs. 88 and 338, title 18, U. S. C.	2 defendants previously convicted and sentenced. Indictment dismissed as to remaining defendant, Thurman.
Tucker, Preston T., Sr. (Tucker Corp.).	8	Northern District of Illinois.	June 10, 1949	Sec. 17 (a) of 1933 act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	All defendants pleaded not guilty on June 23, 1949, and were released on bond, except Karsten who has not yet been arraigned. Pending.
Vernor, William H. (Alabama Cooperative Royalty Syndicate).	1	Middle District of Alabama.	Aug. 31, 1948	Sec. 17 (a) (1) of 1933 act; sec. 338, title 18, U. S. C.	Defendant found not guilty by direction of the court on Oct. 6, 1948.
White, Jack R.-----	1	District of Nebraska	Mar. 24, 1949	Sec. 17 (a) (1) of 1933 act; sec. 338 (now sec. 1341), title 18, U. S. C.	Pending.
Wimer, Nye A. (Tennessee Schuylkill Corp.).	1	District of New Jersey	Aug. 3, 1948	Secs. 5 (a) (2) and 17 (a) (1) of 1933 act; secs. 338 and 88, title 18, U. S. C.	Pending.

TABLE 28.—*Petitions for review of orders of Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Company Act of 1940, pending in circuit courts of appeals during the fiscal year ended June 30, 1949*

Petitioner	United States Circuit Court of Appeals	Initiating papers filed	Commission action appealed from and status of case
Associated Electric Co.	Third	Dec. 10, 1948	Order of Oct. 15, 1948, requiring payments to be made out of the escrow fund to Pennsylvania Edison Co. preferred stockholders. Pennsylvania Edison Co. preferred stockholders committee granted leave to intervene. Pending.
Israel Beckhardt (Electric Bond & Share Co.). Halsted, J. Donald	Second	Mar. 26, 1948	Order of Feb. 27, 1948, awarding \$2,000 to Israel Beckhardt, petitioner, for services. Pending.
Hughes, Arleen W., d/b/a E. W. Hughes & Co.	Court of Appeals for the District of Columbia.	May 28, 1949	Order of Mar. 31, 1949, denying effectiveness to post-effective amendment respecting a proposed solicitation of voluntary contributions of funds from holders of common stock of Long Island Lighting Co. Pending.
Lewis, Francis J.	---do---	Apr. 29, 1948	Order of Apr. 1, 1948, revoking the registration of E. W. Hughes & Co. as a broker and dealer under sec. 15 (b) of the 1934 act. Order affirmed May 9, 1949. Petition for rehearing filed June 7, 1949. Pending.
Norris & Hirshberg, Inc.	Eighth	Feb. 28, 1948	Order of Dec. 30, 1947, entered in connection with sec. 11(e) proceedings under the 1935 act in the matter of United Light & Railways Co. and American Light & Traction Co. et al. Case transferred to CA-8. United Light & Railways Co. and American Light & Traction Co. granted leave to intervene. Order affirmed Nov. 3, 1948. Closed.
Panhandle Eastern Pipe Line Co.	Court of Appeals for the District of Columbia.	Apr. 29, 1946	Order revoking broker-dealer registration for violation of the antifraud provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934. Application to the Court of Appeals for a writ of certiorari directed to the Commission to secure the completion and perfection of the record filed June 28, 1946. Order entered remanding record to Commission Feb. 17, 1947. New transcript filed Sept. 23, 1947. Motion by petitioners for judgment on the record filed Oct. 6, 1947. Denied Nov. 19, 1947. Motion for rehearing filed Dec. 4, 1947. Denied Jan. 5, 1948. Petition for writ of certiorari filed in Supreme Court. Denied Apr. 5, 1948. Argument on the merits heard in Court of Appeals June 11, 1948. Pending.
Philadelphia Co.	Eighth	Feb. 28, 1948	Orders of Nov. 1947, Dec. 30, 1947, and Jan. 6, 1948, in connection with sec. 11 (e) proceedings under the 1935 act in the matter of United Light & Railways Co. and American Light & Traction Co. et al. United Light & Railways Co. and American Light & Traction Co. granted leave to intervene. Orders affirmed Nov. 3, 1948. Closed.
Philadelphia Co.	Court of Appeals for the District of Columbia.	Mar. 22, 1947	Amendment to rule U-49 (c) under the 1935 act adopted by the Commission effective Feb. 28, 1947. Motion of the Commission to dismiss petition for review for lack of jurisdiction denied and petitioner's motion for stay granted Oct. 8, 1947. Commission's motion to modify stay denied Nov. 4, 1947. Petition to the Supreme Court for review of court of appeals' orders of Oct. 8, 1947, and Nov. 4, 1947, denied Feb. 2, 1948. Order entered by court of appeals Oct. 23, 1948, reversing Commission's action of Feb. 28, 1947, and remanding case to Commission. Petition for writ of certiorari for review of court of appeals' order of Oct. 23, 1948, filed March 1949. Order entered on joint motion of Commission and Philadelphia Co. May 16, 1949, by the Supreme Court granting petition for writ of certiorari, vacating judgment and remanding case to court of appeals with directions to dismiss case as moot. On July 5, 1949, the court of appeals dismissed the petition for review as moot. Closed.

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TABLE 28.—Petitions for review of orders of Commission under the Securities Act of 1933, the Securities Exchange Act of 1934, the Public Utility Holding Company Act of 1935, and the Investment Company Act of 1940, pending in circuit courts of appeals during the fiscal year ended June 30, 1949—Continued

Petitioner	United States Circuit Court of Appeals	Initiating papers filed	Commission action appealed from and status of case
Phillips, Randolph	Second	Feb. 25, 1947	Petition for review of alleged Commission orders dated Feb. 7, 1947, and Feb. 25, 1947, re an application by United Corp. for permission to submit to its common stockholders for their approval a proposal to change the business of United Corp. to that of an investment company. Application for stay denied from bench, Mar. 3, 1947. Order entered Dec. 20, 1948, dismissing petition for review upon motion of Commission. Petition for rehearing denied Jan. 11, 1949. Closed.
South Carolina Public Service Authority.	Fourth	May 22, 1948	Order of Mar. 25, 1948, under secs. 11 (e) and 12 (d) of the 1935 act, approving proposal of The Commonwealth & Southern Corp. for sale of common stock of a subsidiary without competitive bidding. Commonwealth & Southern Corp. granted leave to intervene as a respondent. Order affirmed Nov. 10, 1948. Petition for writ of certiorari denied Apr. 18, 1949. Closed.
Standard Gas & Electric Co.; Philadelphia Co. and certain of its subsidiaries.	Court of Appeals for the District of Columbia.	July 26, 1948	The Commission issued orders of June 1, 1948, and June 30, 1948. The first order directed pursuant to sec. 11 (b) (1) of the 1935 act that Philadelphia Co. dispose of its direct and indirect interests in its natural gas and transportation properties, and directed further pursuant to sec. 11 (b) (2) of the 1935 act that Philadelphia Co. be liquidated and dissolved. The second order denied petitions for rehearing and for leave to adduce additional testimony. Petitions for review were filed by Philadelphia Co. and certain of its subsidiaries and by Standard Gas & Electric Co., the corporate parent of Philadelphia Co. By order of the Court of Appeals dated Oct. 26, 1948, both review proceedings were consolidated. The court further granted a stay of the Commission's orders. The appeals have been briefed and argued and decision is awaited. Pending.
Charles J. Thornton and Patricia Thornton, d/b/a Thornton & Co.	Second	July 21, 1948	Order of July 14, 1948, revoking the registration of Thornton & Co., as a broker and dealer under sec. 15 (b) of the 1934 act, and expelling it from membership in the National Association of Securities Dealers, Inc. Order affirmed Dec. 22, 1948. Closed.

