

## PART VII

### PARTICIPATION OF THE COMMISSION IN CORPORATE REORGANIZATIONS UNDER CHAPTER X OF THE BANKRUPTCY ACT, AS AMENDED

Chapter X of the Bankruptcy Act provides a procedure for reorganizing corporations in the United States District Courts. The Commission's duties under Chapter X are, at the request of the judge of the court, or on the Commission's own motion if approved by the judge, to act as a participant in the proceedings in order to provide independent expert assistance to the court and investors on matters arising in such proceedings, and, where the Commission considers it appropriate, to file advisory reports on reorganization plans.

Section 172 of Chapter X provides that if the scheduled indebtedness of a debtor corporation does not exceed \$3 million, the judge may, before approving any plan of reorganization, submit such plan to the Commission for its examination and report. However, if the indebtedness exceeds \$3 million, the judge must submit the plan to the Commission before he may approve it. The Commission is not obligated to report on a plan, and it has no authority to veto or require the adoption of a plan of reorganization. If the Commission does file an advisory report, copies of it, or a summary thereof, must be sent to all security holders and creditors when they are asked to vote on the plan.

Because the Commission's advisory reports on plans of reorganization are usually widely distributed, this aspect of the Commission's work under Chapter X stands out most prominently in the minds of the public. However, these reports by no means represent the major part of the Commission's activities in cases in which it participates. As a party to a Chapter X proceeding, the Commission is actively interested in the solution of every major issue arising therein from the time it becomes a participant to the close of the proceeding. The Commission has found that adequate performance of its duties as a party require that it undertake in most cases intensive legal and financial studies. Even in cases where the plans are not submitted to the Commission for advisory report or where the Commission decides that it will not file a formal written advisory report, it is necessary that the Commission consider and discuss various reorganization proposals of interested parties while plans are being formulated, and

be prepared to comment fully upon all proposed plans at the hearings on their approval or confirmation.

In the exercise of its functions under Chapter X the Commission has endeavored to assist the courts in achieving equitable, financially sound, expeditious, and economical readjustments of the affairs of corporations in financial distress. To aid in attaining these objectives the Commission has stationed qualified staffs of lawyers, accountants, and financial analysts in its New York, Chicago, and San Francisco Regional Offices and has assigned them to the performance of the Commission's duties under Chapter X. The presence of these staffs in the field helps them to keep in close touch with all hearings and issues in the proceedings and with the parties, and makes them more readily available to the courts, thus facilitating the work of the courts and the Commission. Supervision and review of the Regional Offices' Chapter X work is the responsibility of the Division of Corporate Regulation.

The role of the Commission under Chapter X differs from that under the various statutes which it administers in that the Commission does not initiate the proceedings, hold its own hearings, or adopt rules and regulations, but acts as an aid and adviser to the court, paying especial attention to the interests of public security holders, who may not otherwise be effectively represented. It has no authority to determine any of the issues in a proceeding. The facilities of its technical staff and its disinterested recommendations are simply placed at the service of the judge and the parties, affording them the views of experts in a highly complex area of corporate law and finance.

#### SUMMARY OF ACTIVITIES

During the past fiscal year, the Commission actively participated in 37 reorganization proceedings involving 57 companies (37 principal debtor corporations and 20 subsidiary debtors).<sup>1</sup> The proceedings were scattered among district courts in 15 States, and involved the rehabilitation of companies engaged in such varied businesses, among others, as steel manufacture, oil and gas production, railroad operations, small loans, a luxury hotel and gambling casino, and telephone and electric utility operations. The stated assets of these 57 companies totaled approximately \$485,295,000 and their indebtedness totaled approximately \$468,522,000. During the year the Commission, either at the court's request or upon its own motion, filed a notice of appearance in 8 new proceedings and 8 other proceedings were closed. At the end of the fiscal year the Commission was actively participating in 29 reorganization proceedings.

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<sup>1</sup> The appendix contains a complete list of reorganization proceedings in which the Commission participated as a party during the fiscal year ended June 30, 1957.

### THE COMMISSION AS A PARTY TO PROCEEDINGS

The Commission has not considered it appropriate or necessary that it move to participate in every Chapter X case. Apart from the fact that, with approximately 75 cases instituted during the fiscal year 1957, the administrative burden of participating in every case would be unsurmountable with our present staff, many of the cases involve only trade or bank creditors and a few stockholders. As a general matter the Commission has sought to participate principally in those proceedings in which a substantial public investor interest is involved. This is not the only criterion, however, and in some cases involving only limited public investor interest, the Commission has participated because an unfair plan had been or was about to be proposed, the public security holders were not adequately represented, the reorganization proceedings were being conducted in violation of important provisions of the Act, or where other facts indicated that the Commission could perform a useful service by participating. The Commission also has appeared in some of these cases in response to a request by the judge.

### PROBLEMS REGARDING PROTECTIVE COMMITTEES

On July 19, 1956, an involuntary petition under Chapter X was filed by certain creditors in the United States District Court for the District of Nevada against *Stardust, Inc.*, a Nevada corporation organized for the purpose of erecting and operating a luxury hotel and gambling casino in Las Vegas, Nev. Due to lack of funds, the proposed establishment had not been completed. Subsequent to the filing of the petition, the debtor filed an answer denying certain of the allegations of the petition, alleging that the petitioning creditors were in fact stockholders who are not authorized by Chapter X to file an involuntary petition and praying that the petition be dismissed. Subsequently, two new groups of creditors moved to intervene and join in the petition. A stockholders' protective committee was formed, the chairman of which was formerly the vice president and treasurer, and also a director of Stardust. From an investigation conducted by the Commission's staff it appeared that this individual might be liable to the debtor's estate for misappropriation of funds or for mismanagement. It also appeared that another member of the committee had a record of numerous criminal convictions.

While Chapter X recognizes the right of the shareholders to be represented by committees, such committees are subject to control by the district court. A committee has fiduciary responsibilities and from the nature of the services to be performed, "the fullest measure of aid and protection to the investor demands a conscientious representation of his interests by persons who are responsive to his needs,

appreciative of his rights, and single in their loyalty to his interests.”<sup>2</sup> The Commission has always contended that committees subject to a conflict of interest are disqualified from acting in Chapter X proceedings. The circumstances of the stockholders’ committee in the Stardust case impelled the Commission to move to appear immediately, without awaiting the court’s approval of the involuntary petition. The Commission filed its appearance with the court’s approval, took part in the hearings on the involuntary petition and advised the court to approve the petition. The court acted favorably on the Commission’s recommendation. Subsequently, the Commission petitioned the court for a temporary restraining order and a permanent injunction against the committee to restrain it from utilizing authorizations and funds it had received from stockholders, further solicitation of stockholder support, and otherwise acting in a representative capacity. The court granted the relief requested by the Commission.

#### PROBLEMS IN CONNECTION WITH THE ADMINISTRATION OF ESTATES

It is the view of the Commission that the primary aim of a Chapter X proceeding is promptly and expeditiously to effect a fair and equitable and feasible plan of reorganization and that, normally, rehabilitation of the debtor’s physical properties should either be provided for in the plan of reorganization or be deferred for consideration by the management of the reorganized company. However, in special circumstances the Commission has taken the position that it is within the permissible bounds of discretion for the district court to allow a portion of the debtor’s property to be replaced in the course of a Chapter X proceeding.

Such a situation arose during the fiscal year in the proceeding for reorganization of the *Hudson & Manhattan Railroad Company*. Part of the business of the debtor is the joint operation of rapid transit service with the Pennsylvania Railroad Co. between New York City and Newark, N. J. In that case, the United States District Court for the Southern District of New York authorized the trustee to purchase 20 new railroad cars to be used in this joint service. Certain senior bondholders appealed to the United States Court of Appeals for the Second Circuit. In its argument on the appeal, the Commission supported the district court’s order which stressed that the authorization for the purchase of new cars was not “to rehabilitate and refurbish and make handsome this estate” but was “on the basis of safety of the public.”<sup>3</sup> The court of appeals was in accord with this posi-

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<sup>2</sup> S. E. C. Report on the Study and Investigation of the Work, Activities, Personnel, and Functions of Protective and Reorganization Committees, Part VIII, 163 (1940).

<sup>3</sup> In the *Matter of Hudson & Manhattan Railroad Company* (S. D. N. Y. No. 90460) Order No. 136 (1956).

tion and held that there was no abuse of discretion in view of the district court's findings that the debtor's cars were in hazardous condition, and the only alternative to the purchase of new cars were "temporary or total abandonment of the joint run," which "would be even more detrimental to the estate than the expenditure."<sup>4</sup>

### PROCEDURAL MATTERS

Procedural problems are often encountered in Chapter X proceedings, and the Commission, when a party, has been diligent to urge upon the court the procedural safeguards to which all parties are entitled. The Commission also attempts in its interpretation of the statutory requirements to encourage uniformity in the construction of Chapter X and the procedures thereunder.

The proceedings for the reorganization of the *Third Avenue Transit Corporation* and its subsidiaries in the United States District Court for the Southern District of New York, described at pages 175-176 of the 22nd Annual Report, raised a procedural issue regarding adequacy of notice. On November 6, 1952, the trustee of the debtor filed a plan for reorganization and on that date an order was entered fixing a hearing on the plan, on objections and amendments thereto and on other plan proposals. Copies of the plan and notice of the hearing were sent by mail to all known creditors and stockholders. From the date of the commencement of the hearing, early in 1953, and until ultimate approval of a final plan in July 1956, the hearing proceeded from time to time with intermediate adjournments. During the sequence of hearings, evidence was presented, numerous plan proposals were advanced by creditors and stockholders, and, pursuant to orders of the district court, this Commission and the New York State Public Service Commission reported upon the various plans for reorganization. After the court approved and confirmed a final plan an individual, who was both a stockholder and a creditor of the debtor, appealed from the district court's orders to the United States Court of Appeals for the Second Circuit on the ground that adequate notice had not been given to security holders.

The Commission took the position that the district court's action was proper because, not only was notice given of the initial plan, but also after the filing by the trustee of an amended plan, notice was mailed to all known creditors and stockholders of record informing them of the continuance of the plan hearings and summarizing the contents of the trustee's amended plan. Further notice of the plan hearings was given in December, 1955. Moreover, after the district

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<sup>4</sup> *Harding v. Stichman*, 240 F. 2d 289 (C. A. 2, 1957).

court had approved the amended plan in July 1956, notice of the hearing to consider confirmation of the plan, or such objections thereto as might be made, was sent to the creditors and stockholders pursuant to section 179 of the Act. The court of appeals in sustaining the action of the lower court said:

It is not disputed that there was notice of the commencement of hearings following submission of the original plan by the trustee, as well as additional notices preceding approval of the plan. Appellant's position seems to be that further notice is required by the Act. We find no such requirement. On the contrary, if separate notice were required as a condition precedent to the consideration of every amendment or modification or to resumption of the hearings following a recess, it is plain that any party so minded could delay the proceeding indefinitely and cause needless and prohibitive expense.<sup>5</sup>

Shortly after the petition for its reorganization was approved, an important procedural issue arose in the proceedings for the reorganization of *General Stores Corporation*, pending in the United States District Court for the Southern District of New York and described at pages 178-179 of the 22nd Annual Report. The order approving the petition for reorganization specifically enjoined any act or other proceeding against the debtor's property. A trustee under a Collateral Trust Agreement, representing the entire class of the debtor's secured creditors, moved the district court to vacate the injunction in order to allow him to sell the securities pledged by the debtor under the trust agreement. The securities were the debtor's sole income-producing asset. The Commission, which is participating in the case, submitted a memorandum and argued in opposition to the motion pointing out that when a Chapter X petition has been approved by the court, such approval constitutes a finding that the filing was in good faith, one element of which is that it is not unreasonable to expect that a plan of reorganization can be effected. In this connection, the Commission noted that the trustee for the secured creditors did not object to the good faith of the petition. Moreover, the Commission stressed the fact that the trustee had not yet prepared a report of investigation of the property, liabilities, and financial condition of the debtor as required by section 167. This report is submitted to creditors and stockholders in order that they can reach an informed judgment as to the possibilities of reorganization and submit suggestions to the trustee for a plan of reorganization. The Commission argued that vacating the injunction would completely frustrate the reorganization proceeding to the detriment of the other creditors and stockholders. The district court denied the secured creditors' motion on the grounds that, without the trustee's section 167 report, the court was in no position to reach an informed

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<sup>5</sup> *Woolfson v. Doyle*, 238 F. 2d 665, 668 (C. A. 2, 1956), cert. denied, 352 U. S. 1031 (1957).

decision as to whether the debtor could be reorganized, that the trustee was to file his report shortly, and that no radical change of circumstances had occurred since the approval of the Chapter X petition.<sup>6</sup>

#### ACTIVITIES WITH REGARD TO ALLOWANCES

Every reorganization case ultimately presents the difficult problem of determining the allowances of compensation to be paid out of the debtor's estate to the various parties for services rendered and expenses incurred in the proceeding. Since section 242 of the Act provides that the Commission may not receive any allowances from the estate for the services it renders, the Commission is able to aid the court with a wholly disinterested view on the question. It has sought to assist the courts in protecting reorganized companies from excessive charges and at the same time equitably allocating compensation on the basis of the claimants' contribution to the administration of the estate and the formulation of a plan.

During the fiscal year 1957 an appeal was taken to the United States Court of Appeals for the Second Circuit by counsel for a bondholders' committee from an order entered by the United States District Court for the Southern District of New York granting final allowances in the reorganization of *Silesian-American Corporation*. The appellants challenged fees awarded to them and to the trustee and his counsel. The Commission supported the appellants and contended that the over-all fees awarded were high in view of the size of the estate and the results accomplished in the reorganization. The court of appeals remanded the case to the district court with instruction that it should "incorporate the allowances recommended by the S. E. C."<sup>7</sup> The court of appeals agreed with the Commission that the district judge was incorrect in holding that successful opposition to a plan "could serve as a basis for allowance only if it led to the realization of substantially increased assets to justify the delay of some years in the distribution of the estate."<sup>8</sup> The Commission was sustained in its contention that denial of reasonable compensation for services contributing to the defeat of an unfair plan is erroneous and that section 243 of Chapter X was specifically designed to encourage voluntary efforts beneficial to the estate in the sense of eliminating from plans of reorganization unfair and inequitable provisions.

In the recent proceedings for the reorganization of *Texas City Chemicals, Inc.* in the United States District Court for the Southern

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<sup>6</sup> *In the Matter of General Stores Corporation* (S. D. N. Y. No. 90954, January 2, 1957).

<sup>7</sup> *Scribner & Miller v. Conway*, 238 F. 2d 905, 907 (C. A. 2 1956). The court stated "that the recommendation for allowances of the SEC, made by this responsible and disinterested public agency after close familiarity with the entire proceedings and careful study and report, should be followed unless the reorganization judge showed reasons otherwise based on specific findings,"

<sup>8</sup> *Ibid.*

District of Texas, Galveston Division, an application requesting an allowance for services and reimbursement of expenses was filed by a firm which had been the principal underwriter of debentures issued by Texas City in 1952. The application was based on the contention that the firm had acted in the proceeding in the nature of a committee representing debenture holders. The Commission advised the court that the firm's application should be denied in its entirety because, while acting in such a representative capacity, some members of the firm had traded in the securities of the debtor during the course of the reorganization proceeding and the firm was, therefore, barred from receiving an allowance by the provisions of section 249 of Chapter X, which prohibits the payment of compensation under such circumstances. The court agreed with the Commission and denied the firm's application.<sup>9</sup>

During the past year an issue was decided involving requested allowances in the *Central States Electric Corporation* reorganization in the United States District Court for the Eastern District of Virginia<sup>10</sup> which is described at page 177 of the 22nd Annual Report. The United States Court of Appeals for the Fourth Circuit affirmed an order of the district court which denied an allowance to attorneys for certain former directors of the debtor who, by reason of the bar of the New York statute of limitations, had successfully defended themselves in an action brought against them by the debtor's trustees in the United States District Court for the Southern District of New York. The attorneys took an assignment from the defendants of their claims for expenses and applied for allowance thereof from the debtor's estate. The court of appeals refused to apply a New York statutory provision authorizing the award of expenses to corporate officials who have successfully defended an action against them in their official capacity, pointing out that the only reason the action was brought in New York by the trustees was "due to the accidental fact that the defendants could be personally served there."<sup>11</sup> The court went on to state: "The Bankruptcy Act is intended to be uniform throughout the States except to the extent that its own provisions are to the contrary \* \* \*. We think it contrary to the manifest policy of Chapter X to subject and hamper its provisions by a State statute."<sup>12</sup> The Commission contended that application of the New York statute would hamper trustees prosecuting causes of action and would be contrary to one of the purposes of Chapter X which is to

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<sup>9</sup> *In the Matter of Texas City Chemicals, Inc.* (No. 1997 S. D. Tex. Gal. Div. June 26, 1957).

<sup>10</sup> *In the Matter of Central States Electric Corporation*, Civil Action No. 16-620.

<sup>11</sup> *LeBoeuf v. Austrian*, 240 F. 2d 546 (C. A. 4, 1957), cert. denied, 353 U. S. 965 (1957).

<sup>12</sup> *Ibid.*, p. 551.



keep the costs of reorganization to a minimum. The holding of the court of appeals was in accord with the views expressed by the Commission.

#### ADVISORY REPORTS ON PLANS OF REORGANIZATION

An advisory report of the Commission provides the district court with an expert independent appraisal of a plan indicating the extent to which, in the opinion of the Commission, the plan meets or fails to meet the standards of fairness and feasibility. After the report is filed the judge considers whether the plan should be approved or disapproved. If the judge approves the plan, it goes to the affected security holders for acceptance or rejection accompanied by a copy of the judge's opinion and a copy of the report of the Commission or a summary thereof.

During the past fiscal year the Commission submitted advisory reports in two proceedings. A brief summary of these cases follows:

*Columbus Venetian Stevens Buildings, Inc.*—The debtor owned and operated three commercial buildings in Chicago, Ill. The plan of reorganization proposed by the trustees provided for the sale of the principal assets of the company at public auction for not less than a specified up-set price. The Commission's report concluded that the trustees' plan would not be fair and equitable unless it were amended to eliminate certain limitations and conditions proposed in connection with the bidding procedure which the Commission felt might discourage potential bidders for the debtor's properties. In addition, since the trustees had been paying a commitment fee for a standby loan previously obtained by one of the debtor's bondholders for the latter's sole benefit, the Commission recommended that the plan also be amended to provide that a successful bidder who made use of the loan commitment should reimburse the estate for the commitment fee paid by the trustees.

Subsequent to the filing of the advisory report, the trustees filed amendments to the plan of reorganization substantially in accord with the Commission's views, and in a supplemental advisory report the Commission reported to the court that the plan as amended was fair and equitable.

*Green River Steel Corp.*—The debtor manufactured and sold semi-finished steel products with its plant located in Owensboro, Ky. It was organized in 1950 and started operations in 1953 but construction had not been completed. In early 1954 when the plant was ready to produce at something approaching its rated capacity, a slackening of the demand for steel took place and the debtor lacked adequate working capital. With a first mortgage note falling due on January 1, 1957, the management of the debtor determined that the earnings and the financial position of the company would not improve sufficiently by

that date to make possible a refinancing. Accordingly, the debtor filed a voluntary petition under Chapter X in September 1956.