TABLE 29.—Civil contempt proceedings pending during the fiscal year ending June 30, 1949

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Status of case
Artemisa Mines, Ltd., and Oliver O. Kendall.	2	Arizona.....	June 28, 1943	Order Nov. 15, 1943, adjudging Oliver O. Kendall, president of Artemisa Mine Ltd., an Arizona corporation, in contempt for failure to comply with order of court dated May 18, 1943, requiring the corporation to produce certain documents and papers. Defendant, Kendall, presently out of the United States. Pending.

TABLE 30.—Cases in which the Commission participated as intervenor or as amicus curiae, pending during the fiscal year ended June 30, 1949

Name of case	Court	Date of entry	Nature and status of case
<i>Acker v. Schulte</i>	U. S. District Court (Southern District of New York).	Mar. 8, 1947.....	Actions brought Feb. 6, 1945, by individual stockholders for damages resulting from alleged violations of secs. 9 and 10 (b) of the Securities Exchange Act of 1934 and rule X-10B-5 thereunder. Defendants seek to require plaintiffs to file undertaking for costs including counsel fees basing their claim for security on a provision of sec. 9 (e) of the act. On Mar. 8 1947, the Commission filed a memorandum as amicus curiae contending that plaintiffs cannot be required to furnish an undertaking for costs in a suit under sec. 10 (b), and as to sec. 9 (e) that the provision therein for an undertaking for costs should not be so construed as in effect to nullify opportunity for relief where claim has merit and is filed in good faith. Defendants' motions for security for costs denied May 26, 1947. Pending.
<i>Arbetman v. Playford and Alaska Airlines, Inc.</i>	do.....	June 24, 1949.....	Action brought under sec. 16 (b) of the Securities Exchange Act of 1934 to recover profits alleged to have been realized from the purchase and sale within six months of common stock of Alaska Airlines, Inc. Pending.
<i>Arcidia et al. v. Fusaro, et al.</i>	do.....	Brief not yet filed.....	Complaint filed demanding judgments against defendants of certain specified amounts, and charging violations of the Securities Exchange Act of 1933, the Securities Exchange Act of 1934, and the Investment Advisers Act of 1940. Pending.
<i>Auburn Savings Bank v. Portland R. R. Co.</i>	Supreme Judicial Court of Maine.	June 25, 1945.....	Stockholders' suit filed Feb. 3, 1945, collaterally attacked Dec. 19, 1944, order of Commission under sec. 11 (e) of the Public Utility Holding Company Act of 1935, approving plan for liquidation and dissolution of defendant, a statutory subsidiary of Central Maine Power Co. On June 25, 1945, Commission filed brief as amicus curiae noting subsequent filing (on Feb. 16, 1945) of petition for review of Commission's order in CA-1, and taking position that, under the Act, a State court lacks jurisdiction to enjoin or set aside transactions involved, or to issue decree inconsistent with Commission's order. Judgment was rendered for plaintiff in a comparatively small amount and plaintiff appealed. On Feb. 28, 1949, the Supreme Judicial Court of Maine remanded the case for the entry of a decree dismissing the bill. Pending.

TABLE 30.—Cases in which the Commission participated as intervenor or as amicus curiae, pending during the fiscal year ended June 30, 1949—Continued

Name of case	Court	Date of entry	Nature and status of case
<i>Austrian and Butcher as Trustees of Central States Electric Corp. v. Harrison Williams.</i>	U. S. District Court (Southern District of New York).	Nov. 8, 1945; Nov. 4, 1946; Apr. 10, 1947; Nov. 5, 1947.	Trustees of debtor Central States Electric Corp., appointed by district court in Virginia pursuant to ch. X of the Bankruptcy Act, brought suit in New York Federal court to recover from defendants who, as officers, directors, controlling stockholder of debtor, and in other capacities, had allegedly defrauded and otherwise wronged the corporation. Action was instituted following investigation by trustees under Bankruptcy Act and pursuant to order of ch. X court. No allegation of diversity of citizenship or reliance thereon to establish jurisdiction. Defendants moved to dismiss on grounds that (1) Federal court in New York lacked jurisdiction and (2) cause of action was barred by New York State statute of limitation. Commission filed memoranda as amicus curiae in opposition to defendant's motions for dismissal and summary judgment taking position that jurisdiction was conferred upon court by Bankruptcy Act and sec. 24 (1) of Judicial Code, that State statute of limitations was not applicable, and that such action is not barred until after discovery of causes of action which have been fraudulently concealed by defendants. District court dismissed complaint, holding that it had no jurisdiction. As to statute of limitations, court stated it would have denied motion on this ground because issues of fact would have to be determined before legal questions could be decided. Notice of appeal by trustees to CA-2 filed June 19, 1946. Brief filed by Commission as amicus curiae Nov. 4, 1946. Opinion rendered Dec. 10, 1946, reversing district court and holding that trustees have right to bring suit in Federal court on a jurisdiction found in the Bankruptcy Act. Petition for writ of certiorari filed Jan. 4, 1947, and granted Feb. 10, 1947. Commission filed brief as amicus curiae Apr. 10, 1947. On June 16, 1947, the Supreme Court affirmed the court of appeals decision. On Nov. 5, 1947, Commission filed brief as amicus curiae in opposition to defendant's second motion for dismissal. On July 8, 1948, the district court denied defendant's motion, without prejudice to renewal before trial judge. Examinations, before trial, have taken place during the past fiscal year. Pending.
<i>Berkey & Gay Furniture Co. v. Brenza</i> -----	U. S. District Court (Northern District of Ohio).	-----	Action pursuant to sec. 16 (b) of the Securities Exchange Act. Compromise settlement made. Closed.
<i>Cloughton v. Missouri-Kansas-Texas Railroad Co.</i>	U. S. District Court (Southern District of Florida).	Action instituted Apr. 4, 1946, but no brief filed. SEC listed as party defendant.	Action for a declaratory judgment to determine the liability of an insider pursuant to sec. 16 (b) of the Securities Exchange Act of 1934. Pending.
<i>Colby v. Klume and Twentieth Century Fox-Film Corp.</i>	U. S. District Court (Southern District of New York).	Brief not yet filed.-----	Suit brought pursuant to sec. 16 (b) of the Securities Exchange Act of 1934 for the recovery of profits realized by defendant Klume from the purchases and sales of the common stock of defendant corporation within periods of less than 6 months. Defendant's motion for summary judgment on the ground that he was not an officer, director, or 10 percent beneficial owner of the securities of the corporation granted. Closed.

<p><i>Dederick, suing on behalf of himself and all other stockholders of North American Light & Power Co. v. The North American Co. and North American Light & Power Co.</i></p>	<p>do.....</p>	<p>Aug. 8, 1942.....</p>	<p>Derivative suit instituted in October 1941 to have the North American Co. declared agent and trustee of its subsidiary, Light & Power, in the acquisition by former of debentures and preferred stock of its subsidiary at prices below principal amount and liquidation value; to compel parent to sell and subsidiary to reacquire stock at their cost price to parent; and for an accounting. Light & Power moved for dismissal of action. Commission filed brief as amicus curiae (in support of dismissal) to show that Commission has primary jurisdiction to hear and determine the issues, and why court should not take jurisdiction thereof. On Mar. 8, 1940, the Commission had instituted proceedings, under sec. 11 (b) (1) of the Public Utility Holding Company Act of 1935 with respect to North American and subsidiaries, including Light & Power. On Dec. 2, 1941, the Commission had instituted proceedings under sec. 11 (b) (2) of the act with respect to Light & Power. On Dec. 30, 1941, the Commission ordered winding up of Light & Power. Motion to dismiss denied Jan. 12, 1943, on ground that complaint does not seek liquidation of Light & Power, but action is stayed until determination of the proceedings before the Commission. Pending.</p>
<p><i>Dunbacher v. American Cities Power & Light Corp.</i></p>	<p>do.....</p>	<p>Mar. 2, 1948.....</p>	<p>Action instituted against corporation for injunction and damages in the district court. At the time this action was filed, plaintiff also made a motion for temporary injunction. Commission filed a statement as amicus curiae Mar. 2, 1948, regarding the motion for temporary injunction. The plaintiff sought to restrain an offer by the corporation to purchase its own outstanding common stock at asset value through the use of portfolio securities and cash on the ground that the purchase was not in the interest of a corporation but solely to enable its parent corporation, Central States Electric Corp., to obtain a greater percentage of stock of the company for its own tax advantage. The Commission's statement indicated that in its opinion the transaction was fair and reasonable and in the best interests of security holders of both corporations. The motion for temporary injunction was denied by the district court and an appeal was taken to the circuit court. The appeal was heard Mar. 3, 1948. At the time of the argument on the appeal from the denial of the motion, the Commission's statement filed in the district court was submitted to the circuit court judges. The circuit court then affirmed the denial. Thereafter while the lawsuit was pending for trial in the district court where the complaint was filed, the defendants made a motion in the ch. X district court to enjoin the further prosecution of the lawsuit in the original court and to require the plaintiff to present her case before the ch. X court. This motion, supported by the Commission, was granted and subsequently, after notice to all stockholders, the matter was presented to the ch. X court and was dismissed with prejudice. Closed.</p>
<p><i>Grand Lodge of International Association of Machinists v. Robert T. Highfield et al.</i></p>	<p>U. S. District Court (District of Columbia).</p>	<p>December 1948.....</p>	<p>Defendants' motion to dismiss count III of the complaint, which count is predicated upon a violation of the Commission's rule X-10B-5 under the Securities Exchange Act of 1934, raises the question whether that rule may validly be applied to transactions in an unregistered security not effected with or through the medium of a broker-dealer. Commission filed brief as amicus curiae answering the question affirmatively. On Jan. 24, 1949, the court entered an order overruling defendants' motion to dismiss count III of complaint. Pending.</p>

TABLE 30.—Cases in which the Commission participated as intervenor or as amicus curiae, pending during the fiscal year ended June 30, 1949—Continued

Name of case	Court	Date of entry	Nature and status of case
<i>Gratz v. Claughton</i>	U. S. District Court (Southern District of New York).	May 20, 1946.....	Suit under sec. 16 (b) of the Securities Exchange Act of 1934 to recover profits from short-term trading in securities by an insider. Defendant moved to dismiss for improper venue. Commission filed a memorandum in support of venue as laid. On Apr. 2, 1947, court denied motion to dismiss. On June 15, 1948, defendant filed an application for approval by the special master of a proposal for settlement and disposition of action. The Commission filed an answer June 21, 1948. Special master's report filed May 25, 1949. Pending.
<i>Grossman and Temin (L. A. Young Spring & Wire Corp.) v. Young</i>	do.....	Aug. 26, 1946.....	Suit under sec. 16 (b) of the Securities Exchange Act of 1934 to recover profits from short-term trading in securities by an insider. The district court denied defendant's motion to dismiss, made on the ground that venue was improperly laid and that the court lacked jurisdiction. Defendant then moved to dismiss on the grounds that the statute of limitation barred the action and that the corporation had not been given the opportunity to institute the suit. This motion to dismiss was denied July 3, 1947. Pending.
<i>Kardon v. National Gypsum Co.</i>	U. S. District Court (Eastern District of Pennsylvania).	Oct. 22, 1946.....	Private action founded on alleged violations of sec. 10 (b) of the Securities Exchange Act of 1934 and rule X-10B-5 thereunder. The Commission filed as amicus curiae taking the position that such action for damages resulting from a violation of sec. 10 (b) and rule X-10B-5 is maintainable by application of the general common law rule and under the express provisions of sec. 29 (b) of the act. Motions to dismiss denied Dec. 2, 1946. Argument set for July 15, 1947. On Sept. 9, 1947, a decree was entered directing defendants to produce all records covering the transactions under question, and appointing a special master. On Jan. 2, 1948, an order was entered directing defendants to file an account in debit and credit form and to afford plaintiffs opportunity to inspect the books and records. Pending.
<i>Kogan v. Arthur D. Schulte et al.</i>	U. S. District Court (Southern District of New York).	No brief filed.....	Suit brought May 15, 1945, under sec. 16 (b) of the Securities Exchange Act of 1934 in behalf of Park & Tilford, Inc., to recover profits realized from short-term trading in securities by insiders. Notice of motion for summary judgment filed by Kogan on Oct. 16, 1945. Motion submitted Oct. 30, 1945, by plaintiff in opposition to motion to dismiss. Decision reserved. In view of recovery on same claim in <i>Park & Tilford, Inc. v. Schulte et al, as Trustees</i> , this case is now moot. Petition filed June 18, 1946, by counsel for plaintiff for allowance of counsel fees and expenses. Allowance made on June 18, 1948. Pending.
<i>Kogan v. David A. Schulte</i>	do.....	Mar. 1945; Apr. 16, 1945.....	Suit instituted Sept. 12 1944, under sec. 16 (b) of the Securities Exchange Act of 1934 to recover profits from short-term trading in securities by an insider. On Mar. 14, 1945, plaintiff moved for partial summary judgment for profit realized on sale of common stock acquired on option to convert shares of preferred stock. Commission filed briefs as amicus curiae on proper construction of sec. 16 (b). District court, although denying motion for partial summary judgment due to difficulty of determining recoverable profit on available evidence, held that exercise of conversion option was a nonexempt "purchase" and that such construction did not render statutory provision unconstitutional. Petition filed June 18, 1947, by counsel for plaintiff for allowance of counsel fees. Allowance made on June 18, 1948. Pending.