The plan of reorganization proposed by the trustee of the debtor was based on an offer by Jessop Steel Co., which manufactures highly specialized alloy steels, to acquire all the common stock of the debtor in exchange for shares of its common stock. The plan provided that (a) the holders of Green River's first and second mortgage notes would receive a new first mortgage note of the same principal amount, (b) Jessop would lend Green River \$1,500,000 of new money, (c) the debenture holders would receive new income debentures in the same principal amount as their existing holders; and (d) the common stockholders would receive 1 share of common stock of Jessop for each 10 Green River shares held.

The Commission found that the plan was not feasible. It expressed the view that a fair valuation of the enterprise based on future earning capacity was approximately \$13,100,000. On the basis of this valuation, as augmented by the new capital to be provided by Jessop, the Commission advised the court the long-term debt proposed in the plan amounting to at least \$14,056,126, or 96.3 percent, was excessive. In addition, the Commission reported that the new debentures would be illusory to subsequent purchasers since the interest thereon was noncumulative, they were non-interest-bearing for 2 years, and thereafter interest was payable only if earned. The Commission suggested that the terms of the debentures be strengthened to make the interest cumulative and to provide for interest from the date of issuance.

As to fairness, the Commission concluded that the debenture holders under the plan would not receive the equitable equivalent of their claims. The Commission pointed out that the just expectation of the debenture holders was to be made whole to the full extent of their claims before the common stock got anything and that the plan would violate the absolute priority rule established by the *Consolidated Rock Products Co. v. DuBois*, 312 U. S. 510 (1941), and other cases. The Commission advised that fairness required that the debenture holders receive a substantial portion of the Jessop common stock, all of which, under the plan, was proposed to be distributed to the common stockholders of Green River.

At a hearing before the court upon the issue of approval of the trustee's plan and consideration of the Commission's advisory report, committees and the persons representing debenture holders and common stockholders of Green River urged the court to approve the plan which the Commission had found to be neither feasible nor fair and equitable. The court suggested, however, that Jessop modify its offer to meet certain of the Commission's objections and Jessop amended its offer and the trustee amended his plan accordingly. In a supplemental advisory report the Commission concluded that the

amended plan was a substantial improvement over the trustee's original plan with respect to the treatment to be accorded the debenture holders and the terms of the new debentures. However, the Commission again concluded it was unable to advise the court that the amended plan was fair or feasible since the debenture holders were still not being compensated fully for their claims and the amended plan failed to rectify the inordinately high debt ratio proposed for the reorganized company. The court approved the amended plan of reorganization and subsequently the security holders voted to accept it.

In the reorganization proceedings involving *Inland Gas Corporation, Kentucky Fuel Gas Corporation, and American Fuel & Power Company*, which are described at page 91 of the 21st Annual Report and at pages 174-175 of the 22nd Annual Report, there was no occasion for the Commission to file further supplemental advisory reports in the past fiscal year. However certain of the issues commented on in advisory reports submitted at earlier stages of the proceedings and which were pending in the United States Court of Appeals for the Sixth Circuit were decided in the fiscal year 1957. The court, one judge dissenting, affirmed the district court's order denying public holders of unsecured debt securities post-reorganization interest.<sup>13</sup> Several petitions for certiorari were denied by the United States Supreme Court.<sup>14</sup>

#### COMMISSION ACTIVITIES UNDER CHAPTER XI

Section 328 of Chapter XI of the Bankruptcy Act provides that the Commission may apply to the district court for dismissal of a Chapter XI proceeding when it believes the case properly belongs under Chapter X. The question of whether Chapter X, with its broader powers to deal with all corporate problems and its provisions for adequate safeguards for security holders' interests, or Chapter XI, which can only treat with unsecured creditors, is the appropriate statutory proceeding for the financial rehabilitation of a corporation is one which has arisen with increasing frequency in recent years. The United States Supreme Court in the recent *General Stores Corporation* case did not lay down absolute criteria, but stated that "the needs to be served" by the reorganization was the determinative factor.<sup>15</sup> The area of uncertainty as to the appropriate remedy for a corporation with public security holders was

<sup>13</sup> *In re Inland Gas Corp., Kentucky Fuel Gas Corp., American Fuel & Power Co.*, 241 F. 2d 374 (C. A. 6, 1957):

<sup>14</sup> *Allen v. Williamson, Vanston Bondholders Protective Committee v. Columbia Gas System, Inc., Committees, etc. v. Columbia Gas System, Inc., Kern v. Williamson*, — U. S. — (October 14, 1957).

<sup>15</sup> *General Stores Corporation v. Shlensky, et al.*, 350 U. S. 462 (1956).

reduced in the past year by the decision of the United States Court of Appeals for the Second Circuit in *S. E. C. v. Liberty Baking Corporation*.<sup>16</sup>

Liberty Baking Corp. filed a petition for an arrangement with its unsecured creditors under Chapter XI in the United States District Court for the Southern District of New York. Of Liberty's outstanding debt securities, 65 percent amounting to \$1,031,820, was in the hands of public investors and the entire issue of outstanding preferred stock and 20 percent of Liberty's common stock were also publicly held. The proposed arrangement provided that the debtor's public debenture holders would receive new preferred stock with a liquidation value of \$50 for each \$60 of face value of debentures held. The preferred stock was to be entitled to dividends but was noncumulative until after the fifth year following confirmation and there were certain other conditions which affected the payment of dividends on the new preferred stock. For the first 8 years, regardless of the outcome of the reorganization, it would be almost impossible for the old debenture holders as new preferred stockholders to have any more than a minority of the total votes necessary to control Liberty.

A motion by the Commission to dismiss the proceeding was denied by the district court and the Commission appealed. The Commission contended in the court of appeals that Chapter XI was not available because the plan of arrangement did not accord public debenture holders fair and equitable treatment since those security holders were not fully compensated while stockholders were accorded participation under the plan. The court of appeals agreed with the position urged by the Commission and reversed the district court's holding that the debtor might utilize Chapter XI. The higher court found that the proposed arrangement involved serious questions as to its fairness and thus "a grave question existed whether the plan would deprive creditors of their 'absolute priority' right as against stockholders."<sup>17</sup> Moreover, the facts, if explored, "might well lead to a determination by the publicly held debentures that a change of management is essential."<sup>18</sup> It now appears clear, according to the Court of Appeals for the Second Circuit, that a debtor with publicly held debt securities cannot utilize Chapter XI rather than Chapter X to avoid the requirement of fair and equitable treatment for such security holders where Chapter XI would otherwise fail to meet important needs.

<sup>16</sup> 240 F. 2d 511 (C. A. 2, 1957), cert. denied, 353 U. S. 930 (1957).

<sup>17</sup> *Ibid.*, p. 515.

<sup>18</sup> *Ibid.*

## PART VIII

### ADMINISTRATION OF THE TRUST INDENTURE ACT OF 1939

The Trust Indenture Act of 1939 requires that bonds, notes, debentures, and similar securities publicly offered for sale, except as specifically exempted by the Act, be issued under an indenture which meets the requirements of the Act and has been duly qualified with the Commission. The Act requires that indentures to be qualified include 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 to designated standards of eligibility and qualification of the corporate trustee to provide reasonable financial responsibility and to minimize conflicting interests. The Act outlaws exculpatory provisions formerly used to eliminate all liability of the indentured trustee and imposes on the trustee, after default, the duty to use the same degree of care and skill "in the exercise of the rights and powers invested in it by the indenture" as a prudent man would use in the conduct of his own affairs.

The provisions of the Trust Indenture Act are closely integrated with the requirements of the Securities Act. Registration pursuant to the Securities Act of securities to be issued under a trust indenture subject to the Trust Indenture Act is not permitted to become effective unless the indenture conforms to the requirements of the latter Act, and necessary information as to the trustee and the indenture must be contained in the registration statement. In the case of securities issued in exchange for other securities of the same issuer and securities issued under a plan approved by a court or other proper authority which, although exempted from the registration requirements of the Securities Act, are not exempted from the requirements of the Trust Indenture Act, the obligor must file an application for the qualification of the indenture, including a statement of the required information concerning the eligibility and qualification of the trustee.

#### *Number of indentures filed under the Trust Indenture Act of 1939*

[Fiscal year ended June 30, 1957]

	Number of indentures	Aggregate dol- lar amount
Indentures pending June 30, 1956.....	20	\$654, 149, 300
Indentures filed during the year.....	244	5, 465, 991, 400
Total.....	264	6, 120, 140, 700
Disposition during the year:		
Indentures qualified.....	237	5, 507, 237, 500
Indentures withdrawn.....	10	226, 483, 200
Indentures pending June 30, 1957.....	17	386, 420, 000
Total.....	264	6, 120, 140, 700

**PART IX**  
**ADMINISTRATION OF THE INVESTMENT COMPANY ACT OF 1940**

The Investment Company Act of 1940 provides for the registration and regulation of companies engaged primarily in the business of investing, reinvesting, holding and trading in securities. The Act requires, among other things, disclosure of the finances and investment policies of these companies, prohibits such companies from changing the nature of their business or their investment policies without the approval of their stockholders, regulates the means of custody of the companies' assets, prohibits underwriters, investment bankers and brokers from constituting more than a minority of the directors of such companies, requires management contracts to be submitted to security holders for their approval, prohibits transactions between such companies and their officers, directors and affiliates except with the approval of the Commission and regulates the issuance of senior securities. The Act requires face-amount certificate companies to maintain reserves adequate to meet maturity payments upon their certificates.

**COMPANIES REGISTERED UNDER THE ACT**

As of June 30, 1957, there were 432 investment companies registered under the Act, and it is estimated that on that date the aggregate estimated market value of their assets was \$15 billion. This represents an increase of approximately \$1 billion over the corresponding total at June 30, 1956. These companies were classified as follows:

Management open-end.....	222
Management closed-end.....	110
Unit .....	87
Face amount.....	13
Total .....	432

**TYPES OF NEW INVESTMENT COMPANIES REGISTERED**

During 1957, 49 new companies registered under the Act while the registration of 16 was terminated. These companies were classified as follows:

	Registered during the fiscal year	Registration terminated during the fiscal year
Management open-end.....	26	5
Management closed-end.....	14	10
Unit.....	8	0
Face amount.....	1	1
Total.....	49	16

Of the 49 new registrations, one was deregistered during the year and two shortly thereafter. At the close of the fiscal year 10 of the new registrants which had filed notifications of registration had not yet filed complete registration statements. All but one of the unit investment companies registered proposed the sale of shares of open-end funds.

**GROWTH OF INVESTMENT COMPANY ASSETS**

The striking growth of investment company assets during the past 16 years, particularly in the most recent years, is shown in the following table :

*Number of investment companies registered under the Investment Company Act of 1940 and the estimated aggregate assets at the end of each fiscal year 1941 through 1957*

Fiscal year ended June 30	Number of companies				Estimated aggregate market value of assets at end of year (in millions)
	Registered at beginning of year	Registered during year	Registration terminated during year	Registered at end of year	
1941.....	0	450	14	436	\$2,500
1942.....	436	17	46	407	2,400
1943.....	407	14	31	390	2,300
1944.....	390	8	27	371	2,200
1945.....	371	14	19	366	3,250
1946.....	366	13	18	361	3,750
1947.....	361	12	21	352	3,600
1948.....	352	18	11	359	3,825
1949.....	359	12	13	358	3,700
1950.....	358	26	18	366	4,700
1951.....	366	12	10	368	5,600
1952.....	368	13	14	367	6,800
1953.....	367	17	15	369	7,000
1954.....	369	20	5	384	8,700
1955.....	384	37	34	387	12,000
1956.....	387	46	34	399	14,000
1957.....	399	49	16	432	15,000
Total.....		778	346		

**STUDY OF SIZE OF INVESTMENT COMPANIES AND INSPECTION PROGRAM**

Pursuant to the direction contained in section 14 (b) of the Investment Company Act, the Commission has instituted an inquiry into the problems created by the growth in size of investment companies to ascertain whether additional legislative protection is needed for investors and the general public. Among the particular objectives are studies of the effects of the size of investment companies on the securities markets, the markets for capital goods, and the management policies of these companies.

A preliminary report outlining all areas of possible exploration and the ways and means of carrying out such a program has been presented to the Commission. The Commission is currently giving consideration to the areas to be explored and to the most economical

means of undertaking the procurement and compilation of the information necessary to complete the study:

As a result of an investigation of the accounts of one investment company in 1956, some irregularities were disclosed which, together with the rapid expansion of the industry, pointed to the necessity for establishing a regular program of inspections. This work was initiated in the fiscal year 1957. One case was observed where the company did not record the date of receipt of redemption requests, so that it could not be determined whether the company had complied with the requirement of section 22 (e) of the Investment Company Act that investors receive the net asset value of shares within 7 days after tender of such security to the company for redemption. The company on a number of occasions held up requests for redemption for a short time where it appeared that such action would result in a better price being received by the holder, overlooking the fact that such action could adversely affect the rights of shareholders remaining in the enterprise. Because of urgent needs for man-power for other functions under the Investment Company Act, it has not been possible to make as many inspections as the Commission thinks desirable, and only six inspections were completed during the fiscal year 1957. This program will be continued to the extent that other workload and appropriations permit.

#### CURRENT INFORMATION

The basic information disclosed in notifications of registration and in registration statements is required by rules promulgated under the statute to be kept up-to-date, except in the case of certain inactive unit trusts and face-amount companies. During the 1957 fiscal year the following current reports and documents were filed:

Annual reports.....	280
Quarterly reports.....	172
Periodic reports to stockholders (containing financial statements).....	734
Copies of sales literature.....	2,164

#### APPLICATIONS AND PROCEEDINGS

Under the Investment Company Act various types of transactions are prohibited unless specified statutory standards are satisfied. One of the principal functions of the Commission in its regulation of investment companies is to determine whether applications for exemption filed under various provisions of the Act may be granted pursuant to these standards. Under section 6 (c) of the Act, the Commission is empowered by order, either upon its own motion or upon application, to exempt any person, security or transaction from any provision of the Act if and to the extent such exemption is necessary or appropriate in the public interest and consistent with the protection of in-



vestors and the purposes fairly intended by the policy and provisions of the Act. Various other sections, such as 6 (d), 9 (b), 10 (f), 11 (a), 17 (b), and 23 (c) contain specific provisions and standards pursuant to which the Commission may grant exemptions from particular sections of the Act or may approve certain types of transactions.

During the fiscal year 1957 applications regarding 195 matters were pending before the Commission, of which 140 were disposed of, leaving 55 pending on June 30, 1957. Forty of the one hundred thirty-three applications filed during the fiscal year were for general exemptions, 22 for orders terminating registrations, 32 for orders under section 17 of the Act permitting transactions between investment companies and affiliates, and 39 for other relief. The various sections of the Act with which these matters were concerned and the disposition of such matters during the fiscal year, are shown in the following table:

*Applications filed with and acted upon by the Commission under the Investment Company Act of 1940 during the fiscal year ended June 30, 1957*

Sections	Subject involved	Pending July 1, 1956	Filed	Closed	Pending June 30, 1957
2, 3, 6.....	Status and exemption.....	21	40	46	15
7 (d).....	Registration of foreign investment companies..	2	0	1	1
8 (f).....	Termination of registration.....	18	<sup>1</sup> 22	<sup>2</sup> 17	23
10, 16.....	Regulation of affiliations of directors, officers, employees, investment advisers, underwriters and others.	0	20	18	2
11.....	Regulation of security exchange offers and reorganization matters.	2	0	2	0
12, 14 (a), 15.....	Regulation of functions and activities of investment companies.	0	4	4	0
17.....	Regulation of transactions with affiliated persons.	15	32	39	8
18, 21, 22, 23.....	Requirements as to capital structures, loans, distributions and redemptions, and related matters.	3	12	10	5
28 (b).....	Regulation of face amount certificate companies.	0	1	0	1
30.....	Reports and other documents reviewed for compliance.	0	1	1	0
32.....	Accounting supervision.....	1	1	2	0
	Total.....	62	133	140	55

<sup>1</sup> Includes 1 sec. 8 (f) proceeding initiated by the Commission on its own motion without application.  
<sup>2</sup> Includes 1 sec. 8 (f) order entered by the Commission on its own motion without application.

In the past fiscal year, four matters that had previously been set for hearing were determined. In *North River Securities Co., Inc.*,<sup>1</sup> the Commission refused to grant an exemption pursuant to section 17 (b) of the Act with respect to a transaction where affiliated persons would have received a substantial profit on the ground that the record did not support a finding that the consideration to be received by the investment company was reasonable and fair. In *The Private Investment Fund for Governmental Personnel, Inc.*,<sup>2</sup> the Commission issued

<sup>1</sup> Investment Company Act Release No. 2459 (December 20, 1956).  
<sup>2</sup> Investment Company Act Release No. 2474 (January 18, 1957).

an order declaring that the company's name, and particular words used therein, were deceptive and misleading within the meaning of sections 35 (a) and 35 (d) of the Act. In *B. S. F. Company*<sup>3</sup> and *Northeast Capital Corporation*,<sup>4</sup> the Commission granted exemptions from the Act on the ground that each of the companies was primarily engaged in a business other than that of an investment company. In *Alleghany Corporation*,<sup>5</sup> the Commission denied an exemption from section 18 (d) with respect to a proposed issue, in exchange for outstanding preferred stock on which there were dividend arrearages, of new convertible preferred stock which was not redeemable until 1970, the Commission finding that the proposed securities were basically long-term warrants prohibited by section 18, rather than senior securities.

In *Drexel & Co., et al.*,<sup>6</sup> the Commission granted an exemption from the prohibition of section 17 (e), pursuant to the authority of section 6 (c), permitting the payment of fees to affiliated persons for services performed in connection with a sale of assets by a subsidiary of an investment company. At the end of the fiscal year another matter in which a hearing had been held, *Insured Accounts Fund*,<sup>7</sup> where an investment company was seeking an exemption from the requirements of sections 16 (a) and 18 (i) of the Act that stockholders be accorded certain voting rights, was awaiting argument and determination by the Commission.

Matters involving affiliated transactions as to which no hearing was necessary included three refinancings, five purchases of securities during the existence of an underwriting syndicate, two sales of portfolio securities, a joint oil venture, a real estate mortgage loan, two sales of real estate mortgages, one partial liquidation, a partial redemption of debentures, two final liquidations, a loan to an employee, a purchase of securities of a nuclear engineering company, a purchase of oil and gas leases, a merger of two electronic companies, a purchase of securities of a uranium company, a bonus plan, a first refusal agreement relating to a sale of securities, and a transfer of servicing activities of an investment adviser.

Due perhaps to the increase in recent years in the number of investment companies and the highly competitive nature of the industry, there appears to be a growing tendency to adopt corporate names containing some special sales appeal by implying that the company's securities have particular investment characteristics or that the company invests in a particular industry. Such names may be mislead-

<sup>3</sup> Investment Company Act Release No. 2425 (October 16, 1956).

<sup>4</sup> Investment Company Act Release No. 2509 (April 15, 1957).

<sup>5</sup> Investment Company Act Release No. 2446 (November 30, 1956).

<sup>6</sup> Investment Company Act Release No. 2489 (February 18, 1957).

<sup>7</sup> Investment Company Act Release No. 2539 (May 27, 1957).

ing and deceptive unless the investment policies of the company offer reasonable assurance that the implications of the name will be realized. In addition to the case of *The Private Investment Fund for Governmental Personnel, Inc.*, the Commission in numerous instances during the year settled problems of this nature administratively by requiring either a modification of the name or the conformance of the company's investment policy to the representations implicit in the name.

Some transactions involving investment companies, while important and complicated, do not require a filing under the statute by the investment company or any affiliated person. Nevertheless, these matters are scrutinized by reason of the Commission's responsibilities under sections 25 and 36 of the Act to bring court proceedings if it believes that proposed transactions in reorganizations are grossly unfair or that management has committed a "gross abuse of trust."

Changes in the ownership of stock of a corporation acting as underwriter or investment adviser may present questions under sections 15 and 36 of the Act. Under sections 2 and 15 the assignment of an investment advisory or underwriting contract necessarily results in its automatic cancellation and the transfer of a controlling block of stock of a corporation having such a contract is deemed to constitute an assignment. In a 1942 opinion, the Commission's General Counsel stated that in general the purported transfer of an investment advisory contract for a consideration would constitute a gross abuse of trust and be the subject of Commission action under section 36 of the Act. A serious question is raised where there is a proposal to sell a controlling block of stock in a corporation rendering underwriting or investment advisory services to an investment company and the sale is to be made at a figure above book value or at book value with other collateral promises on the part of the purchaser. Such questions arose with increasing frequency during the fiscal year. The complaint filed by the Commission in the *Insurance Securities Incorporated* matter, discussed below, concerned such a question.

In another instance a registered investment company and its subsidiary proposed the disposition of their interests in several companies by the transfer of such interests to a newly organized multiple tier holding company system in exchange for several classes of securities of the system companies and the sale of certain of the securities of the parent holding company. Some of the proposals involved transactions between affiliated persons. The complexities in the proposed capital structures of the system companies were such as to raise substantial questions of feasibility and fairness. After discussions with the Commission's staff, the plan was revised to provide for the organization of a company having a single class of stock and the dis-

tribution of such stock to the investment company stockholders. The revised proposals, which had not been consummated at the end of the fiscal year, did not contemplate any transactions between affiliated persons.

#### LITIGATION UNDER THE INVESTMENT COMPANY ACT OF 1940

Just before the end of the fiscal year the matter involving so-called "variable annuity" contracts was brought to trial in the case of *S. E. C., et al. v. Variable Annuity Life Insurance Company of America, Inc., et al.*<sup>8</sup> The trial took place in the United States District Court for the District of Columbia.

This litigation began in June 1956 when the Commission filed a complaint in the United States District Court for the District of Columbia against The Variable Annuity Life Insurance Co. of America, Inc. (VALIC). In its complaint the Commission alleged that the "variable annuity" contracts sold by VALIC are securities which should be registered pursuant to the Securities Act of 1933 and that VALIC is an investment company which must be registered with the Commission under the provisions of the Investment Company Act of 1940.

Some of the additional issues presented to the Court are whether the VALIC contracts fall within the exemption from registration contained within section 3 (a) (8) of the Securities Act of 1933; whether the company's primary and predominant business is that of writing insurance which would give it an exemption under section 3 (a) (3) of the Investment Company Act of 1940; and whether the company is exempt from the Commission's regulation by virtue of the provisions of the McCarran-Ferguson Act.<sup>9</sup>

In the case of *S. E. C. v. Insurance Securities, Inc.*,<sup>10</sup> the Commission has appealed from an order of the United States District Court for the Northern District of California, dismissing the Commission's amended complaint for failure to state a claim for which relief can be granted under section 36 of the Investment Company Act of 1940. The appeal is now pending before the United States Court of Appeals for the Ninth Circuit.<sup>10a</sup>

The sole business of Insurance Securities, Inc. (I. S. I.), is as sponsor, investment adviser and principal underwriter of the Trust

<sup>8</sup> District of Columbia No. 2549-56 (June 19, 1956).

<sup>9</sup> In a decision rendered shortly after the close of the fiscal year the District Court found that "the investment provisions of the variable annuity [brought], the contract and the defendants within the purview of the Securities Act of 1933 and the Investment Company Act of 1940" but dismissed the complaint on the ground that the McCarran Act placed exclusive regulatory jurisdiction over the defendants in the insurance authorities of the States and the District of Columbia, 155 F. Supp. 521. An appeal is pending.

<sup>10</sup> N. D. California No. 35,764 (August 13, 1956).

<sup>10a</sup> Docket No. 15457.

Fund, an open-end company with \$215 million of net assets, whose Participation Certificates are sold to the public.

The Commission's amended complaint alleged that four of the directors, officers and controlling stockholders of I. S. I., and other stockholders, sold their stock interest to a small group of purchasers at a price that was over \$4 million in excess of the net asset value of the stock. The amended complaint further alleged that the purchase price reflected the value of the perquisites and emoluments which I. S. I. derives in the form of substantial fees from the Trust Fund under the investment advisory and principal underwriting contracts, which under the Act are nonassignable; that the value attached to such contracts, being an asset of the Trust Fund, equitably belongs to the Trust Fund; and that these directors and I. S. I. are guilty of gross abuse of trust within the meaning of section 36 of the Act by reason of their appropriating such pecuniary advantages to their own account and benefit and for profiting from their fiduciary relationship to the Trust Fund. The amended complaint also alleged, as a second cause of action, that the proxy material sent to investors in the Trust Fund was false and misleading.

The relief sought by the Commission was a court order enjoining the four directors from serving as officers and directors of I. S. I. and from serving and acting as directors of the proposed board of directors of the Trust Fund and enjoining I. S. I. from acting as investment adviser and principal underwriter of the Trust Fund, and an accounting for the pecuniary advantages which the four directors wrongfully and inequitably obtained as a consequence of the sale of their I. S. I. stock.

The Commission also sought relief in the District Court with respect to the use of the proxies which were allegedly obtained through the use of false and misleading statements. The District Court did not decide the question of the violation of the proxy rules because of its dismissal of the cause of action under section 36, upon which the alleged proxy violation depended.

The proceedings involving the status of Alleghany Corporation under the Investment Company Act described at pages 188-189 of the 22nd Annual Report and pages 101-102 of the 21st Annual Report were terminated by a decision of the Supreme Court of the United States on April 22, 1957, that the Interstate Commerce Commission had properly assumed regulatory jurisdiction over Alleghany pursuant to sections 5 (2) and (3) of the Interstate Commerce Act. It reversed the court below which had held that Alleghany and the exchange offer it made to its preferred stockholders were not within

the jurisdiction of the I. C. C. and hence were subject to the regulatory jurisdiction of the S. E. C. under the Investment Company Act.<sup>11</sup>

During the pendency of those proceedings, Alleghany registered with the Commission under the Investment Company Act of 1940, reserving its rights on appeal, and thereafter Alleghany and preferred and common stockholders filed applications seeking, *inter alia*, an exemption with respect to its exchange offer, *nunc pro tunc*, pursuant to section 6 (c) of the Act. On November 23, 1956, the Commission denied the applications, Commissioner Patterson dissenting.<sup>12</sup> Alleghany thereupon filed in the United States Court of Appeals for the Fourth Circuit a petition to review the Commission's order which was pending at the close of the fiscal year.<sup>13</sup>

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<sup>11</sup> *Alleghany Corporation v. Breswick & Co.*, 353 U. S. 151.

<sup>12</sup> *Alleghany Corporation*, Investment Company Act Release No. 2446.

<sup>13</sup> *Alleghany Corp. v. S. E. C.*, No. 7375.

## PART X

### ADMINISTRATION OF THE INVESTMENT ADVISERS ACT OF 1940

Persons engaged for compensation in the business of advising others with respect to securities are required under the Investment Advisers Act of 1940 to register as investment advisers. Under the Act it is unlawful for investment advisers to engage in practices which constitute fraud or deceit. The Act also requires investment advisers to disclose the nature of their interest in transactions which they may effect for their clients; prohibits profit-sharing arrangements and, for all practical purposes, prevents the assignment of any investment advisory contract without the consent of the interested client.

The Investment Advisers Act gives the Commission no power to inspect the books and records of investment advisers, nor may the Commission deny or revoke the registration of an investment adviser unless he has been convicted of certain offenses involving securities or arising out of his conduct as an investment adviser or in certain other capacities, or has been enjoined by a court of competent jurisdiction on the same grounds, or has falsified his application. Violation of the Investment Advisers Act or the Federal securities laws is not a ground for revocation unless the investment adviser has been convicted or enjoined. Although as noted the Act prohibits investment advisers from engaging in practices which amount to a fraud upon their clients, the lack of effective procedures for the enforcement of the statute has made it difficult for the Commission to control the activities of tipsters who make extravagant representations relating to speculative securities. Amendments to the Act which would permit more effective enforcement and greater protection to the investing public were introduced in the 85th Congress and are presently pending.

The number of registered investment advisers continued to increase to a total of 1,431, an increase of nearly 10 percent over the previous year. The following tabulation reflects certain data with respect to registration of investment advisers and applications for such registration during fiscal year 1957:

*Investment adviser registrations and applications, 1957 fiscal year*

Effective registrations at close of preceding fiscal year.....	1,309
Applications pending at close of preceding fiscal year.....	20
Applications filed during fiscal year.....	218
<b>Total.....</b>	<b>1,547</b>
Registrations cancelled or withdrawn during year.....	89
Registrations denied or revoked during year.....	1
Applications withdrawn during year.....	4
Registrations effective at end of year.....	1,431
Applications pending at end of year.....	22
<b>Total.....</b>	<b>1,547</b>

**ADMINISTRATIVE PROCEEDINGS**

The Commission revoked the registration as an investment adviser of *Clifford A. Greenman, doing business as The Western Trader and Investor*,<sup>1</sup> following a hearing and determination that the registrant had been permanently enjoined by a United States district court from further violations of the antifraud provisions of the Investment Advisers Act, as well as the Securities Act and the Securities Exchange Act. The Commission's complaint for injunction had charged that Greenman sold and offered to sell unregistered stock of a uranium company by means of representations that the company had ore reserves in the amount of \$70,791,000 without disclosing that this estimate was predicated on only 4 samplings, 3 of which were taken more than a decade ago. The complaint further charged that Greenman, who had been a registered broker-dealer, had taken undisclosed profits in discretionary accounts in connection with the purchase and sale of securities and converted to his own use funds deposited with him by persons to whom representations were made that such funds would be kept in a special trust fund not to be used except for the accounts of such customers, and in addition, that Greenman had effected principal and agency transactions with customers without disclosing in writing to such customers before the completion of such transactions the capacity in which he was acting, and without obtaining their consent to such transactions. The Commission also denied an application for registration as a broker-dealer of *Western Trader, Inc.*, a corporation of which Greenman was president and controlling stockholder.

**LITIGATION UNDER THE INVESTMENT ADVISERS ACT OF 1940**

The Investment Advisers Act gives authority to the Commission to obtain court injunctions to prevent harm to public investors where violations of the Act have occurred or are foreseen.

<sup>1</sup> Investment Advisers Act Release No. 89 (May 13, 1957).



Pursuant to that authority the Commission filed a complaint to enjoin *Canadian Resources, Inc.*<sup>2</sup> from acting as an investment adviser without registration under section 203 of the Act. The complaint and affidavits which were filed alleged that the defendant had inserted an advertisement in a newspaper in which an offer was made to the general public of a 5-month introductory subscription to the defendant's investment advisory bulletin at a price of \$5. According to the advertisement, the bulletin was to provide information relating to analyses and research on Canadian securities. The complaint further charged that the defendant had never been registered with the Commission in accordance with the Investment Advisers Act of 1940. A preliminary injunction was entered with the consent of the defendant and a permanent injunction was later entered by default.

In the case of *S. E. C. v. J. Henry Helser and Co. and J. Henry Helser*<sup>3</sup> a final compliance order was entered by consent of the United States District Court for the Northern District of California at San Francisco requiring that the defendants' offering brochure be amended to describe fully and accurately all material facts concerning the nature and status of the litigation, and the findings, conclusions and orders of the Court, the nature of the investment management service, the fact that the Helser plan commits clients' funds to speculative trading, the relationship between the management fees collected and dividends and bond interest income received and the source of funds used to meet monthly and other withdrawals. The order also prohibits the defendants and their employees from making any statement or representation inconsistent with the statements to be included in the revised brochure and requires the defendants to comply in all respects with the Investment Advisers Act of 1940. The Court had previously found that the Commission had proved its case, but believed that an injunction "would be a harsh remedy under the circumstances" and ruled that the defendants should be given an opportunity to bring themselves into compliance with the Investment Advisers Act of 1940, but thereafter the Commission charged that an interlocutory order, issued on April 29, 1955, had not been complied with and sought the issuance of an injunction against further unlawful selling practices, and the final order was entered.

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<sup>2</sup> S. D. N. Y. No. 110-268 (June 15, 1956).

<sup>3</sup> N. D. Calif. No. 34229 (March 22, 1957).

## PART XI

### OTHER ACTIVITIES OF THE COMMISSION

#### COURT PROCEEDINGS

##### Civil Proceedings

At the beginning of the fiscal year 1957 there were pending in the courts 21 injunctive and related enforcement proceedings instituted by the Commission to prevent fraudulent and other illegal practices in the sale or purchase of securities. During the year 71 additional proceedings were instituted and 49 cases were disposed of, leaving 43 such proceedings pending at the end of the year. In addition the Commission participated in a number of corporate reorganization cases under Chapter X of the Bankruptcy Act, in 5 proceedings in the district courts under section 11 (e) of the Public Utility Holding Company Act; and in 10 miscellaneous actions. The Commission also participated in 31 civil appeals in the United States Courts of Appeals. Of these, 15 came before the courts on petition for review of an administrative order, 6 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, 1 was an appeal from an order entered pursuant to section 11 (e) of the Public Utility Holding Company Act, and 3 were appeals in cases in which the Commission appeared as *amicus curiae*. The Commission also participated in 9 appeals or petitions for certiorari before the United States Supreme Court resulting from these or similar actions.

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 the appendix tables.

Certain significant aspects of the Commission's litigation during the year are discussed in the sections of this report relating to the statutes under which the litigation arose.

##### Criminal Proceedings

Twenty-six new cases were referred to the Department of Justice for prosecution during the past fiscal year. From 1934 to June 30, 1957, 2,334 defendants have been indicted in United States district courts in 561 cases developed by the Commission. These figures include 18 indictments returned during the past fiscal year against 51 defendants. Also during the fiscal year there were 28 convictions in 17 cases, making the total 1,265 convictions in 530 cases. There were 7 appeals in criminal cases. In 2 of these cases the defendants un-

successfully attempted to have their convictions set aside and the remaining cases were pending on appeal at the end of the year. Three criminal contempt proceedings were instituted during the fiscal year. The defendant was convicted in 1 case, the other 2 cases were pending at the end of the year.

Criminal cases developed and prosecuted during the year again covered a variety of fraudulent practices, including broker-dealer frauds and fraudulent promotions involving inventions, insurance, mining and oil and gas ventures, and various other types of business. The defendants in some of the cases were also charged with violation of the registration provisions of the Securities Act.

A four and one-half year prison term and an \$18,000 fine were imposed upon Walter F. Tellier and suspended prison terms were imposed upon two officers of the Alaska Telephone Corp. in *United States v. Walter F. Tellier, et al.* (E. D. N. Y.).<sup>1</sup> The defendants were convicted on all thirty-six counts of an indictment charging, among other things, that defendants concealed from investors the fact that the corporation was unable to meet its debenture interest payments out of earnings and that the proceeds of each series of debentures sold were being used by defendants to pay interest on such series as well as all earlier series. In addition, the indictment charged that defendant Tellier advanced funds to the corporation to cover monthly delinquent debenture interest payments, for which he was reimbursed out of the initial proceeds of the next series of debentures offered and did not disclose this fact to investors. Tellier is also charged in a subsequent indictment with fraud in the sale of uranium stock. This indictment charges that in his capacity as a broker he persuaded his customers to buy shares of Consolidated Uranium Mines, Inc., by making numerous false claims as to their value. It also charges that he purchased shares for one cent and sold them through his company for between 75 cents and \$1.87, without disclosing his original cost to his customers. A third indictment has been returned against Tellier and numerous other defendants charging them with fraud in the sale of stock of Colorado Uranium Mines, Inc., Mesa Uranium Corp., Three States Uranium Corp., Paradox Uranium Mining Corp., Consolidated Uranium Mines, Inc., Cherokee Uranium Mining Corp., and Blackstone Uranium Mines, Inc., in violation of the anti-fraud provisions of the Securities Act and the Mail Fraud Statute and with conspiracy to violate these statutory provisions, as well as the registration provisions of the Securities Act and conspiracy to defraud the United States by filing false documents and reports with the Commission.

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<sup>1</sup> Tellier and a codefendant have appealed.

Other broker-dealers upon whom prison sentences were imposed were *Gordon Keith Proctor* (N. D. Georgia), *Paul Scarborough, Jr.* (E. D. Virginia) and *James J. Snoddy* (S. D. Texas). Each of these defendants had been charged, among other things, with converting customers' funds to his own use. A complaint alleging similar fraudulent practices has been filed in *United States v. Branch J. Carden, Jr.* (W. D. Virginia).

In *United States v. Jesse S. Gill, et al.* (N. D. Georgia), the indictment charges that the defendants induced the Paleo Oil & Gas Corp. to retain their firm as an underwriter for an offering of shares of the corporation, and that defendants converted to their own use a sum of money advanced for expenses and maintained fraudulent records to conceal their actual disbursements in connection with the offering of the Paleo stock.

Convictions were obtained on an indictment charging violation of the anti-fraud provisions of the Securities Act of 1933 and the Mail Fraud and Conspiracy Statutes in *United States v. Edgar Robert Errion, et al.* (D. Oregon), in connection with the promotion of Mt. Hood Hardboard and Plywood Cooperative Association. Defendant Errion pleaded guilty to violating the anti-fraud provisions of the Securities Act and was sentenced to twelve years imprisonment.<sup>2</sup> Five codefendants also were convicted and sentenced to prison terms ranging from 1 year to 7 years.<sup>3</sup> The indictment charged that the defendants, as part of a large scale scheme to defraud, misrepresented to investors that defendants were about to construct a large modern plywood and hardboard company to be owned and operated by members, that members would obtain continuous employment and job security and that secret financial sources had agreed to provide from one and one-half to five million dollars in financing the construction of the plant. It was further charged that defendants organized and incorporated Forest Products Cooperative Agency through which defendants and their salesmen sold Mt. Hood memberships to about 650 people for approximately \$650,000 and that a substantial portion of these funds were diverted to defendants' own use.

Cases involving oil and gas promotions were again numerous. *Homer W. Snowden* (E. D. Illinois) was sentenced to 4 years imprisonment and fined more than \$30,000 after conviction on an indictment which charged, among other things, that he falsely represented that he had never drilled a dry hole, that investors' money would be refunded on demand or if certain oil wells were deficient and that the amount invested would be returned in 1 to 3 years. The defendant

<sup>2</sup> This included the sentence imposed upon Errion upon his guilty plea to a similar indictment involving the sale of interests in Beaver Plywood Cooperative.

<sup>3</sup> The indictment was dismissed as to one defendant during trial because of a serious illness and one defendant was acquitted.

was charged with misrepresentations not only in the sale of oil and gas interests, but also in the sale of securities in other enterprises, including insurance companies. *William F. Horsting, Jr.* (E. D. Wis.), was sentenced to 2 years imprisonment and 3 years probation and fined \$5,000 following his plea of *nolo contendere* during trial to a charge of violating the anti-fraud provisions of the Securities Act of 1933 in connection with the sale of fractional undivided interests in oil, gas, and other mineral rights. Following his conviction on similar charges, *Melton E. Lightfoot* (S. D. Florida) was sentenced to 3 years imprisonment. *Jess M. Hickey* and *Louis M. White* (N. D. Texas) pleaded guilty to three counts of an indictment charging them, among other things, with falsely representing to investors that they believed they had found the greatest undrilled oil field in the United States. Both defendants were sentenced to prison terms of six months, placed on probation for 3 years, and fined \$15,000. *Ben E. Young* (E. D. Wash.) was sentenced to 18 months imprisonment following his conviction on an indictment charging him with taking money for advanced rent and filing fees on oil leases and converting the money to his own use. *Henry C. Gruemmer* (S. D. Iowa) was found guilty on 13 counts of a 15-count indictment which charged, among other things, that Gruemmer knowingly made false promises of excessive returns to prospective investors and falsely represented that the carbon dioxide properties he contributed were free and clear of all liens and encumbrances. The indictment further charged that Gruemmer concealed from investors the fact that participating dividends were paid out of capital. Defendant was sentenced to a prison term of 5 years. An indictment was returned in the United States District Court for the Northern District of Illinois charging *Harry G. Ames* with misrepresentations concerning the amounts paid by him for the leases being promoted, the cost of drilling wells on these leases, the oil production obtained from them and similar matters.