<i>Leiman et al. v. Guttman et al. (Pittsburgh Terminal Coal, In re.).</i>	Supreme Court of the State of New York. U. S. Supreme Court.	Nov. 20, 1947..... Dec. 8, 1948.....	Action commenced in the Supreme Court of the State of New York to recover additional compensation for services performed in the reorganization of Debtor in the U. S. District Court. Defendants-appellants move the Supreme Court for dismissal of the amended complaint on the ground that exclusive jurisdiction rests in the District Court supervising the reorganization. Motion to dismiss denied. Affirmed June 24, 1947, by Appellate Division. Appeal taken to the Court of Appeals of the State of New York. Commission filed brief as amicus curiae Nov. 20, 1947, in support of appeal. Orders reversed and motion to dismiss granted Mar. 25, 1948. Petition for writ of certiorari to the U. S. Supreme Court filed June 9, 1948. Commission filed brief as amicus curiae Dec. 8, 1948. Affirmed Jan. 17, 1949. Closed.
<i>Manufacturers Trust Co. v. Becker et al. (Calton Crescent, Inc.).</i>	U. S. Court of Appeals Second Circuit).	Nov. 19, 1948; May 23, 1949.	Appeal from district court order of July 21, 1948, which affirmed an order of the Referee in Bankruptcy dismissing the objections of appellant to the allowance in full of claims of appellees. Objections were based upon alleged breach of fiduciary duties by appellees in acquisition of claims against insolvent corporation. Commission filed brief as amicus curiae in support of objections. Order of district court affirmed Mar. 3, 1949. Petition for writ of certiorari filed Apr. 20, 1949. Commission filed brief in support of petition as amicus curiae May 23, 1949. Petition granted June 6, 1949. Pending.
<i>Merritt-Chapman & Scott Corp., v. Hirsch & Co.</i>	U. S. District Court (Southern District of New York).	April 1949.....	Suit alleging violation of sec. 14 of the Securities Exchange Act of 1934 and rules of the New York Stock Exchange and seeking to enjoin defendants from voting, authorizing, instructing, or permitting others to vote stock of plaintiff pursuant to instructions received from beneficial owners of such stock registered in the name of defendant as of Feb. 28, 1948, at the annual meeting of plaintiff Apr. 4, 1949. Counsel for Commission appeared as amicus curiae. In addition to management solicitation, an opposition group had been soliciting proxies. After the taking of testimony and argument, counsel for management, for the defendant, and for the opposition group agreed to vote their stock or proxies therefor to postpone the stockholders' meeting to Apr. 25, 1949, to permit resolicitation of proxies by both factions, with not more than 2 solicitations on either side and the last solicitation to be not more than 1 week before the meeting. Closed.
<i>Miller et al. v. Hano et al.</i>	U. S. District, Court Eastern Division of Pennsylvania).	June 7, 1948.....	Action instituted pursuant to the Securities Act of 1933. Commission filed brief as amicus curiae June 7, 1948, in support of contention in plaintiffs' brief that accountants and every other person specified in sec. 11 (a) of the act who participates in the preparation of the registration statement, "participate," in the sale of securities offered on the basis of the registration statement, within the meaning of the venue provision of sec. 22 (a). Evidence presented by plaintiffs in an affidavit indicated that the accountants did in fact participate; therefore it was unnecessary to decide the validity of this contention. Motion to require bond for costs filed Oct. 29, 1948. Order entered Nov. 31, 1948, denied motion. Pending.
<i>National Association of Securities Dealers, Inc. v. Marvin C. Harrison, Allan Hull, Cyrus S. Eaton, and Otis & Co.</i>	U. S. Court of Appeals (District of Columbia).	Dec. 22, 1948 (motion to intervene).	Appeals were taken from two orders of Judge Letts, one enjoining the Commission and one enjoining the N. A. S. D. from proceeding against the defendants pending the outcome of a case then before Judge Morris. When those orders were entered, the Commission filed an appeal from both orders. The N. A. S. D. appealed from the order relating to them. Motion to intervene was filed by the Commission in the appeal taken by the N. A. S. D. for the purpose of asking the court for permission to file a brief answer stating it had appealed from the same order and that the orders were similar. The Commission participated as an Intervenor. Pending.

TABLE 30.—Cases in which the Commission participated as intervenor or as amicus curiae, pending during the fiscal year ended June 30, 1949—Continued

Name of case	Court	Date of entry	Nature and status of case
<i>North American Utility Securities Corp. v. Posen et al.</i>	U. S. District Court (Southern District of New York); U. S. Court of Appeals (Second Circuit).	Nov. 17, 1948 (motion to intervene granted and brief filed); March 1949 (brief filed).	Action instituted Nov. 5, 1948, seeking an injunction prohibiting defendants' solicitation of the holders of common stock for authorizations to represent them in a pending proceeding, alleging that such solicitation would constitute a violation of sec. 11 (g) of the Public Utility Holding Company Act of 1935. Commission moved for leave to intervene as a defendant. Intervention granted. Plaintiff moved for summary judgment and Commission and defendants cross-moved for summary judgment dismissing complaint for failure to state cause of action. Order entered Jan. 7, 1949, denying plaintiff's motion and granting motions of Commission and defendants for summary judgment dismissing complaint. Appeal filed. Commission filed brief in opposition to the appeal. On June 23, 1949, CA-2 affirmed the district court's judgment. Pending.
<i>Park & Tilford, Inc. v. Arthur D. Schulte et al.</i>	U. S. District Court (Southern District of New York).	Oct. 5, 1945; Mar. 14, 1946; Oct. 14, 1946; Feb. 12, 1947; Aug. 5, 1947.	Suit brought Nov. 17, 1944, under sec. 16 (b) of the Securities Exchange Act of 1934 to recover profits realized from short-term trading in securities by an insider. The Commission, as amicus curiae, filed a brief taking the position that the acquisition of common stock by conversion of preferred is a "purchase within meaning of act. The United States intervened in support of constitutionality of section. On Sept. 13, 1945, Marjorie D. Kogan, a minority stockholder, sought leave to intervene as party plaintiff, supported by Commission brief as amicus curiae. Intervention was denied on Oct. 23, 1945 and Kogan appealed. The trial court entered judgment for plaintiff on Jan. 31, 1946, from which defendant appealed. Kogan then sought leave in the Circuit Court of Appeals, Second Circuit, for leave to intervene, supported by Commission as amicus curiae. Leave was granted on Mar. 23, 1946, and the appeals by Kogan and defendant were consolidated. On Jan. 8, 1947, CA-2 reversed the order denying intervention to Kogan, vacated the judgment, and remanded the action to the district court for the entry of an increased judgment. Petition of defendants for rehearing filed Jan. 22, 1947, and denied Mar. 26, 1947. Petition for writ of certiorari filed in the Supreme Court June 21, 1947. Commission filed brief as amicus curiae Aug. 5, 1947, in opposition. Certiorari denied Oct. 13, 1947. Petition filed June 18, 1947, by counsel for plaintiff for allowance of counsel fees. Allowance made on June 18, 1948. Pending.