*Harry B. Simon* (S. D. N. Y.) was sentenced to a suspended term of 6 months and 1 year's probation and fined \$2,500 on his plea of guilty to charges of fraudulently selling stock of Bostana Mines, Ltd., by means of misrepresentations concerning the value of the ore deposits contained in the mine and other matters. Similar misrepresentations in connection with the sale of mining securities are charged in the indictment pending against *Wilbert F. King* and *Harry O. Hart* in the United States Court for the District of Nevada.

Fraud in connection with an insurance company promotion was charged in *United States v. James O. Jensen, et al.* (E. D. Wash.). Defendant Walters, who was found guilty on all 11 counts of the in-

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\* Defendant Snowden has filed a notice of appeal. A codefendant, Allen A. Borton, pleaded guilty and was placed on probation for 3 years and fined \$1,000.

dictment, was sentenced to 18 months imprisonment and codefendants James O. Jensen, who pleaded guilty during trial, Charles P. Cain and Keith Terry received sentences ranging from 3 months imprisonment and 4 years probation to 8 months imprisonment and 4 years probation. The indictment charged that the defendants falsely represented to investors that the sale of surplus certificates and stock in the proposed company had the approval of the Washington State Insurance Commissioner, that all funds would be placed in escrow under the Commissioner's supervision, that the company was financially able to pay 6 percent interest, that the defendants had personally invested substantial sums and that the investors could withdraw their funds at any time.<sup>5</sup>

Other cases involving a variety of allegedly fraudulent business transactions are *United States v. Hugh C. Van Valkenburgh, et al.* (D. Nebraska), *United States v. Francis E. Getchell, et al.* (S. D. Florida), *United States v. Donald E. Bartz, et al.* (D. Nevada), and *United States v. Malcolm L. Saunders, et al.* (D. Mass.). In the *Van Valkenburgh* case the indictment charges misrepresentation in connection with the sale of stock of Instant Beverage, Inc., a corporation organized and promoted by defendants to manufacture an instant powder product which, when mixed with water, was stated to produce a carbonated beverage. In the *Getchell* case the indictment charges, among other things, that the defendants falsely represented to investors that the defendant had developed a secret and commercially feasible process whereby paper pulp could be manufactured from cabbage palms. In the *Bartz* case the indictment charges numerous misrepresentations with respect to the use to be made of the moneys obtained from investors, the profitable nature of the operations, refund guarantees and other matters. In the *Saunders* case the defendants pleaded guilty to charges that they defrauded investors by making misleading and false statements which induced them to invest in the Collective Trading Fund, an investment trust controlled by the defendants. Subsequently each defendant was placed on probation for 3 years and fined \$1,000.

William E. Horton (*United States v. Horton, et al.*, S. D. Calif.) was sentenced to 3 years imprisonment and 5 years probation after his conviction on charges arising out of misrepresentations to investors that the proposed Horton wingless airplane could carry twice the payload of any other aircraft at half the cost and had 100 percent greater range and speed; that it could carry 4,000 people 25,000 miles nonstop at over 400 miles per hour; that the corporation had facilities to manufacture and was in the process of manufacturing the

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<sup>5</sup> The defendants other than Jensen have appealed.

new plane and that the United States Government was in the process of contracting to purchase and finance production of the new plane. The indictment also alleged that Horton failed to disclose that Horton Aircraft Corp. had no assets and that Horton personally would receive 70 percent of the authorized capitalization of the corporation.

Sentences were imposed upon certain former officials of the Thermoid Co. and the company (*United States v. Frederic E. Schluter, et al.*, S. D. N. Y.), for false reporting in violation of the Securities Exchange Act of 1934 and conspiracy to defraud the United States by violating that Act and the Internal Revenue Code. The four counts of the indictment charged that the defendants caused false and misleading statements, involving understatements of tax liability and overstatement of net income, to be made in annual reports of the Thermoid Co. for the years 1951, 1952, and 1953, which annual reports were filed with the Commission and the New York Stock Exchange pursuant to the Securities Exchange Act of 1934; that the defendants conspired to evade income and excess profits taxes, to defraud the United States in the collection of revenue and to file false reports with the Commission and the exchange by falsifying and manipulating company records. Defendant Frederic E. Schluter, who pleaded guilty to all four counts, was fined \$40,000 and sentenced to a suspended 7-year prison term and 5 years probation; defendant George S. Fabel, who entered a *nolo contendere* plea to the substantive charges and a guilty plea to the conspiracy count, was fined \$25,000. Imposition of sentence was suspended as to him, as well as to defendants Robert R. Stevenson and Thermoid Co. Each of the latter two defendants entered pleas of *nolo contendere* to all four counts.

In *United States v. David L. Shindler, et al.* (S. D. N. Y.), the indictment charges that the defendants conspired to defraud purchasers of stock in Jerry O'Mahoney, Inc., by unlawful manipulative practices which artificially raised the market price of the stock and that the defendants engaged in a series of transactions in the stock, creating actual and apparent active trading in the security for the purpose of raising the price thereof.

*Harold L. Nielsen* (D. Idaho) was sentenced to prison for 60 days, having been found guilty of criminal contempt for violation of a preliminary injunction enjoining him from violating the anti-fraud provisions of the Securities Act and the Securities Exchange Act. Nielsen admitted that after entry of the injunction he had misappropriated stock which was to have been delivered to his customers and had sold the stock for his own benefit.

The criminal appellate cases decided during the year were *Holsman v. United States*, 238 F. 2d 141 (C. A. 7, 1956), and *Vasen v. United States*, unreported (C. A. 7, September 26, 1956). In the *Holsman* case, the court held that there was substantial evidence to sustain the finding of the appellants' guilt in connection with the fraudulent sale of cooperative interests in a housing project. In the *Vasen* case, the appellate court, without opinion, affirmed the judgment of the district court denying the defendant's petition to vacate and correct the judgment and sentence. The *Vasen* conviction arose out of an oil promotion involving the sale of fractional undivided interests in a well 20,450 feet deep, said to be the second deepest well in the world.

### COMPLAINTS AND INVESTIGATIONS

Each of the Acts administered by the Commission empowers it to conduct investigations to determine whether violations of their provisions have occurred. The Commission continued to place great emphasis on the administration of its Enforcement Program with the result that the number of investigations initiated during the year was approximately 36 percent in excess of those started in the previous year. There was also a substantial increase in the number of actions and proceedings resulting from investigations. Injunctive actions authorized by the Commission more than doubled those of the previous year. Administrative proceedings involving broker-dealers nearly doubled. The number of cases referred for criminal prosecution also exceeded the number for the previous year.

The primary responsibility for the conduct of investigations rests with the Commission's nine regional offices. General supervision over and coordination of the regional office investigative activities is exercised by the Division of Trading and Exchanges. Effective investigation and protection of innocent persons who might have become the subject of inquiry are furthered by the Commission's policy of regarding its private investigation files as having a nonpublic character.

For the most part, the Commission's investigative machinery is set into motion as a result of the scrutiny of complaints and inquiries received from the investing public, the broker-dealer inspection program, and the constant surveillance of the securities markets. If, after careful consideration of the information received from those or other sources, it appears that violations of the Acts may be involved, a preliminary investigation may be made.

The preliminary investigations are initiated to obtain readily available information sufficient for a determination as to whether any violation of the Acts has occurred. Thus, they generally take the form of telephone inquiries or correspondence with persons who may have information on the subject, personal interviews with a selected number



of persons, and a review of the Commission's files. However, where a violation is disclosed, but it is ascertained that it was due to ignorance of the law or some misunderstanding and no serious harm to the public is involved, no further action is ordinarily taken except to inform the offender of the violations and to insure that steps are taken to procure future compliance.

Another purpose of the preliminary investigation is to determine whether a more full and detailed inquiry is appropriate. When a more extensive investigation is considered to be in order, the matter is docketed. If, in the course of a docketed investigation, the Commission finds that necessary evidence cannot otherwise be obtained it may, pursuant to its statutory authority, appoint members of its staff as officers with power to issue subpoenas requiring appearance of witnesses to testify under oath and the production of documents. During the fiscal year, 73 such orders were issued.

Completed investigations are reviewed by the Regional Administrator concerned, who submits the report together with his recommendation as to the disposition of the matter to the Commission. The report is in turn analyzed by the staff of the Commission's principal office and presented with the recommendations of the regional and the principal office to the Commission for final decision as to what, if any, action the circumstances require.

The Commission may, if it considers it appropriate, close the investigation. On the other hand, it may decide the public interest requires that some action be taken, in which event several courses are available to it. It may, in cases that appear to warrant criminal prosecution, refer the evidence to the Department of Justice. In such matters, members of the staff familiar with the investigation assist the United States Attorney assigned to the matter in his presentation of the case to the Grand Jury and, should an indictment be returned, in the prosecution of the criminal action. In addition, the Commission may institute administrative proceedings against registered broker-dealers and investment advisers or bring injunctive action in the Federal courts to stop further violation of the Acts. Evidence of violations of other Federal and State laws may be referred to appropriate Federal or State authorities.

The following table reflects in summarized form the investigative activities of the Commission during the fiscal year:

	Preliminary	Docketed	Total
Pending June 30, 1956.....	218	595	813
New cases.....	227	234	461
Transferred from preliminary.....		51	51
Total.....	445	880	1,325
Closed.....	144	152	296
Transferred to docketed.....	51		51
Pending at June 30, 1957.....	250	728	978

**ENFORCEMENT PROBLEMS WITH RESPECT TO CANADIAN SECURITIES**

The offer and sale of securities by Canadian issuers and broker-dealers in violation of the registration provisions of the Securities Act continue to present difficult enforcement problems. The principal difficulty arises from the fact that the Commission has no authority to conduct investigations outside the United States while the evidence to establish violations in most of these cases, as well as the violators, are located in a foreign country. Where personal service can be obtained in the United States effective action is taken to stop such violations. In the last annual report problems arising under the Supplementary Extradition Convention between the United States and Canada and the narrow construction placed thereon by Canadian courts were discussed. Negotiations to correct the situation have continued through appropriate diplomatic channels.

In order to do effective enforcement work in this area, it is necessary that there be full cooperation between this Commission and the corresponding enforcement authorities in Canada. There are no securities laws applicable throughout the Dominion of Canada, but each Province has its own legislation and regulation. Relations between this Commission and the various provincial authorities are very good, and excellent cooperation is obtained from them in our enforcement work. Some of the Provinces have also taken action under their respective laws after being advised that their residents were engaged in violating the laws of the United States. The registrations of seven broker-dealers and three securities issuers were either cancelled or not renewed by provincial authorities following receipt of information supplied by this Commission.

New legislation in the Province of Alberta provided a new securities act in that Province and created a Securities Commission to administer the act. It is believed that violations of United States laws emanating from Alberta will be substantially reduced through the adoption and vigorous enforcement of that act.

The migration of persons engaged in illegal sales activities from one province to another continues to create a problem for Canadian authorities desirous of cooperating with this Commission. It would appear that persons who become the subjects of investigation or enforcement action, particularly in the Provinces of Ontario and Quebec, soon carry on their operations from another Province, frequently operating under a different name. Strengthened enforcement by all of the Provinces will be necessary completely to eliminate this type of operation.

With the cooperation of Canadian authorities in developing evidence, this Commission during the fiscal year brought two injunctive actions based upon illegal sale of Canadian securities in the United States. In one action, in the Southern District of New York, *Robert*

*Rodman* and *Sidney Newman*, both residents of the United States, were enjoined from selling stock of *Torbrook Iron Ore Mines, Ltd.*, in violation of the registration provisions of the Securities Act. In the other action, filed in United States District Court for the Western District of Washington, a preliminary injunction based upon violation of the antifraud and registration provisions of the Securities Act, was entered against *Kaiser Development Corporation, Limited*, and *E. David Novelle*, a United States resident and former president of *Kaiser Development*.

As indicated above, as a result of proceedings initiated under section 19 (a) (2) of the Securities Exchange Act of 1934 to determine whether securities of *Great Sweet Grass Oils Limited* and *Kroy Oils Limited* should be withdrawn from trading on the American Stock Exchange, the Commission found that reports filed with the Commission and the Exchange as required by section 13 of the Act were false and misleading and issued an order withdrawing the securities from trading on the exchange.<sup>6</sup> Both issuers were Canadian corporations.

The Commission also denied registration of *George W. Chilian*, doing business as *George W. Chilian & Company*, based upon violations of the registration provisions of the Securities Act in the sale of *New Metalore Mining Co., Ltd.*, a Canadian mining company.<sup>7</sup> *Chilian* was a resident of the United States and effected sales to residents of this country.

In a further effort to strengthen its enforcement program, the Commission during the year adopted rule 17a-7 under the Securities Exchange Act which requires nonresident broker-dealers registered with the Commission either to maintain at a place within the United States, or to furnish to the Commission upon formal demand, true, correct, complete and current copies of the books and records which the registrant is required to make, keep current, maintain or preserve pursuant to any provision of any rule or regulation of the Commission adopted under the Act.<sup>8</sup>

The Commission maintains its "Canadian Restricted List" containing the names of issuers whose securities the Commission has reason to believe recently have been, or currently are being, offered and sold in the United States in violation of the Securities Act of 1933. Names are added to and deleted from the list as circumstances warrant. During the fiscal year 1957 six supplements were issued bringing current the list shown in Securities Act Release No. 3632, dated April 24, 1956. These supplements added 64 names to the list and deleted 10. The current list, reflecting additions and deletions to November 1, 1957, follows:

<sup>6</sup> Securities Exchange Act Release No. 5483 (April 8, 1957).

<sup>7</sup> Securities Exchange Act Release No. 5368 (September 26, 1956).

<sup>8</sup> Securities Exchange Act Release No. 5338 (July 16, 1956).

## CANADIAN RESTRICTED LIST

(As of November 1, 1957)

Alba Explorations Limited	Copper Island Mining Company Limited
Algro Uranium Mines Limited	Copper Prince Mines Limited
Alminster Oils Limited	Cordon Cobalt Mines Limited
Alouette Mines Limited	Cove Uranium Mines Limited
Amshaw Porcupine Mines Limited	Crangold Mines Limited
Antimony Gold Mining and Smelting Corporation Limited	Cree Mining Corporation Limited
Apollo Mineral Developers Inc.	Dalo Oil and Gas Limited
Ar-Can Limited (formerly Transvision-Television (Canada) Limited)	David Copperfield Explorations Limited
Armour Uranium and Copper Mines Limited (formerly Naneek Mines Ltd.)	Demers Chibougamau Mines Limited
Atlas Gypsum Corporation Limited	Dencroft Mines Limited
Augdome Exploration Limited	Derrick Oil and Gas Company Limited
August Porcupine Gold Mines Limited	Desmont Mining Corporation Limited
Aunite Mining Corporation Limited	Detomac Mines Limited
Barbary Gold Mines Limited	De Ville Copper Mines Limited
Bar-Fin Mining Corporation Limited	Diadem Mines Limited
Bargis Mines Limited	Docana Oils and Mines Limited
Barvin Mines Limited	Dolmac Mines Limited
Basic Minerals Limited	Dougron Gold Mines Limited
B. C. Metal Mines Limited	Dubar Exploration Limited
Beaucoeur Yellowknife Mines Limited	Dupont Mining Company Limited
Bellechasse Mining Corporation Limited	Eastwebb Mines Limited
Bli-Riv Uranium and Copper Corporation Limited	Edson Oil Company Limited
Blumont Mines Limited	Export Nickel Corporation of Canada Limited
Britco Oils Limited	Falgar Mining Corporation Limited
Cabanga Developments Limited	Famous Gus Uranium Mines Limited
Caldina Oils Limited	Fission Mines Limited
Calumet Uranium Mines Limited	Forbes Lake Mining Corporation Limited
Cameron Copper Mines Limited	Fleetwood Yellowknife Mines Limited
Camoose Mines Limited	Gay River Lead Mines Limited
Camrose Gold and Metals Limited	Genalta Petroleum Limited
Canadian Alumina Corporation Limited	Gold Uranium Exploration Company Limited
Can American Copper Limited	Gordona Mining Corporation Limited
Canadian Natural Resources Limited	Gothic Mines and Oils Limited
Canso Mining Corporation Limited	Greatlakes Copper Mines Limited
Casa Loma Uranium Mines Limited	Great Valley Exploration and Mining Limited
Cavalcade Petroleum Limited	Halden Red Lake Mines Limited
Cavalier Mining Corporation Limited	Harvard Mines Limited
Central Sudbury Lead-Zinc Mines Ltd.	Head of the Lakes Iron Limited
Chief Mountain Oils Limited	Hercules Uranium Mines Limited
Clenor Mining Company Limited	Holwood Mines Limited
Clix Athabasca Uranium Mines Limited	Hoover Mining and Exploration Limited
Cobalt Badger Silver Mines Limited	Huddersfield Uranium and Minerals Limited
Cob-Sil-Ore Mines Limited	Huhill Yellowknife Mines Limited
Colonial Asbestos Corporation Limited	Jilbie Mining Company Limited
Comet Petroleum Limited	Judella Uranium Mines Limited
Concor-Chibougamau Mines Limited	Kabour Mines Limited
Consolidated Cordasun Oils Limited	Kaiser Development Corporation Limited
Consolidated Easter Island Mines Limited	Kamis Uranium Mines Limited
Consolidated Peak Oils Limited (formerly Peak Oils Limited)	Kersley Oil and Gas Company Limited
Consolidated Quebec Yellowknife Mines Ltd.	Keylode Cobalt Silver Mines Limited
Consolidated Thor Mines Limited	Keymore Gold Mines Limited
Continental Potash Corporation Limited (formerly Western Potash)	Key West Exploration Company Limited
Continental Uranium Corporation Limited	Kidihawk Mines Limited
	Kirk-Hudson Mines Limited
	Kirkland Larder Mines Limited
	Kop Beverages Limited

Lake Superior Iron Limited	Plateau Petroleum Limited
Landolac Mines Limited	Plexterre Mining Corporation Limited
Leberta-Redwater Oil Company Limited	Prescott Porcupine Gold Mines Limited
Lee Gordon Mines Limited	Principle Strategic Minerals Limited
Lithium Corporation of Canada Limited	Pyramid Oils Limited
Lloydal Petroleum Limited	Quebank Uranium Copper Corporation
Loranda Uranium Mines Limited	Quebec Graphite Corporation
Lucky Creek Mining Company Limited	Quebec Developers and Smelters Limited
Lynwatin Nickel Copper Limited	Quinalta Petroleum Limited
Madison Mining Corporation Limited	Rebair Gold Mines Limited
Mag-Iron Mining and Milling Limited	Resolute Oil and Gas Company Limited
Mallen Red Lake Gold Mines Limited	Ribstone Valley Petroleum Limited
Marvel Uranium Mines Limited (formerly Marvel-Rouyn Mines Limited)	Richore Gold Mines Limited
Marwood Mining Corporation Limited	Ridgefield Uranium Mining Corporation Limited
Masters Oil and Gas Limited	Rigby Kirkland Mines Limited
Mensilvo Mines Limited	Roland Gold and Copper Mines Limited
Mercedes Exploration Company Limited	Rouandah Oils and Mines Limited
Mid-West Mining Corporation Limited	St. Pierre Miquelon Explorations, Inc.
Min-Ore Mines Limited (formerly Ryan Lake Mines Limited)	St. Stephen Nickel Mines Limited
Monogram Petroleum Limited	Salmita Consolidated Mines Limited
Monpre Uranium Exploration Limited	Saratoga Exploration Company Limited
Montco Copper Corporation Limited	Sentry Petroleum Limited
Nationwide Minerals Limited	Sioux Petroleum Limited
New Bailey Mines Limited	Skyline Uranium and Minerals Corporation Ltd.
New Concord Development Corporation Limited (formerly Concord Development Corporation Ltd.)	Soo-Tomic Uranium Mines Limited
New Goldvue Mines Limited	Spike Redwater Oil Company Limited
New Jack Lake Uranium Mines Limited	Stackpool Mining Company Limited
New Lafayette Asbestos Company Limited	Strathmore Mines Limited
New Matalore Mining Company Limited	Surety Oils and Minerals Limited
New Spring Coulee Oil and Minerals Limited	Temanda Mines Limited
New Telluride Gold Mines of Canada Ltd.	Three Arrows Mining Explorations Limited
New Vinray Mines Limited	Torbrook Iron Ore Mines Limited
Ni-Ag-Co Mines Limited	Trans-Leduc Oils Limited
Norcopper and Metals Corporation	Trenton Mines Limited
Norlartic Mines Limited	Trio Mining Exploration Limited
Normalloy Explorations Limited	Triton Uranium Mines Limited
Normingo Mines Limited	Trojan Consolidated Mines Limited
Nu-Age Uranium Mines, Ltd.	United Copper and Mining Limited
Nu-World Uranium Mines Limited	United Uranium Corporation Limited (formerly Indore Gold Mines Limited)
Oakridge Mining Corporation Limited	Valray Explorations Limited
Obabika Mines Limited	Vico Explorations Limited
Oilcrest Petroleum Limited	Wakefield Uranium Mines Limited
Orbit Uranium Developments Limited	Wayne Petroleum Limited
Ordala Mines Limited	Wesberta Oils Limited
Osage Oil and Exploration Limited	West Plains Oil Resources Limited
Packeno Yukon Mines Limited	Westore Mines Limited
Paramount Petroleum and Mineral Corporation Limited	Westville Mines Limited
	Whitney Uranium Mines Limited
	Winston Mining Corporation Limited
	Woodgreen Copper Mines Limited
	Yukore Mines Limited

**SECTION OF SECURITIES VIOLATIONS**

To provide a further means of detecting and preventing fraud in securities transactions, the Commission maintains a Section of Securities Violations. In brief, the Section maintains records concerning persons who have been charged with violations of various Federal

and State securities statutes and operates as a clearinghouse for dispensing this information to other enforcement agencies. Considerable information is also maintained concerning violators who are residents in the Provinces of Canada.

Extensive use is made of the information available in these records by regulatory and law enforcing officials. During the past year the Commission received 3,262 "securities violations" letters or reports and dispatched 1,625 communications to cooperating agencies.

The specialized information in these files is kept current through the cooperation of the United States Post Office Department, the Federal Bureau of Investigation, parole and probation officials, State securities authorities, Federal and State prosecuting attorneys, police officers, better business bureaus and chambers of commerce. At the end of the fiscal year these records contained information concerning 62,624 persons against whom Federal or State action had been taken in connection with securities violations. There were added during the fiscal year items of information concerning 6,894 persons, including 2,960 concerning persons not previously identified therein.

The section issues and distributes quarterly a Securities Violations Bulletin containing information received during the period concerning violators showing new charges and developments in pending cases. The Bulletin includes a "Wanted" section in which are listed the names and references to bulletins containing descriptive information as to persons wanted on securities violations charges. The Bulletin is distributed to a limited number of cooperating law enforcement officials in the United States and Canada.

#### ACTIVITIES OF THE COMMISSION IN ACCOUNTING AND AUDITING

Dependable, informative financial statements, i. e., statements which disclose the financial status and earnings history of a corporation or other commercial entity, whether filed in compliance with the statutes administered by the Commission or included in other material available to stockholders or prospective investors, are indispensable to the investor as a basis for investment decisions.

The Congress recognized the importance of these statements and that they lend themselves readily to misleading inferences or even deception, whether or not intended. It accordingly dealt extensively in the several statutes administered by the Commission with financial statement presentation and the disclosure requirements necessary to set forth fairly the financial condition of the company. Thus, for example, the Securities Act requires the inclusion in the prospectus of balance sheets and profit and loss statements "in such form as the Commission shall prescribe"<sup>9</sup> and authorizes the Commission to pre-

<sup>9</sup> Sec. 10 (a) (1) (Schedule A, pars. 25, 26).

scribe "the items or details to be shown in the balance sheet and earnings statement, and the methods to be followed in the preparation of accounts \* \* \*".<sup>10</sup> Similar authority is contained in the Securities Exchange Act,<sup>11</sup> and more comprehensive power is embodied in the Investment Company Act<sup>12</sup> and the Holding Company Act.<sup>13</sup>

The Securities Act provides that the financial statements required to be made available to the public through filing with the Commission shall be certified by "an independent public or certified accountant."<sup>14</sup> The other three statutes permit the Commission to require that such statements be accompanied by a certificate of an independent public accountant,<sup>15</sup> and the Commission's rules require, with minor exceptions, that they be so certified. The value of certification by qualified accountants has been conceded for many years, but the requirement as to independence, long recognized and adhered to by some individual accountants, was for the first time authoritatively and explicitly introduced into law in 1933. Out of this initial provision in the Securities Act and the rules promulgated by the Commission,<sup>16</sup> and the action taken by the Commission in certain cases,<sup>17</sup> have grown concepts of accountant-client relationships that have strengthened the protection afforded investors.

The Commission's standards of independence are stated in rules 2-01 (b) and (c) of regulation S-X which provide among other things that an accountant will not be considered independent with respect to any person, or any affiliate thereof, for any period during which he has any financial interest, direct or indirect, in such person, or with whom he is or was connected as a promoter, underwriter, voting trustee, director, officer, or employee. In determining whether an accountant is in fact independent with respect to a particular registrant, the Commission will give appropriate consideration to all relevant circumstances, including evidence bearing on all relationships between the accountant and that registrant or any affiliate thereof.

During the last several years many corporations whose securities were closely held or traded only over-the-counter found it necessary or desirable to sell securities to the public in interstate commerce or to list securities on a national securities exchange and thus for the first time became subject to the filing requirements of the several Acts

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<sup>10</sup> Sec. 19 (a).

<sup>11</sup> Sec. 13 (b).

<sup>12</sup> Secs. 30, 31.

<sup>13</sup> Secs. 14, 15.

<sup>14</sup> Sec. 10 (a) (1) (Schedule A, pars. 25, 26).

<sup>15</sup> Securities Exchange Act, sec. 13 (a) (2); Investment Company Act, sec. 30 (e); Holding Company Act, sec. 14.

<sup>16</sup> See, for example, rule 2-01 of regulation S-X.

<sup>17</sup> See, for example, Securities Exchange Act Release No. 3073 (1941); 10 S. E. C. 982 (1942); and Accounting Series Release No. 68 (1949).

administered by the Commission. Experience with the Commission's certification requirements disclosed that many accountants found that they were unable to certify the financial statements of clients of long standing because during the period for which financial data was required to be furnished they had not in fact been independent under our rules. The most common cause of lack of independence was ownership by a member of the accounting firm of stock of the client company during any of the periods certified. This the Commission deems an absolute bar to independence, though exceptions where there would be particular hardship and investor protection can be achieved by other safeguards have occasionally been permitted.

Another reason for finding a lack of independence, in a number of current cases but particularly in the situations described above, is the fact that some accountants intending to certify financial statements included in such filings have been interested in serving the client's management, or in some cases large stockholders, in several capacities and in doing so have not taken care to maintain a clear distinction between giving advice to management and serving as personal representatives of management or owners and making business decisions for them.

As shown above, the statutes administered by the Commission give it broad rule-making power with respect to the preparation and presentation of financial statements. Pursuant to the authority contained in the statutes the Commission has prescribed uniform systems of accounts for companies subject to the Holding Company Act;<sup>18</sup> has adopted rules under the Securities Exchange Act governing accounting and auditing of securities brokers and dealers; and has promulgated rules contained in a single, comprehensive regulation, identified as regulation S-X,<sup>19</sup> which govern the form and content of financial statements filed in compliance with the several acts. This regulation is implemented by the Commission's Accounting Series releases, of which 78 have so far been issued. These releases were inaugurated in 1937, and were designed as a program for making public, from time to time, opinions on accounting principles, for the purpose of contributing to the development of uniform standards and practice in major accounting questions. The rules and regulations thus established, except for the uniform systems of accounts, prescribe accounting to be followed only in certain basic respects. In the large area not covered by such rules, the Commission's principal reliance for the protection of investors is on the determination and application

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<sup>18</sup> *Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies* (effective August 1, 1936); *Uniform System of Accounts for Public Utility Holding Companies*, (effective January 1, 1937; amended effective January 1, 1943).

<sup>19</sup> Adopted February 21, 1940 (Accounting Series Release No. 12); revised December 20, 1950 (Accounting Series Release No. 70).



of accounting principles and standards which are recognized as sound and which have attained general acceptance.

Changes and new developments in financial and economic conditions affect the operations and financial status of the several thousand commercial and industrial companies required to file statements with the Commission. It is necessary for the Commission to be informed of the changes and new developments in these fields and to make certain that the effects thereof are properly reported to investors. The Commission's accounting staff, therefore, engages in studies designed to establish and maintain appropriate accounting procedures and practices. The primary responsibility for this program rests with the chief accountant of the Commission who has general supervision with respect to accounting and auditing policies and their application.

Progress in these activities requires constant contact and cooperation between the staff and accountants both individually and through such representative groups as, among others, the American Accounting Association, the American Institute of Certified Public Accountants, the American Petroleum Institute, the Controllars Institute of America, the National Association of Railroad and Utilities Commissioners, the National Federation of Financial Analysts Societies, as well as other Government agencies. Recognizing the importance of cooperation in the formulation of accounting principles and practices, adequate disclosure and auditing procedures which will best serve the interests of investors, the American Institute of Certified Public Accountants, the Controllars Institute of America, and the National Federation of Financial Analysts Societies regularly appoint committees which maintain liaison with the Commission's staff.

The many daily decisions of the Commission require the almost constant attention of some of the chief accountant's staff. These include questions raised by each of the operating divisions of the Commission, the regional offices and the Commission. This day-to-day activity of the Commission and the need to keep abreast of current accounting problems causes the chief accountant's staff to spend much time in the examination and reexamination of sound and generally accepted accounting and auditing principles and practices. From time to time members of this staff are called upon to assist in field investigations, to participate in hearings, and to review opinions insofar as they pertain to accounting matters.

Prefiling and other conferences, in person or by phone, with officials of corporations, practicing accountants and others, occupy a considerable amount of the available time of the staff. This procedure, which has proven to be one of the most important functions of the office of the chief accountant, and of the chief accountant of the Division of

Corporation Finance and his staff, saves registrants and their representatives both time and expense.

Many specific accounting and auditing problems arise as a result of the examination of financial statements required to be filed with the Commission. Where examination reveals that the rules and regulations of the Commission have not been complied with or that applicable sound accounting principles have not been adhered to, the examining division usually notifies the registrant by an informal letter of comment. These letters of comment and the correspondence or conferences that follow continue to be a most convenient and satisfactory method of effecting corrections and improvements in financial statements, both to registrants and to the Commission's staff. Where particularly difficult or novel questions arise, which cannot be settled by the accounting staff of the divisions and by the chief accountant, they are referred to the Commission for consideration and decision. The Commission's treatment of accounting questions by these administrative means is extensive. A considerable portion of the time of the accounting staff is spent in the discussion of such cases by letter and telephone, and in conference with registrants and their accounting and legal advisers. There is also a large and, in recent years, growing volume of inquiries as to the propriety of particular accounting practices from accountants and from companies not presently subject to any of the acts administered by the Commission who wish to have the benefit of the Commission's views, and thus utilize and apply the Commission's experience to the facts of their own case. Teachers of accounting and their students also use the public files and confer with the staff in the study of accounting problems.

In the annual report for the fiscal year ended June 30, 1956, mention was made of the fact that many corporate mergers and acquisitions were in process at that date and that during that fiscal year the Commission's staff had cooperated closely with the accounting profession to bring about the establishment of uniform accounting procedures in that area. Since many corporate combinations of this kind continue to be made, the staff finds it necessary to continue its activity in order to ascertain that the principles set forth in Accounting Research Bulletin No. 48, issued by the American Institute of Certified Public Accountants as a revision of earlier bulletins on this subject, are applied fairly and uniformly in each instance and accomplish the fair disclosure required.

The 20th Annual Report<sup>20</sup> contained a brief discussion of some of the accounting problems which confront the Commission when a registration statement or other filing is made by a corporation domiciled in a foreign country. It was pointed out that foreign standards of ac-

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<sup>20</sup> 20th Annual Report, p. 107.

counting and financial reporting differ in many respects from American standards and vary from country to country. Since that report was issued the Commission has been faced a number of times with these problems in connection with filings, actual and prospective, by foreign private issuers. The several acts administered by the Commission make no distinction between domestic private issuers and foreign private issuers and make no distinction between domestic accounting firms and foreign accounting firms. Since the acts contain substantially the same financial and certification requirements, the Commission has endeavored, through the adoption of rules and administrative practice, to develop policies with respect to accounting and auditing principles, practices and procedures which have as their ultimate objective the inclusion in filings with the Commission of financial statements of foreign private issuers which have been audited and certified by independent public or certified accountants who have followed generally accepted auditing standards, practices and principles, as known to and followed by independent professional accountants in the United States, when making their audit of such issuers. Furthermore the financial statements with respect to which an opinion is expressed after such an audit has been completed should reflect or be reconciled to the consistent application of generally accepted accounting principles as known to and followed by professional accountants in the United States.

At June 30, 1957, there were approximately 4,700 brokers and dealers registered with the Commission. Every registered broker-dealer is required to file with the Commission during each calendar year a report of financial condition on Form X-17A-5 under rule 17a-5. Heretofore a substantial number of these reports were not required to be certified by independent accountants. On August 8, 1957, the Commission announced the adoption of an amendment of rule 17a-5. The amended rule provides that every report required to be filed on Form X-17A-5 must be certified by a certified public accountant or public accountant who is in fact independent unless one of the three limited exemptions from the requirements is available. The amendment to rule 17a-5 became effective November 15, 1957, and reports filed after that date, even as of a date within 1957, were required to comply with the certification requirements set out in the amended rule.

In several of the Commission's reports for prior years it has been stated that many of the reports of broker-dealers filed with the Commission were deficient because the certifying accountants appeared to lack knowledge of stock brokerage techniques with respect to maintenance of securities accounts because it appeared that they considered the Commission's "minimum audit requirements" to be all

of the requirements necessary when making the audit of a broker-dealer or because it appeared that they had failed to read the applicable rules and to comply with the instructions in the forms. It is hoped that study and application of procedures set forth in the booklet "Audits of Brokers or Dealers in Securities," published by the Committee on Auditing Procedure of the American Institute of Certified Public Accountants, at the suggestion of and with the cooperation of the Commission's staff, will result in improved reports filed by brokers and dealers. The booklet describes the special accounting records used by brokers and dealers, and the auditing procedures and forms of reports to be used in connection with the examination of their books and records and should fill the need for an authoritative guide in this specialized field of auditing. Any revision of the Commission's forms and auditing requirements is being deferred pending observation of the effectiveness of this guide.

During the fiscal year the Commission issued its Findings, Opinion, and Order in a proceeding instituted under rule II (e) of its rules of practice against Touche, Niven, Bailey & Smart, et al. The Commission found that respondents had failed to comply with generally accepted auditing standards and rules and regulations of the Commission and had failed to fulfil their responsibilities as independent accountants in connection with the preparation and certification of financial statements for use in an annual report on Form 10-K filed by Seaboard Commercial Corp., thus causing the balance sheet to be materially misleading in that an inadequate reserve was reflected therein for accounts known to be doubtful of collection, resulting in current assets being overstated; advances to subsidiaries were not so designated and the notes relating to the reserve for losses and to current assets improperly described the nature of the reserve and the basis for inclusion of advances in current assets; and the statement of Seaboard's income was materially misleading because insufficient provision was made for losses on uncollectible accounts. The Commission concluded that it was necessary to deny respondents, Touche, Niven, Bailey & Smart, a firm of certified public accountants, and two partners of such firm, the privilege of practicing before the Commission for a period of 15 days.<sup>21</sup>

#### OPINIONS OF THE COMMISSION

Opinions are issued by the Commission in contested and other cases arising under the Securities Act of 1933, the Securities and 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 where the nature of the matter to be decided, whether sub-

<sup>21</sup> Accounting Series Release No. 78, March 25, 1957.

stantive or procedural, is of sufficient importance to warrant a formal expression of views. These opinions include detailed findings of fact and conclusions of law based on evidentiary records, taken before a hearing examiner who serves independently of the operating divisions, or, in an occasional case, before a single Commissioner or the entire Commission. In some cases formal hearings are waived by the parties and the findings and conclusions are based on stipulated facts or admissions.

The Commission is assisted in the preparation of findings, opinions and orders by its Office of Opinion Writing, an independent staff office directly responsible to the Commission. It receives all assignments and instructions from, and makes recommendations and submits its work to, the Commission directly. While engaged in the preparation of opinions, members of the Office of Opinion Writing 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. This complete independence of staff members assisting in the preparation of opinions accords with the principle embodied in the Administrative Procedure Act requiring a separation between staff members performing prosecutory functions and those performing quasi-judicial functions.

Members of the Office of Opinion Writing who are assigned to work on a particular case attend the oral argument of the case before the Commission and frequently keep abreast of current hearings. Prior to the oral argument the office makes a preliminary review of the record and prepares and submits to the Commission a summary of the uncontested facts and the factual and legal issues raised in the hearings as well as in any proposed findings and supporting briefs, the hearing examiner's recommended decision and exceptions thereto taken by the parties. Following oral argument or, if no oral argument has been held, at such time as the case is ready for decision, the Commission makes a thorough, independent review of the record assisted by the Office of Opinion Writing, in which the entire record in the proceedings is carefully read and in some cases a narrative abstract of the record is prepared. Upon the basis of this review and the conclusions thus reached, the Office of Opinion Writing is instructed by the Commission respecting the nature and content of the opinion and order to be prepared.

Upon completion of a draft opinion and review and revision in the Office of Opinion Writing, it is submitted to the Commission. The draft 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 and constitutes a source of information for the bar, investors, and other interested persons. Opinions are publicly released and distributed to representatives of the press and persons on the Commission's mailing list. In addition, the opinions are printed and published by the Government Printing Office in bound volumes entitled "Securities and Exchange Commission Decisions and Reports."

During the fiscal year 1957 the Commission issued findings, opinions, and orders in 97 cases, exclusive of numerous uncontested matters disposed of without opinion.