<i>Phillips v. The United Corp.</i>	do	July 11, 1947	Action to enjoin defendants from (1) taking any steps committing the United Corp. to any corporate actions requiring the approval of its board of directors pending the determination of the complaint and (2) taking any steps looking toward the transformation of the corporation into an investment company. Cross motion for dismissal filed by defendant. Commission filed brief as amicus curiae July 11, 1947, stating that rule U-85 was not violated by management and that the complaint fails to state a claim upon which relief may be granted. Plaintiff's motion for a temporary injunction denied and defendant's motion to dismiss the complaint and for a summary judgment also denied. Defendant's motion to dismiss second amended complaint denied June 4, 1948, but a stay of proceedings granted until final determination by Commission and further order of court. Appeal taken by plaintiff in August 1948. Appeal dismissed Dec. 6, 1948. Petition for rehearing denied Jan. 11, 1949. Closed.
<i>Shaw v. Dreyfus et al.</i> <i>Shavin et al. v. Germantown Fire Insurance Co. et al.</i>	U. S. Supreme Court. U. S. District Court (Eastern District of Pennsylvania); U. S. Court of Appeals (Third Circuit).	Dec. 4, 1946; Apr. 3, 1948; June 23, 1948.	Petition for writ of certiorari filed and denied. Closed. Shareholders' derivative action alleging fraud under rule X-10B-5 pursuant to the Securities Exchange Act of 1934. Motion to dismiss complaint denied Dec. 5, 1946. Final judgment dismissing complaint entered Nov. 12, 1947. On Apr. 1, 1949, CA-3 reversed judgment of district court and directed cause be remanded with direction to enter judgment for defendants. Pending.
<i>Speed et al. v. Transamerica Corp.</i>	U. S. District Court (Delaware).	Feb. 19, 1947; Oct. 14, 1948; Jan. 14, 1949.	Class suit for damages alleging fraud both at common law and under rule X-10B-5 pursuant to the Securities Exchange Act of 1934. Complaint dismissed as to the common law count, but upheld as to counts under rule X-10B-5, May 9, 1947. Defendant's petition for rehearing denied, June 25, 1947. Trial on merits completed and case taken under advisement by court. Pending.
<i>Stella v. Henry J. Kaiser et al.</i>	U. S. District Court (Southern District of New York).	July 24, 1948	Derivative suit instituted May 10, 1948, charging violations of various antifraud and antimanipulation provisions of the 1933 and 1934 acts, breach of the defendants' fiduciary obligations, and deliberate or negligent waste of corporate assets. The Commission filed brief as amicus curiae July 24, 1948, discussing the issue of stabilization and other problems of statutory construction. On Aug. 2, 1948, the district court denied all motions made by defendants to dismiss the suit. On Dec. 2, 1948, defendants' motion for an order requiring plaintiff to give security for defendants' expenses incurred in connection with the defense of this suit, was denied without prejudice to a renewal thereof. Pending.
<i>Truncale v. Blumberg et al.</i>	do	Oct. 1, 1948	Action brought by a stockholder of Universal Pictures Co., Inc., pursuant to sec. 16 (b) of the Securities Exchange Act of 1934, to recover profits allegedly realized by certain officers and directors of the company. Commission took the view that the making of a gift to a charity did not result in a profit recoverable under sec. 16 (b). Motion of defendant Cowdin for summary judgment dismissing the complaint as to him was granted and plaintiff's cross motion for summary judgment was denied Oct. 14, 1948. Pending.

TABLE 31.—Proceedings by the Commission, pending during the fiscal year ended June 30, 1949, to enforce subpoenas under the Securities Act of 1933 and the Securities Exchange Act of 1934

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Section of act involved	Status of case
Artemisa Mines, Ltd.	2	Arizona	Apr. 8, 1943	Sec. 22 (b), 1933 act.	Order May 18, 1943, required Artemisa Mines, Ltd., to appear before an officer of the Commission on June 28, 1943, and produce the records described in subpoena duces tecum. Court dismissed application to enforce subpoena with respect to Minas de Artemisa, S. A., a foreign corporation for lack of jurisdiction on Sept. 19, 1944. June 26, 1945, CA-9 reversed the district court. Aug. 1, 1945, order entered requiring Minas de Artemisa, S. A., to respond to the subpoena. Pending. (See appendix table on civil contempt proceedings.)
Harrison, Marvin C., and Hull, Allan.	2	District of Columbia	June 25, 1948	Sec. 21 (c), 1934 act.	Complaint filed for an order by the district court directing the defendants to respond to subpoena ad testificandum. Otis & Co. and Cyrus S. Eaton intervened July 6, 1948. On July 9, 1948, defendants and intervenors filed counterclaim seeking injunction against Commission's public investigation of Kaiser-Frazer stock offering. Oral argument July 19, 20, 21. On Sept. 2, 1948, Judge Keech issued temporary restraining order against proceedings by N. A. S. D. Temporary injunction to same effect granted by Judge Letts Sept. 21, 1948. Also, on same date, Judge Letts granted temporary injunction restraining SEC broker-dealer proceeding pending action of District Court in subpoena enforcement action. SEC appealed this temporary injunction, and its motion to vacate same as moot was pending at close of fiscal year in the court of appeals for the District of Columbia. On Oct. 23, 1948, the district court entered an order denying enforcement of subpoena and dismissing counterclaim. Pending.
O'Connor, Edward J.	1	Southern District of California	June 4, 1948	Sec. 22 (b), 1933 act.	Order entered June 29, 1948, requiring respondent to appear before an officer of the Commission and give testimony concerning matters referred to in subpoena ad testificandum. Defendant appeared for questioning on July 9, 1948, as directed. Closed.
Tucker Corp.	1	Northern District of Illinois	June 15, 1948	Sec. 22 (b), 1933 act.	Order July 2, 1948, requiring defendant to appear and produce certain documentary evidence described in subpoena duces tecum. Records produced. Closed.

TABLE 32.—Miscellaneous actions against the Commission or employees of the Commission during the fiscal year ended June 30, 1949

Plaintiff	Court	Initiating papers filed	Status of case
Otis & Co.....	U. S. District Court (District of Columbia).	Nov. 10, 1948.....	Action to enjoin the Commission from considering certain issues in a broker-dealer revocation proceeding on ground of res judicata. Judgment of district court on Nov. 12, 1948, denied plaintiff's motion for preliminary injunction and dismissed complaint. Appeal taken by plaintiff. Judgment of Nov. 12, 1948, set aside by court of appeals for the District of Columbia on June 1, 1949. Pending.
Do.....	do.....	Jan. 26, 1949.....	Action to enjoin the Commission and NASD from taking any action to compel disclosure of communications between plaintiffs and their attorneys, and to enjoin the holding of a disciplinary proceeding by NASD. Opinion dismissing complaint rendered by district court on June 7, 1949. Pending.

TABLE 33.—Actions to enforce voluntary plans under sec. 11 (e) to comply with sec. 11 (b) of the Public Utility Holding Company Act of 1935

Name of case	United States District Court	Initiating papers filed	Status of case
American & Foreign Power Co., Inc.	Maine.....	Nov. 20, 1947.....	Order Oct. 11, 1948, approving plan. Notices of appeal filed by Harriet E. Weinstein et al., Samuel J. Levinson, John F. McKenna, and the Norman Johnson group of second preferred stockholders, the Johnson group also appealing from court's order of Sept. 16, 1948. Motions to vacate and remand proceeding to the Commission filed. Appeals dismissed pursuant to stipulation Jan. 4, 1949. Order Jan. 4, 1949, vacating order of Oct. 11, 1948, and remanding proceeding to Commission. Notice of appeal filed by Samuel J. Levinson from portion of order of Jan. 4, 1949, which denied motion to abandon plan. Pending.
Commonwealth & Southern Corp.	Delaware.....	Nov. 23, 1948.....	Pending.
Community Gas & Power Co.	do.....	Apr. 11, 1946.....	Order Apr. 10, 1947, approving plan. Appeal June 5, 1947, by Gabriel Caplan et al. Appeal June 7, 1947, by Vanneck and Moran. Appeal June 9, 1947, by Alfred MacArthur et al. Appeal June 9, 1947, by New York Trust Co., trustee. Order May 3, 1948, affirming order of district court in appeals of Vanneck and Moran, Alfred MacArthur et al., and New York Trust Co. Order June 10, 1948, affirming order of district court in appeal of Gabriel Caplan et al. Petition for writ of certiorari by Vanneck et al. and Caplan et al. denied June 14, 1948.
Eastern Minnesota Power Co.	Minnesota.....	June 10, 1947.....	Order Nov. 8, 1947, approving amended plan insofar as it related to the sale of physical assets and the payment of first mortgage bonds. Supplemental application filed Nov. 7, 1947, for approval of a stock plan. Order Dec. 12, 1947, approving stock plan as fair, equitable, and appropriate.
Electric Bond & Share Co.	Southern District of New York.	May 27, 1946.....	Order July 12, 1946, approving plan. Notice of appeal by Eli Auerbach filed Aug. 9, 1946. Supplemental application for order approving portion of plan pertaining to fees and expenses. Order Oct. 19, 1948, approving portion of plan pertaining to fees and expenses. Notice of appeal by Eli Auerbach and Israel Beckhardt filed Nov. 15, 1948. Pending.
Electric Power & Light Corp.	do.....	Mar. 7, 1949.....	Order Apr. 22, 1949, approving plan. Appeals taken by Christian A. Johnson et al., Jacob Sincoff et al. and Eva Liner. Motions of Johnson et al. and Sincoff et al. for stay denied by CA-2 on May 5, 1949, and by Supreme Court on May 16, 1949. Pending.

TABLE 33.—Actions to enforce voluntary plans under sec. 11 (e) to comply with sec. 11 (b) of the Public Utility Holding Company Act of 1935—Continued

Name of case	United States District Court	Initiating papers filed	Status of case
Engineers Public Service Co., Inc.	Delaware	Jan. 9, 1947	Order May 29, 1947, enforcing plan except insofar as it provided for the payment of more than the liquidation preferences of the preferred stock. Notice of appeal by the Commission filed June 3, 1947. Notice of appeal by Thomas W. Streeter et al. filed May 29, 1947. Notice of appeal by the Home Insurance Co., filed about June 5, 1947. Opinion Mar. 19, 1948, vacating order of district court and remanding cause with directions to enter order disapproving plan and remanding to the Commission. Petitions of all appellants for rehearing denied June 11, 1948. Petitions for writ of certiorari filed by the Commission and Thomas W. Streeter et al. on Aug. 16, 1948, by Home Insurance Co. et al. on Aug. 18, 1948, and by Central Illinois Securities Corp. et al. on Sept. 4, 1948. Supreme Court, on June 27, 1949, reversed judgment of CA-3 and remanded case to district court for further proceedings. Pending.
Federal Water & Gas Corp.	do.	July 23, 1948	Order Aug. 19, 1948, approving plan with the exception of sec. 3. Pending.
Illinois Power Co.	do.	May 2, 1947	Order May 23, 1947, approving portion of plan I. Supplemental application July 3, 1947. Order Nov. 6, 1947, approving amended plan I as fair, equitable, and appropriate. Appeal taken by Nellie Walters et al. Feb. 6, 1948, and dismissed Feb. 17, 1948. Appeal taken by Jane Scattergood et al. Jan. 23, 1948. Order Nov. 5, 1948, affirming order of district court. Order June 29, 1949, directing American Light & Power Co. to pay to its former public stockholders dividends which accrued on Illinois Power Co. stock, now distributed to such stockholders, since Dec. 18, 1947. Pending.
Interstate Power Co.	do.	Jan. 27, 1947	Order Apr. 24, 1947, approving plan. Supplemental application filed Dec. 31, 1947. Order Jan. 7, 1948, approving alternate plan as fair, equitable, and appropriate. Appeal of John F. Errington et al dismissed pursuant to stipulation dated Aug. 12, 1948. Pending.
Kings County Lighting Co.	Eastern District of New York	Jan. 9, 1947	Order May 16, 1947, approving plan. Appeals taken by the Public Service Commission of the State of New York and the secretary of state of New York. Order Mar. 5, 1948, affirming order of district court. Petition for writ of certiorari by Public Service Commission of the State of New York denied June 7, 1948.
Lehigh Valley Transit Co.	Eastern District of Pennsylvania	Aug. 26, 1948	Order Sept. 23, 1948, approving plan.
Louisville Gas & Electric Co.	Delaware	Oct. 29, 1947	Order May 13, 1948, remanding proceeding to Commission. Supplemental application filed Aug. 10, 1948. Order Aug. 23, 1948, approving plan as fair, equitable, and appropriate.
Memphis Street Railway Co.	Western District of Tennessee	Mar. 23, 1949	Order Apr. 22, 1949, approving plan.
New England Public Service Co.	Maine	July 3, 1947	Order Aug. 6, 1947, approving plan. Appeals taken by Esther Vogel et al., State Street Investment Corp., and Russell B. Stearns. Pending.
Northern States Power Co. (Del.)	Minnesota	Feb. 3, 1948	Order Sept. 18, 1948, approving plan.
Republic Service Corp.	Delaware	Reopened May 3, 1948	Order May 28, 1948, approving amended joint plan. Supplemental application II filed Sept. 17, 1948. Order Sept. 17, 1948, approving amended joint plan as fair, equitable, and appropriate.