#### APPLICATIONS FOR NONDISCLOSURE OF CERTAIN INFORMATION

The Commission is authorized under the various acts administered by it to grant requests for nondisclosure of certain types of information which would otherwise be disclosed to the public in applications, reports, or other documents filed pursuant to these statutes. Thus, under paragraph (30) of Schedule A of the Securities Act of 1933, disclosure of any portion of a material contract is not required if the Commission determines that such disclosure would impair the value of the contract and is not necessary for the protection of the investors. Under section 24 (a) of the Securities Exchange Act of 1934, trade secrets or processes need not be disclosed in any material filed with the Commission, and under section 24 (b) of that Act written objection to public disclosure of information contained in any such material may be made to the Commission which is then authorized to make public disclosure of such information only if in its judgment such disclosure is in the public interest. Similar provisions are contained in section 22 of the Public Utility Holding Company Act of 1935 and in section 45 of the Investment Company Act of 1940. These statutory provisions have been implemented by rules outlining the procedure to be followed by persons applying to the Commission for a determination whether public disclosure is necessary in a particular case.

The number of applications granted, denied or otherwise acted upon during the year are set forth in the following table:

*Applications for nondisclosure of certain information during the fiscal year 1957*

	Number pending July 1, 1956	Number received	Number granted	Number denied or withdrawn	Number pending June 30, 1957
Securities Act of 1933 <sup>1</sup> .....	3	30	27	4	2
Securities Exchange Act of 1934 <sup>2</sup> .....	3	14	6	8	3
Investment Company Act of 1940 <sup>3</sup> .....	0	5	5	0	0
Total.....	6	49	38	12	5

<sup>1</sup> Filed under rule 485.

<sup>2</sup> Filed under rule 24b-2.

<sup>3</sup> Filed under rule 45a-1.

## STATISTICS AND SPECIAL STUDIES

During the past fiscal year the Section of Economic Research of the staff of the Commission continued its regular work in connection with the statistical activities of the Commission and the overall Government statistical program under the direction of the Office of Statistical Standards, Bureau of the Budget. In general, the work conducted by this section is concerned with capital formation in the United States including the securities markets, saving and investment. Several special reports related to the regular statistical series, described below, were prepared and released and numerous projects were completed in response to requests from congressional committees, the Council of Economic Advisers, other Government agencies, private organizations and individuals.

Special reports prepared during the fiscal year 1957 included the following: (1) A survey of the cost of flotation of securities offered during the years 1951, 1953 and 1955, covering issues registered under the Securities Act of 1933, privately placed securities, and certain other exempt issues, was completed during the year and released in July 1957. Copies of this survey are available at the Government Printing Office. A supplemental report to the study providing a description of the kinds of securities floated in recent years was also completed, copies of which can be obtained from the Securities and Exchange Commission Publication Unit. (2) A report on the sales success of small securities issues (those \$300,000 or less in size exempt from registration under Regulation A of the Securities Act of 1933) was prepared in January 1957. (3) A new survey on 1957 long-term financing plans of manufacturing and utility firms, based on sample data procured in connection with the Commission's annual survey of business capital expenditures, was released in March 1957 (Statistical Series Release No. 1443). (4) In October 1956, a report on noninsured pension funds entitled "Survey of Corporate Pension Funds, 1951-1954" was published. This study, which was developed in connection with the annual surveys conducted by the Commission in this field, presented detailed data as to industry and size of corporations having pension funds and the implications of pension funds on savings and the capital markets. The report is available at the Government Printing Office. (5) During the 1957 fiscal year three papers were published in connection with the joint project of the Commission and the Department of Commerce on business plant and equipment expenditures. The first of these, "Forecasting Plant and Equipment Expenditures from Businessmen's Expectations," was delivered at the annual meeting of the American Statistical Association in Detroit in September 1956. The second paper entitled "Ten Years' Experience With Business Investment Anticipations" appeared in the January 1957 Survey

of Current Business, and the third, "Investment Plans and Realization (Reasons for Differences in Individual Cases)," was published in the June 1957 Survey of Current Business.

The regular statistical series which are prepared include data on securities effectively registered under the Securities Act of 1933, offerings of securities by all corporations in the United States (including issues not registered with the Commission, such as privately placed issues and railroad securities), retirements of corporate securities, net change in corporate securities outstanding, stock prices and trading. The research and statistical activity carried out under the direction of the Bureau of the Budget includes individuals' savings in the United States, income flow and investments of private pension funds of United States corporations, current liquid position of the United States corporations, sources and uses of corporate funds, anticipated expenditures for plant and equipment by United States businesses, and a quarterly financial report for all United States manufacturing concerns.

The statistical series are published in the Commission's Statistical Bulletin and in addition, except for data on registered issues, current figures and analyses of the data are published in quarterly press releases. The Commission's stock price index is released weekly, together with the data on round-lot and odd-lot trading on the two New York Stock exchanges.

The various statistical series are as follows:

#### **Issues Registered Under the Securities Act of 1933**

Monthly and quarterly statistics are compiled on the number and volume of registered securities, classified by industry of issuer, type of security, and use of proceeds. Data for the 1957 fiscal year appear on page 36 and in appendix tables 1 and 2.

#### **New Securities Offerings**

This is a monthly and quarterly series covering all new corporate and noncorporate issues offered for cash sale in the United States. The series includes not only issues publicly offered but also issues privately placed, as well as other issues exempt from registration under the Securities Act such as intrastate offerings and railroad securities. The offerings series includes only securities actually offered for cash sale, and only issues offered for account of issuer. Beginning with the first quarterly release in 1957, data were presented on the average yield of industrial and public utility issues offered during the period, and a separate classification of convertible debt offerings was added to the series. Annual statistics on new offerings since 1952, as well as monthly figures from January 1956 through June 1957, are given in appendix tables 3 and 4. A summary of the data is shown annually from 1934 through June 1957 in appendix table 5.



**Corporate Securities Outstanding**

Estimates of the net cash flow through securities transactions are prepared quarterly and are derived by deducting from the amount of estimated gross proceeds received by corporations through the sale of securities the amount of estimated gross payments by corporations to investors for securities retired. Data on gross issues, retirements, and net change in securities outstanding are presented for all corporations and for the principal industry groups.

**Stock Market Data**

Statistics are regularly compiled on the market value and volume of sales on registered and exempted securities exchanges, round-lot stock transactions of the New York exchanges for accounts of members and nonmembers, odd-lot stock transactions on the New York exchanges, special offerings and secondary distributions. Indexes of stock market prices are compiled, based upon the weekly closing market prices of 265 common stocks listed on the New York Stock Exchange. The indexes are based on the prices of securities of 7 major industry groups, 29 subordinated groups, and a composite group.

**Saving Study**

The Commission compiles quarterly estimates of the volume and composition of individuals' saving in the United States. The series represent net increases in individuals' financial assets less net increases in debt. The study shows the aggregate value of saving and the form in which the saving occurred, such as investment in securities, expansion of bank deposits, increase in insurance and pension reserves, etc. The Commission is cooperating in a new program of research on national saving being developed by the Federal Reserve Board, which will cover Government, business, and individuals' saving, and it is expected that several changes and improvements will be made in the saving series in the course of the current fiscal year. A reconciliation of the Commission's estimates with the personal saving estimates of the Department of Commerce, derived in connection with its national income series, is published annually in July in the National Income Issue of the Survey of Current Business.

**Corporate Pension Funds**

An annual survey is made of pension plans of all United States corporations where funds are administered by corporations themselves or through trustees. The survey shows the flow of money into these funds, the types of assets in which the funds are invested, and the principal items of income and expenditures. The first survey, covering the years 1951-54, was released in October 1955, and the second survey covering the year 1955 was published in December

1956. A survey for the year 1956 was released shortly after the close of the fiscal year.

#### **Financial Position of Corporations**

The series on working capital position of all United States corporations, excluding banks and insurance companies, shows the principal components of current assets and liabilities, and also contains an abbreviated analysis of the sources and uses of corporate funds.

The Commission, jointly with the Federal Trade Commission, compiles a quarterly financial report for all United States manufacturing concerns. This report gives complete balance sheet data and an abbreviated income account, data being classified by industry and size of company. During the 1957 fiscal year the industry classification of this report was expanded to give separate figures for several important industry groups.

#### **Plant and Equipment Expenditures**

The Commission, together with the Department of Commerce, conducts quarterly and annual surveys of actual and anticipated plant and equipment expenditures of all United States business, exclusive of agriculture. Shortly after the close of each quarter, data are released on actual capital expenditures of that quarter and anticipated expenditures for the next two quarters. In addition a survey is made at the beginning of each year of the plans for business expansion during that year.

### **PUBLIC DISSEMINATION OF INFORMATION**

Administration of the Federal securities laws results in public dissemination of a vast amount of financial and other information with respect to securities offered for public sale and those traded on our national securities exchanges. These data receive extensive circulation through the medium of the prospectuses relating to public offerings, through the financial press, and by various securities manuals used extensively by securities firms, investment advisers, investment companies, trust departments, insurance companies and others. Virtually all data obtained by the Commission under the laws it administers constitutes public information and is available for inspection and distribution, the nonpublic information including primarily the Commission's private investigation and other internal files and amounting to something less than 10 percent of the Commission's records.

Most Commission actions take the form of orders, decisions and rules. So that the investing public may keep currently informed of these actions, copies thereof are distributed in "release" form to the

Commission's mailing lists, comprising the names of persons who have specifically requested certain types of releases. During the year, a total of 940 such releases were issued for distribution to these lists. Another 92 releases were issued announcing the results of the Commission's regular statistical studies of New Security Offerings, Expenditures on New Plant and Equipment, Net Working Capital of Corporations, Financial Reports of Manufacturing Companies, Surveys of Pension Plans, and Savings of Individuals. An additional 136 releases were issued with respect to court injunctions and criminal prosecutions.

To facilitate widespread press coverage of the financial and other proposals filed with, and actions by, the Commission, a daily News Digest is issued to the press presenting a synopsis of all important corporate developments included in filings with the Commission and of the orders, decisions and rules issued by the Commission.

Furthermore, the Chairman and other members of the Commission, as well as top staff officials, frequently deliver addresses before professional and trade bodies to acquaint them with the general policies and practices of the Commission, or to discuss particular phases of Commission administration. They also make themselves available for interview by representatives of the press, individually or collectively, particularly when visiting financial centers throughout the country.

#### **Information Available for Public Inspection**

The Commission maintains public reference rooms at its principal office in Washington, D. C., and at 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, declarations and other public documents are available for inspection in the public reference room in Washington. During the fiscal year 3,318 persons made personal visits to the public reference room seeking public information and an additional 25,284 requests for registered public information and copies of forms, releases and other material of a public nature were received. Through the facilities provided for the sale of reproductions of public information, 2,011 orders involving a total of 110,065 page units were filled and 431 certificates attesting to the authenticity of copies of Commission records were prepared. The Commission also mailed or distributed 430,741 copies of publications to persons requesting them.

There are available in the New York Regional Office copies of recent filings made by companies which have securities listed on exchanges other than the New York exchanges and copies of current periodical reports of many other companies which have filed registration state-

ments under the Securities Act of 1933. During the fiscal year 10,145 persons visited this public reference room and more than 10,976 telephone calls were received from persons seeking public information and copies of forms, releases and other material. In the Chicago Regional Office there are available copies of recent filings made by companies which have securities listed on the New York exchanges.

Copies of recent prospectuses used in the public offering of securities registered under the Securities Act are available in all regional offices, as are copies of active broker-dealer and investment adviser registration applications and Regulation A Letters of Notification filed by persons or companies in the respective regions.

Copies of certain reports filed with the Commission are also available at the respective national securities exchanges upon which the securities of the issuer are registered.

### PUBLICATIONS

Publications issued during the fiscal year include:

Statistical Bulletin. Monthly.

Official Summary of Securities Transactions and Holdings of Officers, Directors and Principal Stockholders. Monthly.

Twenty-Second Annual Report of the Commission.

Securities Traded on Exchanges under the Securities Exchange Act of 1934, as of December 31, 1956.

Companies Registered under the Investment Company Act of 1940, as of December 31, 1956.

Financial Report, United States Manufacturing Corporations. (Jointly with Federal Trade Commission.) Quarterly.

Accounting Series Release No. 78, March 25, 1957.

Volumes Nos. 31, 32, 33, 34, 35, and 36 of the Commission's Decisions and Reports.

Working Capital of United States Corporations. Quarterly.

Volume and Composition of Saving. Quarterly.

New Securities Offered for Cash. Quarterly.

Plant and Equipment Expenditures of United States Corporations. (Jointly with Department of Commerce.) Quarterly.

Compilation of Documentary Materials, February 26, 1957.

Survey of Corporate Pension Funds, 1951-54, October 1956.

Corporate Pension Funds 1955, December 31, 1956.

### ORGANIZATION

The staff of the Commission is composed of attorneys, accountants, engineers, securities analysts, and clerical employees. It is divided into divisions and offices, including nine regional offices.

During the fiscal year 1957 the Commission continued its policy of review of its organization and functions in the interest of discharging its duties and responsibilities as efficiently and economically as possible.

The personnel and functions of the New York Regional Office were realigned effective September 5, 1956. This action was designed to promote efficiency of operation by establishment of three coordinate branches, each responsible for the performance of an important phase of the Commission's task of protecting investors. The New York Regional Office now consists of a Branch of Investigations, comprising a Section of Securities Act Investigations, a Section of Securities Exchange Act Investigations, a Section of Broker-Dealer Inspections and a Section of Market Surveillance; a Branch of Enforcement; and a Branch of Operations, comprising a Section of Small Issues, a Section of Public Information and Interpretations, and a Section of Reorganization.

Effective February 12, 1957, the personnel and functions of the Chicago Regional Office were realigned to provide for a more effective organization. The Chicago Regional Office now consists of a Branch of Investigations, responsible for broker-dealer inspections and fraud investigations; a Branch of Enforcement, responsible for all enforcement work in the Chicago Region; and a Branch of Reorganization, responsible for the Commission's functions under Chapter X of the Bankruptcy Act. There was also established an Office of Chief Counsel, with responsibility for all interpretative activities and work in connection with the administration of regulation A in the region; and an Office of Assistant Regional Administrator, with headquarters in Detroit, for the tri-state area of Michigan, Ohio, and Kentucky.

The changes described above cover the Commission's two largest regional offices, employing approximately half of the total regional office staff. It is anticipated that this realignment of functions will be of great assistance to the Commission in its handling of an increasing number of cases requiring investigation and prosecution.

The Commission's 22nd Annual Report summarized the realignment of functions and personnel of the Commission's major divisions in Washington during the fiscal year 1956.

**PERSONNEL AND FISCAL**

The following comparative table shows the personnel strength of the Commission as of June 30, 1956 and 1957:

	June 30, 1957		June 30, 1956	
Commissioners.....		4		5
Staff:				
Headquarters office.....	480		458	
Regional offices.....	300	780	271	729
Total.....		784		734

The action taken on budget estimates for the fiscal year 1958 is shown below:

	Fiscal year 1958	
	Average employment	Money
Commission's estimate to the Bureau of the Budget.....	935	\$7,178,000
Excess over President's Budget:.....		
Action recommended in the President's Budget.....	935	7,178,000
Action by the House of Representatives.....	-80	-478,000
Subtotal.....	855	6,700,000
Action by the Senate.....		
Subtotal.....	855	6,700,000
Action by conferees.....		
Annual appropriation.....	855	6,700,000

The Commission is required by law to collect fees for registration of securities issued, qualification of trust indentures, registration of exchanges, and sale of copies of documents filed with the Commission.<sup>22</sup>

The following table shows the Commission's appropriations, total fees collected, percentage of fees collected to total appropriation, and the net cost to the taxpayers of Commission operations for the fiscal years 1955, 1956, and 1957:

Year	Appropriation	Fees collected	Percentage of fees collected to total appropriation (percent)	Net cost of Commission operations <sup>1</sup>
1955.....	\$4,843,180	\$1,703,290	35	\$3,139,890
1956.....	5,278,000	2,074,211	39	3,203,789
1957.....	6,749,000	2,243,580	39	3,505,420

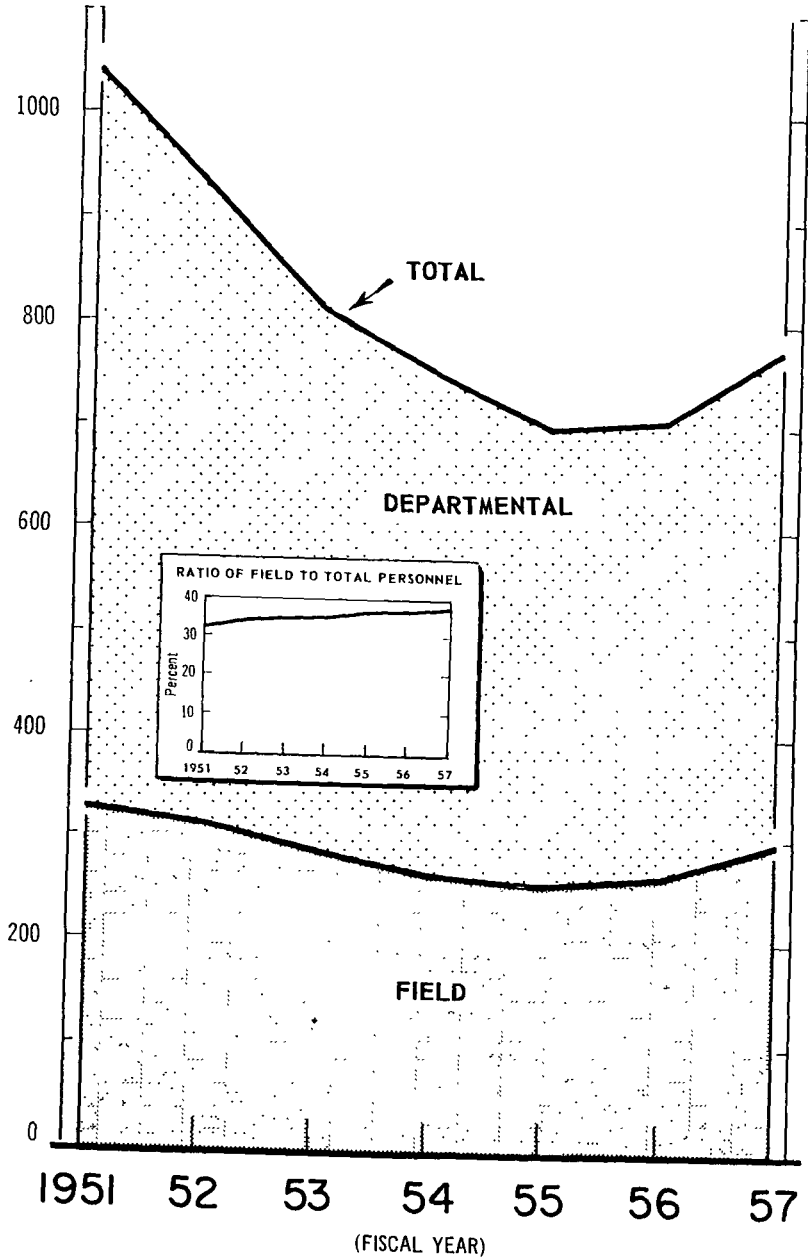
<sup>1</sup> Fees are deposited in the general fund of the Treasury and are not available for expenditure by the Commission.

In accordance with the objectives of Public Law 863 and the Joint Accounting Improvement Program, the Branch of Budget and Finance developed and implemented the Commission's Budget Manual during fiscal year 1957. In addition, several operating procedures relating to delegations of authority, policy directives, forms, procedures, and similar matters having continuing application to the internal budget and administrative accounting operations of the Commission were promulgated.