United Corp	do	Aug. 10, 1948	Order Feb. 15, 1949, approving plan. Notices of appeal filed by committee of holders of \$3 cumulative preference stock, Norman Johnson on behalf of Louise D. Johnson, preference stock shareholders, Randolph Phillips, and Irving Schiff. Motions for stay denied by CA-3 on Apr. 22, 1949. Order May 6, 1949, granting motion of United Corp. to make application to district court for order supplementing Feb. 15, 1949, order. Pending. Order Mar. 12, 1948, approving plan. Supplemental application II filed July 28, 1948. Order Aug. 20, 1948, approving pt. II of the plan. Supplemental application III filed Aug. 26, 1948. Order Sept. 14, 1948, approving supplement I to pt. III of the plan. Supplemental application IV to enforce plan A of supplement II to pt. III filed Dec. 7, 1948. Order Dec. 27, 1948, approving supplement II to pt. III. Supplemental application V to enforce plan B filed May 27, 1949. Order June 16, 1949, approving plan B as fair, equitable, and appropriate.
United Public Utilities Corp	do	Reopened Feb. 20, 1948	

TABLE 34.—*Actions under sec. 11 (d) of the Public Utility Holding Company Act of 1935 to enforce compliance with Commission's order issued under sec. 11 (b) of that act*

Name of case	United States District Court	Initiating papers filed	Nature and history of case
International Hydro-Electric System.	Massachusetts	Aug. 12, 1943	Action by Commission, with consent of company, under secs. 11(d), 18(f), and 25 of the 1935 act to enforce its order of July 21, 1942, requiring dissolution of the company. The court was asked (1) to take exclusive jurisdiction of the company and its assets; (2) to enjoin interference; (3) to compel compliance with the Commission's order; and (4) to appoint a special counsel to investigate an intercompany claim against International Paper Co. Aug. 12, 1943, temporary order entered by court and on Oct. 11, 1943, an interlocutory decree and order was entered in which court took exclusive jurisdiction, granted injunction, and appointed special counsel as requested. Nov. 13, 1944, special counsel appointed trustee of estate of company and directed to institute suit on claim against International Paper Co. Nov. 13, 1945, this suit settled, as well as 2 stockholders' suits against International Paper Co. Dec. 26, 1945, district court approved settlement and termination of these suits, and notices of appeal from this approval were filed Jan. 25, 1946, in CA-1. Nov. 14, 1946, opinion rendered affirming judgment of the district court. Petition for writ of certiorari filed Dec. 28, 1946, and denied Feb. 10, 1947. Petition for rehearing denied Mar. 10, 1947. There are now pending before the Commission plans of reorganization which, if approved by Commission, will be submitted to the reorganization court. A motion to vacate the Commission's dissolution order of July 21, 1942, is also pending.

TABLE 35.—*Reorganization cases under ch. X, pending during the fiscal year ending June 30, 1949, in which the Commission participated when appeals were taken from district court orders*

Name of case	United States Circuit Court of Appeals	Date SEC entered case	Nature and status of case
Equitable Office Building Corp., Debtor: <i>Aranow, Brodsky, Einhorn & Dann, Petitioner-Appellant.</i>	Second.....	May 1949.....	Appeal from Jan. 14, 1949, order which denied petitioner compensation for services rendered in connection with the reorganization of the Debtor under ch. X of the Bankruptcy Act. Commission filed a brief taking the position that the district court properly denied compensation to petitioner. On July 1, 1949, CA-2 affirmed order. Petition for rehearing denied July 11, 1949. Pending.
Equitable Office Building Corp., Debtor: <i>T. Roland Berner, Petitioner-Appellant.</i>	.....do.....	Apr. 10, 1949.....	Appeal from Jan. 14, 1949, order which denied petitioner compensation for services rendered as attorney for 2 common stockholders in the ch. X bankruptcy reorganization of debtor. Commission filed brief Apr. 10-1949, in support of district court order. On June 9, 1949, CA-2 reversed order and remanded case for reconsideration of request for allowance in light of opinion. Petitioner applied for rehearing which was denied June 27, 1949. Pending.
Industrial Office Building Corp., Debtor.	Third.....	June 18, 1948.....	Appeal by the debtor and certain noteholders of the debtor from May 19, 1948, order directing an interim distribution to first mortgage bondholders. Motion of SEC to dismiss appeals denied, and motion of debtor for stay denied. SEC brief in support of district court order filed Nov. 22, 1948. Order affirmed by CA-3, Jan. 3, 1949. Mandate issued Jan. 20, 1949. Closed.
International Power Securities Corp., Debtor: <i>Amott v. The National City Bank of New York.</i>	.....do.....	Jan. 29, 1948.....	Consolidated appeals from Dec. 22, 1947, order. Commission filed brief in support of appellants. On Sept. 28, 1948, the court of appeals reversed the district court and remanded the case with directions to proceed in accordance with its opinion. Mandate issued Oct. 18, 1948. Closed.
National Realty Trust, Debtor: <i>Sullivan, Trustee et al, Appellants v. Mosser, Successor Trustee et al, Appellees.</i>	Seventh.....	May 6, 1949.....	Appeals from Dec. 10, 1948, Dec. 17, 1948, and Feb. 15, 1949, orders alleging that the district court in nominating and appointing successor trustees committed substantial error in executing the mandate of CA-7. Commission filed a memorandum supporting motion to dismiss appeal or to affirm orders. On June 1, 1949, CA-7 affirmed orders of district court, with costs. Pending.
Pittsburgh Railways Co., Debtor: <i>Philadelphia Co. et al., appellants.</i>	Third.....	Mar. 2, 1948.....	Appeal from Jan. 15, 1948, order permitting the filing of objections to claims filed by Philadelphia Co. and its affiliates and subsidiaries up to and including Jan. 20, 1948. The SEC filed objections to appellant's designation of contents of record on Appeal. On June 21, 1948, the court of appeals dismissed the appeal for want of prosecution. Closed.
Third Avenue Transit Corp., Debtor: and 2 answering creditors.	Second.....		Appeal by debtor and 2 answering creditors from Mar. 16, 1949, order denying motion for dismissal of the amended petition for reorganization. Pending.
Warner Sugar Corp., Debtor: <i>Oscar W. Ehrhorn, Appellant.</i>	.....do.....		Appeals by Isadore Glauberman, Paul E. Kern, and Oscar W. Ehrhorn from May 25, 1948, order allowing compensation to Glauberman and Kern and denying application of Ehrhorn for an allowance for services. Leave to appeal denied except as to Ehrhorn by June 11, 1948, order of court of appeals. Appeal taken by Ehrhorn. Opinion rendered Nov. 12, 1948, by CA-2 affirming district court's order. Closed.