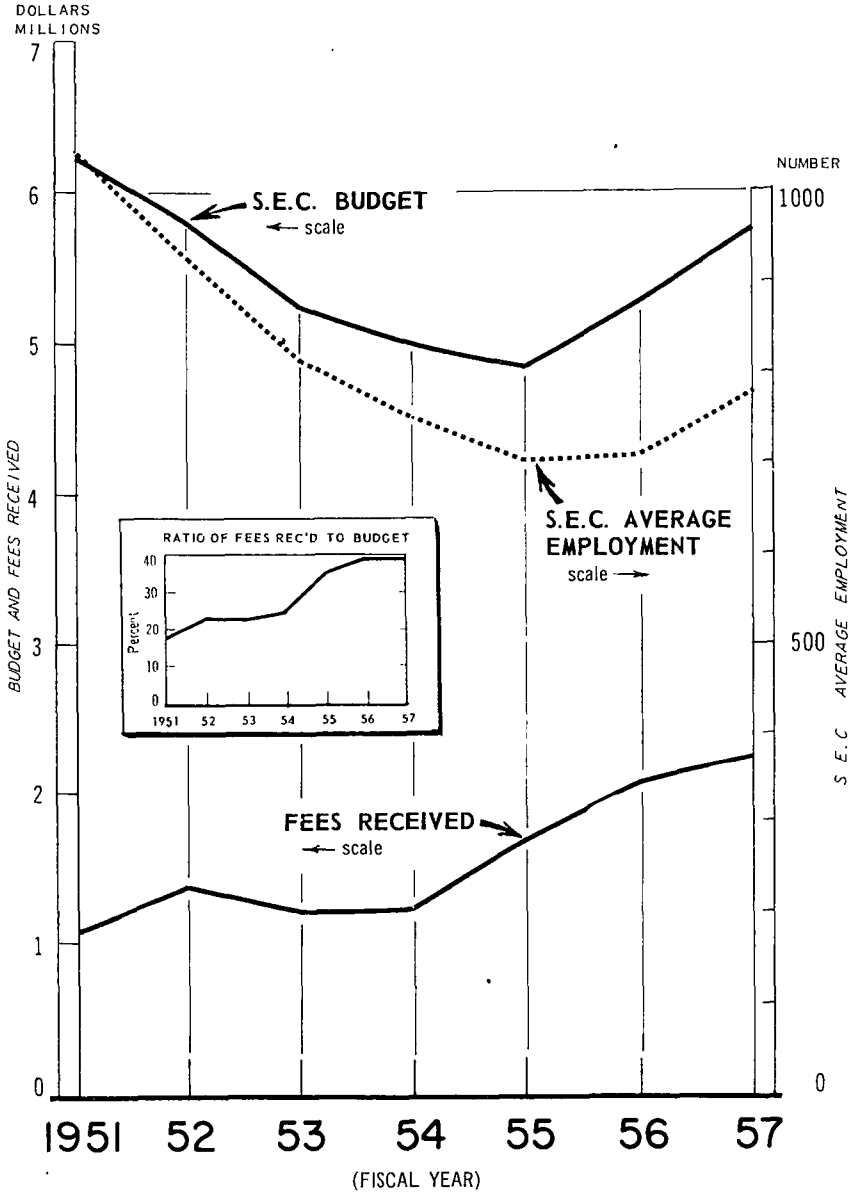
<sup>22</sup> Principal rates are (1) 1/100 of 1 percent of the maximum aggregate price of securities proposed to be offered, but not less than \$25; (2) 1/500 of 1 percent of the aggregate dollar amount of stock exchange transactions. Fees for other services are only nominal.

# S. E. C. PERSONNEL

NUMBER



# S.E.C. BUDGET, FEES RECEIVED AND NUMBER OF PERSONNEL





**Personnel Program**

During fiscal year 1957 the Commission continued to strengthen its staff by filling the additional positions authorized under its appropriation and vacancies resulting from turnover. Emphasis was placed on a college and university recruitment program which included campus interviews by Commission representatives. This program was designed to recruit outstanding college and law school graduates with the required specialized training for careers in the Commission. Emphasis was also placed on the in-service training of employees for the advancement of their career development, while at the same time furthering the administration and enforcement of the Federal securities laws. These courses were given in the Headquarters Office in Washington, D. C., and in the New York Regional Office. The training course in the principal office, sponsored by the Division of Corporation Finance, consisted of 32 sessions during the period February 23, 1957, through June 7, 1957. The course covered the whole range of functions of the Division of Corporation Finance and took cognizance of the importance of an understanding of the related functions of the other divisions and offices of the Commission. Approximately 90 employees attended this course, 32 from the staff of the Division of Corporation Finance and the balance from other divisions and offices in the Commission. The training course in the New York Regional Office was given from January to June 1957 and was attended by 24 employees of that office.

Under its Incentive Awards Plan, the Commission recognized the long service of its career employees by presenting 10- and 20-year service pins and certificates to a total of 62 employees for service with the Commission. In the fiscal year 1956, 10- and 20-year pins and certificates were awarded to 453 employees, or 63 percent of the total staff. In addition 9 employees were awarded \$360 for suggestions which were adopted and cash awards totaling \$4,450 and certificates of merit were presented to 43 employees.

During the fiscal year, the outstanding achievements of members of the Commission's staff received further public recognition in the form of awards made by other organizations. On December 1, 1956, a member of the Commission's staff, James F. Duffy, competed for participation in the Civil Service Commission's Spring 1957 Management Intern Program. Mr. Duffy was one of the 21 successful candidates, out of a total of 287 applicants throughout the Government service, admitted to the Program. The National Civil Service League awarded certificates of merit to 5 Commission employees—Oran H. Allred, Byron D. Woodside, James E. Newton, Vito Natrella, and

J. Kirk Windle. In February, 1957, a Rockefeller Public Service Award, one of 9 such awards made throughout the Federal service was granted to Lawrence M. Greene, Assistant Director, Division of Corporate Regulation. J. Arnold Pines, Chief Financial Analyst of the Division of Corporate Regulation, received an Arthur S. Fleming Award of the Junior Chamber of Commerce of Washington, D. C., as one of the 10 outstanding young men in the Federal service. In May, 1957, a financial analyst in the Division of Corporate Regulation, Robert E. Johnson, was awarded a Certificate of Merit by the William A. Jump Memorial Foundation.

The Commission is justifiably proud of these distinctions earned by its employees whose devoted and conscientious service has contributed so much to carrying out the statutory objectives for which the Commission was created.

**PART XII**  
**APPENDIX**  
**STATISTICAL TABLES**



TABLE 1.—A 23-year record of registrations fully effective under the Securities Act of 1933

1935-1957

[Amounts in millions of dollars]

Fiscal year ended June 30	Number of statements	All registrations	For cash sale for account of issuers			
			Total	Bonds, debentures and notes	Preferred stock	Common stock
1935 <sup>1</sup> .....	284	\$913	\$686	\$490	\$28	\$168
1936.....	689	4,835	3,936	3,153	252	531
1937.....	840	4,851	3,635	2,426	406	802
1938.....	412	2,101	1,349	666	209	474
1939.....	344	2,579	2,020	1,593	109	318
1940.....	306	1,787	1,433	1,112	110	210
1941.....	313	2,611	2,081	1,721	164	196
1942.....	193	2,003	1,465	1,041	162	263
1943.....	123	659	486	316	32	137
1944.....	221	1,760	1,347	732	343	272
1945.....	340	3,225	2,715	1,851	407	456
1946.....	661	7,073	5,424	3,102	991	1,331
1947.....	493	6,732	4,874	2,937	787	1,150
1948.....	435	6,405	5,032	2,817	537	1,678
1949.....	429	5,353	4,204	2,795	326	1,083
1950.....	487	5,307	4,381	2,127	468	1,786
1951.....	487	6,459	5,169	2,838	427	1,904
1952.....	635	9,500	7,529	3,346	851	3,332
1953.....	593	7,507	6,326	3,093	424	2,808
1954.....	631	9,174	7,381	4,240	531	2,610
1955.....	779	10,960	8,277	3,951	462	3,864
1956.....	<sup>2</sup> 833	13,096	9,206	4,123	539	4,544
1957.....	<sup>2</sup> 860	14,624	12,019	5,689	472	5,858

<sup>1</sup> For 10 months ended June 30, 1935.

<sup>2</sup> Statements registering American Depositary Receipts against outstanding foreign securities as provided by Form S-12 are not included.

TABLE 2.—Registrations fully effective under the Securities Act of 1933  
PART 1.—DISTRIBUTION BY MONTHS, FISCAL YEAR ENDED JUNE 30, 1957

[Amounts in thousands of dollars <sup>1</sup>]

Year and month	All registrations			Proposed for sale for account of issuers		
	Number of statements	Number of issues	Amount	Number of statements	Number of issues	Amount
<i>1956</i>						
July.....	67	84	1,005,551	60	72	920,166
August.....	55	74	982,143	46	56	811,444
September.....	57	88	1,460,351	53	75	1,277,245
October.....	72	91	894,777	62	69	647,376
November.....	61	84	1,152,222	51	65	830,750
December.....	43	53	531,003	38	40	420,841
<i>1957</i>						
January.....	74	100	1,466,397	67	81	1,156,993
February.....	70	94	1,789,110	61	73	1,416,482
March.....	85	98	1,138,399	79	86	1,022,988
April.....	99	122	1,686,984	91	111	1,492,280
May.....	91	110	1,180,161	85	97	1,056,689
June.....	86	121	1,386,482	77	99	965,795
Total, fiscal year 1957.....	<sup>2</sup> 860	1,119	14,623,579	770	924	12,019,050

PART 2.—PURPOSE OF REGISTRATION AND TYPE OF SECURITY, FISCAL YEAR ENDED JUNE 30, 1957

[Amounts in thousands of dollars <sup>1</sup>]

Purpose of registration	Type of security			
	All types	Bonds, debentures, and notes <sup>3</sup>	Preferred stock	Common stock <sup>4</sup>
All registrations (estimated value).....	14,623,579	5,768,379	522,693	8,332,508
For account of issuers for cash sale.....	12,019,050	5,689,157	471,589	5,858,305
Corporate.....	<sup>5</sup> 11,733,094	5,403,201	471,589	5,858,305
Offered to:				
General public.....	7,949,658	4,670,090	345,207	2,934,361
Security holders.....	3,250,955	724,967	126,381	2,399,607
Other special groups.....	532,481	8,144	-----	524,338
Foreign governments.....	285,956	285,956	-----	-----
For account of issuers for other than cash sale.....	2,224,921	79,222	46,349	2,099,350
For account of others than issuers.....	379,608	-----	4,755	374,853

See footnotes at end of table.

TABLE 2.—Registrations fully effective under the Securities Act of 1933—Continued

PART 3.—PURPOSES OF REGISTRATION AND INDUSTRY OF REGISTRANT, FISCAL YEAR ENDED JUNE 30, 1957

[Amounts in thousands of dollars <sup>1</sup>]

Purpose of registration	Industry									
	All regis- trants	Manufac- turing	Mining	Electric, gas and water	Transpor- tation other than railroad	Communi- cation	Invest- ment com- panies	Other fi- nancial and real estate	Commer- cial and other	Foreign govern- ments
Number of statements.....	860	244	50	172	13	40	158	116	57	10
Number of issues.....	1, 119	325	78	206	15	46	204	139	83	23
All registrations (estimated value).....	14, 623, 579	3, 958, 880	456, 935	3, 538, 196	125, 072	2, 174, 392	2, 641, 306	1, 117, 764	255, 079	355, 956
For account of issuers.....	14, 243, 971	3, 729, 297	450, 758	3, 478, 773	119, 476	2, 169, 342	2, 641, 306	1, 101, 625	197, 440	355, 956
For cash sale.....	12, 019, 050	2, 674, 327	282, 870	2, 950, 609	111, 732	2, 030, 011	2, 614, 322	951, 804	117, 420	285, 956
Corporate.....	11, 733, 094	2, 674, 327	282, 870	2, 950, 609	111, 732	2, 030, 011	2, 614, 322	951, 804	117, 420	285, 956
Noncorporate.....	285, 956									
For other than cash sale.....	2, 224, 921	1, 054, 970	167, 887	528, 163	7, 744	139, 330	26, 985	149, 821	80, 020	70, 000
For exchange for other securities <sup>6</sup> .....	661, 194	126, 817	127, 221	173, 517	100	86, 373		125, 335	21, 831	
Reserved for conversion.....	1, 185, 328	696, 823	33, 417	350, 120	4, 644	52, 873		8, 511	38, 939	
For other purposes.....	378, 399	231, 330	7, 249	4, 526	3, 000	84	26, 985	15, 975	19, 251	70, 000
For account of others than issuers.....	379, 608	229, 584	6, 177	59, 424	5, 596	5, 050		16, 139	57, 639	

See footnotes at end of table.

TABLE 2.—Registrations fully effective under the Securities Act of 1933—Continued

## PART 4.—USE OF PROCEEDS AND INDUSTRY OF REGISTRANT, FISCAL YEAR ENDED JUNE 30, 1957

[Amounts in thousands of dollars <sup>1</sup>]

Use of proceeds	Industry								
	All corporate	Manufacturing	Mining	Electric, gas and water	Transportation other than railroad	Communication	Investment companies	Other financial and real estate	Commercial and other
Corporate issues for cash sale for account of issuers (estimated gross proceeds).....	\$ 11,733,094	2,674,327	282,870	2,950,609	111,732	2,030,011	2,614,322	951,804	117,420
Cost of flotation.....	395,658	69,977	13,840	53,350	3,153	18,125	212,424	13,322	6,467
Commissions and discounts.....	334,398	54,351	10,667	41,038	2,246	10,292	200,611	10,207	4,985
Expenses.....	61,260	15,626	3,174	17,312	907	7,833	11,812	3,115	1,481
Expected net proceeds.....	11,337,437	2,604,350	269,030	2,892,259	108,579	2,011,887	2,401,898	938,481	110,953
New money purposes.....	8,149,577	2,405,399	206,132	2,794,608	108,054	2,009,905	.....	527,193	98,286
Plant and equipment.....	6,877,057	1,753,550	164,813	2,775,256	98,525	2,009,905	.....	47,842	27,167
Working capital.....	1,272,519	651,849	41,319	19,353	9,529	.....	.....	479,351	71,119
Retirement of securities.....	95,482	27,218	35,597	29,217	.....	.....	.....	444	3,006
Other purposes <sup>7</sup> .....	3,092,378	171,733	27,301	68,434	525	1,931	2,401,898	410,844	9,661

<sup>1</sup> Dollar amounts are rounded and will not necessarily add to totals shown.

<sup>2</sup> The 860 registrations differ from the 884 net registrations shown in the text table "Number and disposition of registration statements filed" by reason of (a) the exclusion of 18 registrations of American Depositary Receipts, (b) the exclusion of 8 statements effective subject to amendments which were not filed prior to the end of the fiscal year, and (c) the inclusion of 2 statements which became effective during the 1956 fiscal year subject to amendments which were filed in fiscal year 1957.

<sup>3</sup> Includes face amount certificates.<sup>4</sup> Includes certificates of participation.

<sup>5</sup> This total differs from the sum of the monthly figures (\$8,071,451,000) for offerings shown in table 3, part 1, under the heading "Registered Under 1933 Act," as follows:

Excluded from this table but included in offerings:

Offerings of issues effectively registered prior to July 1, 1956..... \$77,890,000  
 Portion of exchange issues sold for cash..... 866,000

Included in this table but excluded from offerings:

Issues offered continuously:

Investment companies..... 2,601,570,000  
 Employee purchase plans and other..... 501,921,000  
 Effectively registered issues, not yet offered for sale..... 154,563,000  
 Issues sold outside the United States, intercorporate offerings, etc..... 482,345,000

<sup>6</sup> Includes voting trust certificates registered for issuance in exchange for original securities deposited.

<sup>7</sup> Principally the purchase of securities.



TABLE 3.—New securities offered for cash sale in the United States <sup>1</sup>

PART I.—TYPE OF OFFERING

[Estimated gross proceeds in thousands of dollars <sup>2</sup>]

441670-58-16

TWENTY-THIRD ANNUAL REPORT

209

Calendar year or month	All offerings (corporate and non-corporate)	CORPORATE							Private placements <sup>6</sup>	NON-CORPORATE
		Classified by type of offering								
		Total corporate	Public offerings <sup>3</sup>				Private placements <sup>6</sup>			
			Total public offerings	Registered under 1933 Act	Not registered under 1933 Act					
Total	Railroad issues				Issues exempt because of size <sup>4</sup>	Other exempt offerings <sup>5</sup>				
1951.....	21,264,507	7,741,099	4,326,407	3,684,286	642,121	331,097	133,273	177,751	3,414,692	13,523,408
1952.....	27,209,159	9,534,162	5,532,619	4,807,929	724,690	472,227	169,484	82,979	4,001,643	17,674,998
1953.....	28,824,485	8,897,996	5,580,424	5,004,782	575,642	295,913	159,846	119,883	3,317,572	19,926,489
1954.....	29,764,843	9,516,168	5,847,743	4,950,641	888,102	440,152	194,550	253,400	3,668,425	20,248,675
1955.....	26,772,349	10,240,155	6,763,161	5,752,604	1,010,557	532,049	269,059	209,450	3,476,994	16,532,195
1956.....	22,405,413	10,938,718	7,052,574	6,138,792	913,782	370,362	176,096	367,324	3,886,144	11,466,695
<i>1956</i>										
January.....	1,702,165	612,580	225,334	178,905	46,429	18,543	14,949	12,937	387,246	1,089,586
February.....	2,001,199	747,790	412,034	303,923	108,111	30,769	12,925	64,416	335,757	1,253,408
March.....	1,816,600	889,147	564,058	478,996	85,061	38,022	20,842	26,197	325,090	927,453
April.....	1,877,289	915,772	579,712	481,356	98,356	13,112	17,201	68,042	336,059	961,518
May.....	2,123,391	1,180,494	870,691	788,300	82,391	37,241	20,409	24,742	309,804	942,896
June.....	2,163,979	892,975	487,422	422,952	64,470	33,347	13,645	17,477	405,553	1,271,004
July.....	1,971,804	1,106,420	772,489	731,851	40,638	10,274	16,126	14,237	333,931	865,384
August.....	1,492,927	693,483	388,250	333,122	55,129	22,307	18,837	13,984	305,233	799,444
September.....	1,581,281	889,792	720,187	631,607	88,580	55,143	15,366	18,071	169,605	691,489
October.....	1,891,518	773,464	594,819	537,437	57,382	29,028	8,779	19,575	178,645	1,118,054
November.....	1,828,627	1,123,012	847,605	781,512	66,093	38,861	7,384	19,848	275,407	705,615
December.....	1,954,633	1,113,788	589,973	468,830	121,143	43,714	9,632	67,797	523,815	840,845
<i>1957</i>										
January.....	2,431,551	1,094,186	804,589	731,250	73,339	51,298	7,614	14,428	289,696	1,337,365
February.....	2,122,913	1,115,672	864,055	808,026	56,030	22,112	7,285	26,632	251,617	1,007,241
March.....	3,248,037	1,386,456	953,595	893,845	59,749	39,433	13,431	6,885	432,862	1,861,581
April.....	2,362,092	956,497	687,639	642,616	45,024	28,415	9,680	6,929	268,858	1,405,595
May.....	1,784,886	801,576	542,750	470,044	72,705	54,284	11,098	7,323	258,826	983,309
June.....	2,364,223	1,547,377	1,090,659	1,041,310	49,348	24,598	11,157	13,593	456,719	816,846

See footnotes at end of table.