TABLE 36.—A 16-year summary of criminal cases developed by the Commission—1934 through 1949, by fiscal year

Fiscal year	Number of cases referred to Department of Justice in each year	Number of persons as to whom prosecution was recommended in each year	Number of such cases in which indictments were obtained by United States attorneys	Number of defendants indicted in such cases ¹	Number of these defendants convicted	Number of these defendants acquitted	Number of these defendants as to whom proceedings were dismissed by United States attorneys	Number of these defendants as to whom cases are pending ²
1	2	3	4	5	6	7	8	9
1934	7	36	3	32	17	0	15	0
1935	29	177	14	149	84	5	60	0
1936	43	379	34	368	164	46	158	0
1937	42	128	30	144	78	32	33	1
1938	40	113	33	134	75	13	44	2
1939	52	245	47	292	199	33	58	2
1940	59	174	51	200	96	38	66	0
1941	54	150	47	145	94	15	36	0
1942	50	144	46	194	108	23	48	15
1943	31	91	28	108	61	10	27	10
1944	27	69	24	79	47	6	19	7
1945	19	47	18	61	36	10	13	2
1946	16	44	14	40	13	8	3	16
1947	20	50	13	34	9	5	7	13
1948	16	32	15	29	14	3	3	9
1949	27	44	15	39	1	1	1	36
Total	532	1,923	432	2,048	1,096	248	591	113

¹ The number of defendants in a case is sometimes increased by the Department of Justice over the number against whom prosecution was recommended by the Commission. For the purposes of this table, an individual named as a defendant in 2 or more indictments in the same case is counted only as a single defendant.

² See separate chart for break-down of pending cases.

³ 11 of these references as to 13 proposed defendants were still being processed by the Department of Justice as of the close of the fiscal year.

⁴ 403 of these cases have been completed as to one or more defendants. Convictions have been obtained in 355, or 88.1 percent of such cases. Only 48, or 11.9 percent, of such cases have resulted in acquittals or dismissals as to all defendants.

⁵ Includes 41 defendants who died after indictment.

TABLE 37.—A 13-year summary of criminal cases developed by the Commission which are still pending—1937 through 1949, by fiscal year

Cases	Number of defendants in such cases	Number of such defendants as to whom cases have been completed	Number of such defendants as to whom cases are still pending and reasons therefor			
			Not yet apprehended ¹	Awaiting trial	Awaiting appeals	
Pending, referred to Department of Justice in: ²						
1937	1	7	6	0	1	0
1938	1	2	2	2	0	0
1939	2	9	7	1	1	0
1940	0	0	0	0	0	0
1941	0	0	0	0	0	0
1942	2	18	3	14	1	0
1943	3	15	5	8	2	0
1944	2	8	1	7	0	0
1945	2	4	2	1	1	0
1946	4	16	0	16	0	0
1947	4	15	2	8	5	0
1948	5	17	8	1	3	5
1949	13	37	1	9	27	0
Total	39	148	37	67	41	5

SUMMARY

Total cases pending ³	50
Total defendants ³	161
Total defendants as to whom cases are pending ³	126

¹ Almost without exception these defendants are residents of Canada and cannot be extradited.

² Fiscal year ended June 30 of the year indicated.

³ Except for 1949, indictments have been returned in all pending cases. Indictments have not yet been returned as to 13 proposed defendants in 11 cases referred to the Department of Justice in 1949. These are reflected only in the recapitulation of totals at the bottom of the table.

TABLE 38.—A 16-year summary classifying all defendants in criminal cases developed by the Commission—1934 to July 1, 1949

	Number indicted	Number convicted	Number acquitted	Number as to whom cases were dismissed by United States attorneys	Number as to whom cases are pending
Registered broker-dealers ¹ (including principals of such firms).....	325	202	22	91	10
Employees of such registered broker-dealers.....	102	51	15	33	3
Persons in general securities business but not as registered broker-dealers (includes principals and employees).....	684	346	55	249	34
All others ²	937	497	156	218	66
Total.....	2,048	1,096	248	591	113

¹ Includes persons registered at or prior to time of indictment.

² The persons referred to in this column, while not engaged in a general business in securities, were almost without exception prosecuted for violations of law involving securities transactions.

TABLE 39.—A 16-year summary of all injunction cases instituted by the Commission—1934 to July 1, 1949, by calendar year

Calendar year	Number of cases instituted by the Commission and the number of defendants involved		Number of cases in which injunctions were granted and the number of defendants enjoined ¹	
	Cases	Defendants	Cases	Defendants
1934.....	7	24	2	4
1935.....	36	242	17	56
1936.....	42	116	36	108
1937.....	96	240	91	211
1938.....	70	152	73	163
1939.....	57	154	61	165
1940.....	40	100	42	99
1941.....	40	112	36	90
1942.....	21	73	20	54
1943.....	19	81	18	72
1944.....	18	80	14	35
1945.....	21	74	21	57
1946.....	21	45	15	34
1947.....	20	40	20	47
1948.....	19	44	15	26
1949 (to June 30).....	11	20	9	16
Total.....	538	1,597	490	1,227

SUMMARY

	Cases	Defendants
Actions instituted.....	538	1,597
Injunctions obtained.....	483	1,227
Actions pending.....	8	22
Other dispositions ²	47	348
Total.....	538	1,597

¹ These columns show disposition of cases by year of disposition and do not necessarily reflect the disposition of the cases shown as having been instituted in the same years.

² Includes W. J. Howey Co. and Howey-in-the-Hills Service Co., Inc. (328 U. S. 293).

³ Includes 7 cases which were counted twice in this column because injunctions against different defendants in the same cases were granted in different years.

⁴ Includes 3 defendants in 3 cases in which injunctions have been obtained as to 6 codefendants.

⁵ Includes (a) actions dismissed (as to 287 defendants); (b) actions discontinued, abated, vacated, abandoned, or settled (as to 51 defendants); (c) actions in which judgment was denied (as to 7 defendants); (d) actions in which prosecution was stayed on stipulation to discontinue misconduct charged (as to 3 defendants).