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

## PART 2.—TYPE OF SECURITY

[Estimated gross proceeds in thousands of dollars<sup>2</sup>]

Calendar year or month	All types of securities			Bonds, debentures, and notes			Preferred stock	Common stock
	All issuers	Corporate	Noncorporate	All issuers	Corporate	Noncorporate		
1951.....	21,264,507	7,741,099	13,523,408	19,214,357	5,690,949	13,523,408	837,656	1,212,494
1952.....	27,209,159	9,534,162	17,674,998	25,276,111	7,601,113	17,674,998	564,498	1,368,551
1953.....	28,824,485	8,897,996	19,926,489	27,009,908	7,083,419	19,926,489	488,564	1,328,013
1954.....	29,764,843	9,516,168	20,248,675	27,736,258	7,487,583	20,248,675	815,908	1,212,677
1955.....	26,772,349	10,240,155	16,532,195	23,952,064	7,419,869	16,532,195	635,058	2,185,223
1956.....	22,405,413	10,938,718	11,466,695	19,468,795	8,002,100	11,466,695	635,527	2,301,091
<i>1956</i>								
January.....	1,702,165	612,580	1,089,586	1,611,895	522,309	1,089,586	19,268	71,002
February.....	2,001,199	747,790	1,253,408	1,733,340	479,932	1,253,408	128,308	139,551
March.....	1,816,600	889,147	927,453	1,631,675	704,222	927,453	43,428	141,498
April.....	1,877,289	915,772	961,518	1,634,757	673,239	961,518	31,018	211,515
May.....	2,123,391	1,180,494	942,896	1,919,398	976,502	942,896	65,316	138,677
June.....	2,163,979	892,975	1,271,004	1,932,004	661,000	1,271,004	50,023	181,953
July.....	1,971,804	1,106,420	865,384	1,766,665	901,181	865,384	16,027	189,212
August.....	1,492,927	693,483	799,444	1,350,743	551,299	799,444	50,326	91,858
September.....	1,581,281	889,792	691,489	1,372,589	681,100	691,489	32,600	176,092
October.....	1,891,518	773,464	1,118,054	1,602,763	484,709	1,118,054	138,748	150,007
November.....	1,828,627	1,123,012	705,615	1,156,786	451,171	705,615	44,658	627,183
December.....	1,954,633	1,113,788	840,845	1,756,281	915,436	840,845	15,809	182,544
<i>1957</i>								
January.....	2,431,551	1,094,186	1,337,365	2,253,844	916,479	1,337,365	33,806	143,901
February.....	2,122,913	1,115,672	1,007,241	1,768,681	761,440	1,007,241	25,612	328,621
March.....	3,248,037	1,386,456	1,861,581	2,933,665	1,072,084	1,861,581	37,947	276,426
April.....	2,362,092	956,497	1,405,595	2,052,787	647,192	1,405,595	45,771	263,534
May.....	1,784,886	801,576	983,309	1,674,632	691,322	983,309	25,367	84,887
June.....	2,364,223	1,547,377	816,846	1,890,769	1,073,923	816,846	66,198	407,256

See footnotes at end of table.

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

PART 3.—TYPE OF ISSUER

[Estimated gross proceeds in thousands of dollars <sup>2</sup>]

Calendar year or month	Corporate								Noncorporate						
	Total corporate	Manufacturing	Mining <sup>3</sup>	Electric, gas and water	Railroad	Other transportation	Communication	Financial and real estate <sup>4</sup>	Commercial and other	Total noncorporate	U. S. Government (including issues guaranteed)	Federal agency (issues not guaranteed)	State and municipal	Foreign government and international	Non-profit institutions
1951.....	7,741,099	3,121,853	( <sup>5</sup> )	2,454,853	335,087	159,227	612,080	524,616	533,383	13,523,408	9,778,151	110,000	3,188,777	418,567	27,914
1952.....	9,534,162	4,038,794	( <sup>5</sup> )	2,674,694	525,205	467,094	760,239	515,178	552,958	17,674,998	12,577,446	459,058	4,401,317	222,743	14,434
1953.....	8,897,996	2,253,531	235,368	3,029,122	302,397	293,036	881,853	1,076,048	326,640	19,926,489	13,956,613	105,557	5,557,887	282,807	23,625
1954.....	9,516,168	2,288,040	538,597	3,713,311	479,322	299,432	720,102	1,075,818	421,547	20,248,675	12,532,250	458,304	6,968,642	244,721	44,758
1955.....	10,240,155	2,993,658	415,289	2,463,729	547,777	345,280	1,132,271	1,898,677	443,473	16,532,195	9,628,326	745,558	5,976,504	149,990	31,848
1956.....	10,938,718	3,647,243	455,523	2,529,175	382,012	342,000	1,419,457	1,855,953	307,355	11,466,695	5,516,972	169,450	5,446,420	300,343	33,510
<i>1956</i>															
January.....	612,580	200,874	9,978	68,820	18,543	8,366	3,063	269,882	33,055	1,089,586	644,836	0	406,800	37,090	950
February.....	747,790	207,246	19,746	199,606	30,769	8,908	37,385	217,282	26,847	1,253,408	543,964	0	709,444	0	0
March.....	839,147	283,229	21,122	191,844	47,269	34,778	121,567	158,042	31,297	927,453	517,561	0	400,650	7,942	1,300
April.....	915,772	343,004	12,064	297,311	13,892	40,881	15,274	174,246	19,100	961,518	452,552	60,000	390,541	49,800	8,625
May.....	1,180,494	486,766	35,218	339,304	38,865	50,424	82,055	120,891	26,883	942,896	451,271	0	490,526	0	1,100
June.....	892,975	305,338	57,732	236,057	33,347	27,271	11,570	198,758	22,901	1,271,004	436,931	0	736,386	95,022	2,065
July.....	1,106,420	347,539	78,698	240,866	10,274	26,649	263,390	104,663	34,342	865,384	484,298	0	378,535	1,821	730
August.....	693,483	216,525	67,717	157,417	22,307	15,298	83,352	111,996	18,871	799,444	436,383	109,450	213,238	39,178	1,200
September.....	889,792	221,175	42,483	250,106	55,143	8,782	56,560	239,178	16,366	691,489	355,159	0	335,930	0	490
October.....	773,464	329,580	15,071	231,997	29,028	8,554	68,544	69,369	21,321	1,118,054	414,348	0	645,718	43,748	14,240
November.....	1,123,012	167,765	78,011	155,790	38,861	6,368	600,469	38,332	37,417	705,615	389,350	0	311,354	4,911	0
December.....	1,113,788	538,203	17,682	159,968	43,214	105,720	76,229	153,315	18,957	840,845	390,320	0	427,298	20,928	2,300
<i>1957</i>															
January.....	1,094,186	395,633	23,709	251,418	51,298	51,205	107,494	190,707	22,723	1,337,365	495,538	72,000	685,472	84,355	0
February.....	1,115,672	578,118	42,526	265,415	22,112	9,397	47,012	112,707	58,385	1,007,241	385,587	0	568,928	49,375	3,350
March.....	1,386,456	676,506	17,909	513,535	39,433	45,902	284,342	92,620	16,208	1,861,581	1,326,528	0	503,237	29,816	2,000
April.....	956,497	324,188	21,123	363,948	28,415	37,120	47,873	95,557	38,273	1,405,595	389,584	125,000	763,411	123,249	4,350
May.....	801,576	141,911	10,555	362,567	54,284	27,456	82,926	72,993	48,883	983,309	394,263	0	538,533	47,513	3,000
June.....	1,547,377	659,634	19,579	444,232	24,598	35,095	138,528	212,869	12,844	816,846	362,324	60,000	350,388	42,333	1,800

See footnotes at end of table.

TABLE 3.—New securities offered for cash sale in the United States<sup>1</sup>—ContinuedPART 4.—PRIVATE PLACEMENT OF CORPORATE SECURITIES<sup>2</sup>[Estimated gross proceeds in thousands of dollars<sup>3</sup>]

Calendar year or month	All private placements	Type of security		Industry of issuer							
		Bonds, debentures, and notes	Stocks	Manufacturing	Mining <sup>4</sup>	Electric, gas and water	Railroad	Other transportation	Communication	Financial and real estate	Commercial and other
1951.....	3,414,691	3,326,457	88,234	1,975,318	(7)	637,137	3,990	154,326	55,327	223,314	365,280
1952.....	4,001,543	3,956,825	45,018	2,240,788	(7)	665,115	52,678	305,322	71,494	311,880	353,966
1953.....	3,317,572	3,227,614	90,059	1,070,888	106,716	731,349	6,484	234,242	63,182	686,967	217,744
1954.....	3,668,425	3,484,246	184,179	1,299,882	340,237	870,157	39,170	290,139	91,430	534,341	203,019
1955.....	3,476,994	3,300,973	176,021	1,197,273	201,826	596,041	15,728	315,061	107,640	607,053	236,473
1956.....	3,886,144	3,776,994	109,151	1,612,952	134,812	616,319	11,650	215,494	91,539	1,028,338	175,041
<i>1956</i>											
January.....	337,246	331,323	5,918	137,544	131	58,196	0	6,236	2,350	168,159	14,629
February.....	335,757	331,338	4,424	86,888	1,225	56,472	0	8,316	8,969	151,849	22,039
March.....	325,090	311,300	13,790	83,971	6,298	41,407	9,246	28,644	18,030	126,404	11,089
April.....	336,059	332,959	3,100	167,877	3,442	61,424	780	12,186	2,323	74,452	13,575
May.....	369,804	290,826	18,978	76,737	15,487	83,143	1,624	25,672	4,450	87,131	16,560
June.....	405,553	391,147	14,406	203,646	9,596	74,741	0	4,416	1,500	100,996	10,658
July.....	333,931	313,198	20,733	139,347	2,478	61,962	0	8,461	5,515	86,597	29,570
August.....	305,233	301,681	3,552	142,284	52,334	49,771	0	1,238	3,379	42,263	13,966
September.....	169,605	166,897	2,708	66,446	0	23,125	0	8,782	374	67,386	3,491
October.....	178,645	169,806	8,840	107,744	11,852	6,143	0	6,543	2,849	30,405	13,110
November.....	275,407	272,155	3,252	144,202	16,178	58,744	0	6,368	27,850	10,655	11,411
December.....	523,816	514,364	9,451	256,265	15,792	41,191	0	98,632	13,950	82,041	15,944
<i>1957</i>											
January.....	289,596	275,865	13,731	124,804	1,945	44,075	0	24,305	25,345	57,098	12,024
February.....	251,617	247,937	3,680	79,328	17,246	36,838	0	9,397	2,300	63,404	43,104
March.....	432,862	428,999	3,862	230,494	7,661	57,977	0	45,062	22,077	59,216	9,834
April.....	268,858	261,893	6,965	99,061	17,889	35,798	0	37,000	14,398	51,048	13,663
May.....	258,826	254,011	4,815	87,022	3,248	52,833	0	16,756	6,535	59,671	32,761
June.....	456,719	440,946	15,772	268,636	5,625	71,650	0	35,095	2,076	68,989	4,648

<sup>1</sup> 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 one year. Included in the compilation are issues privately placed as well as issues publicly offered, and unregistered issues as well as those registered under the Securities Act of 1933. The figures on publicly offered issues include a small amount of unsold securities, chiefly nonunderwritten issues of small companies. The figures on privately placed issues include securities actually issued but exclude securities which institutions have contracted to purchase but which had not been taken down during the period covered by the statistics. Also 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* and the *Bond Buyer*; these represent principal amounts instead of gross proceeds. All figures are subject to revision as new data are received. For data for the years 1934-50, see 18th Annual Report.

<sup>2</sup> Gross proceeds are derived by multiplying principal amounts or numbers of units by offering prices, except for state and 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.

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

<sup>4</sup> Issues in this group include those between \$100,000 and \$300,000 in size which are exempt under Regulations A and D of the Securities Act of 1933.

<sup>5</sup> Chiefly bank stock issues.

<sup>6</sup> The bulk of the securities included in this category are exempt from registration under sec. 4 (1) of the Securities Act of 1933.

<sup>7</sup> Prior to 1953 issues of mining companies are included in the category "Commercial and other."

<sup>8</sup> Excluding issues of investment companies.

<sup>9</sup> Excluding 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 in the United States

PART 1.—ALL CORPORATE

[Amounts in thousands of dollars ]

Calendar year or month <sup>1</sup>	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds <sup>2</sup>	Total net proceeds <sup>3</sup>	Total new money	Plant and equipment	Working capital		
1951.....	7,741,099	7,606,520	6,531,403	5,110,105	1,421,298	486,413	588,703
1952.....	9,534,162	9,380,302	8,179,548	6,311,802	1,867,746	664,056	536,698
1953.....	8,897,996	8,754,721	7,959,966	5,646,840	2,313,126	260,023	534,733
1954.....	9,516,168	9,365,090	6,780,196	5,110,389	1,669,806	1,875,398	709,496
1955.....	10,240,155	10,048,855	7,957,394	5,333,328	2,624,066	1,227,404	863,967
1956.....	10,938,718	10,748,836	9,662,952	6,709,126	2,953,826	364,459	721,424
<i>1956</i>							
January.....	612,580	601,495	496,235	164,228	322,007	28,238	87,022
February.....	747,790	733,550	672,419	379,916	292,503	21,262	39,869
March.....	889,147	873,647	788,519	532,297	256,222	56,734	28,394
April.....	915,772	898,459	702,367	479,443	222,924	80,116	115,976
May.....	1,180,494	1,160,221	1,104,863	938,570	166,293	14,676	40,682
June.....	892,975	876,167	782,108	446,234	335,874	35,234	58,825
July.....	1,106,420	1,088,772	1,003,203	753,582	249,622	25,828	59,741
August.....	693,483	679,029	550,194	369,854	180,341	24,668	104,167
September.....	889,792	873,412	815,528	513,330	302,198	35,210	22,675
October.....	773,464	755,504	660,330	490,011	170,319	10,944	84,231
November.....	1,123,012	1,110,227	1,048,104	905,009	143,095	21,014	41,108
December.....	1,113,788	1,098,353	1,049,081	736,652	312,429	10,536	38,735
<i>1957</i>							
January.....	1,094,186	1,074,551	1,025,510	793,661	231,849	11,262	37,779
February.....	1,115,672	1,092,463	926,693	723,576	203,117	21,693	144,077
March.....	1,386,456	1,365,439	1,271,023	1,105,772	165,251	20,969	73,446
April.....	956,497	937,163	863,571	652,945	210,627	13,043	60,548
May.....	801,576	786,220	706,740	557,967	148,773	15,279	64,201
June.....	1,647,377	1,519,650	1,419,289	1,051,271	368,018	30,923	69,434

PART 2.—MANUFACTURING

1951.....	3,121,853	3,066,352	2,617,233	1,832,777	784,456	220,828	228,291
1952.....	4,038,794	3,973,363	3,421,892	2,179,563	1,242,329	260,850	290,621
1953.....	2,253,531	2,217,721	1,914,853	1,324,675	590,178	90,115	212,753
1954.....	2,268,040	2,234,016	1,838,907	1,009,495	829,413	189,537	205,571
1955.....	2,993,658	2,929,734	2,020,962	1,265,272	756,680	532,571	376,210
1956.....	3,647,243	3,578,502	2,944,378	1,928,034	1,016,344	242,684	391,440
<i>1956</i>							
January.....	200,874	196,403	107,338	57,025	50,814	25,665	62,900
February.....	207,246	201,843	155,707	100,345	55,362	19,179	26,957
March.....	283,229	276,491	238,358	149,601	88,757	24,068	14,066
April.....	343,004	336,838	173,475	114,142	59,333	78,070	85,294
May.....	486,766	478,352	459,273	407,783	51,491	11,138	7,940
June.....	305,338	300,446	252,404	125,072	127,332	19,368	28,675
July.....	347,539	341,471	301,088	174,936	126,152	8,013	32,371
August.....	216,525	212,461	151,281	75,089	76,192	16,092	45,088
September.....	221,175	216,286	201,606	142,959	55,646	10,263	4,417
October.....	329,580	320,943	245,034	146,935	95,099	7,002	68,908
November.....	167,765	166,119	140,694	68,136	72,558	18,695	6,730
December.....	538,203	530,848	517,621	366,010	151,610	5,133	8,095
<i>1957</i>							
January.....	395,633	388,813	375,310	302,413	72,896	7,623	5,880
February.....	558,118	545,180	428,300	363,722	64,579	1,772	115,107
March.....	376,506	370,151	343,002	279,602	63,500	4,084	23,065
April.....	324,188	317,403	273,336	171,644	101,692	2,922	41,145
May.....	141,911	138,410	103,664	46,872	56,792	3,742	31,004
June.....	659,634	647,354	583,548	419,245	164,302	21,285	42,522

See footnotes at end of table.

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

## PART 3.—MINING

[Amounts in thousands of dollars<sup>1</sup>]

Calendar year or month <sup>2</sup>	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds <sup>3</sup>	Total net proceeds <sup>3</sup>	Total new money	Plant and equipment	Working capital		
1951.....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
1952.....							
1953.....	235,368	222,051	199,151	113,104	86,048	1,912	20,688
1954.....	538,597	513,596	334,704	215,758	118,946	45,624	133,288
1955.....	418,289	390,758	325,490	197,394	128,096	3,921	61,347
1956.....	455,523	435,691	304,909	211,029	93,880	37,849	92,934
<i>1956</i>							
January.....	9,978	8,648	7,449	3,418	4,031	0	1,199
February.....	19,748	17,797	14,853	7,723	7,130	122	2,822
March.....	21,122	19,845	17,072	10,657	6,414	303	2,471
April.....	12,064	11,080	8,978	3,273	5,705	311	1,792
May.....	35,218	32,992	19,767	13,094	6,672	211	13,015
June.....	57,732	55,366	54,843	33,403	21,440	0	523
July.....	78,698	76,686	49,950	41,136	8,814	14,260	12,476
August.....	67,717	65,664	22,121	11,312	10,809	126	43,417
September.....	42,483	40,857	12,602	10,204	2,398	20,297	7,958
October.....	15,071	14,502	9,673	7,703	1,870	1,844	2,985
November.....	78,011	74,871	73,720	60,556	13,164	175	977
December.....	17,682	17,382	13,883	8,551	5,832	200	3,299
<i>1957</i>							
January.....	23,709	22,478	18,483	11,618	6,865	1,428	2,567
February.....	42,826	40,592	40,137	28,050	12,088	0	455
March.....	17,909	16,382	9,766	4,993	4,773	0	6,617
April.....	21,123	20,917	16,946	13,651	3,295	539	3,432
May.....	10,555	10,021	5,834	3,212	2,622	32	4,155
June.....	19,579	18,113	13,655	6,729	6,926	249	4,209

## PART 4.—ELECTRIC, GAS AND WATER

1951.....	2,454,853	2,411,714	2,186,248	2,158,823	27,425	85,439	140,027
1952.....	2,674,694	2,626,377	2,457,823	2,441,862	15,961	87,726	80,827
1953.....	3,029,122	2,971,911	2,755,852	2,737,082	18,770	67,034	149,025
1954.....	3,713,311	3,664,922	2,597,651	2,582,366	15,285	989,799	77,473
1955.....	2,463,729	2,423,158	2,218,094	2,205,655	12,439	174,015	36,049
1956.....	2,529,175	2,487,493	2,409,885	2,394,928	14,957	13,794	63,814
<i>1956</i>							
January.....	68,820	67,869	64,829	64,157	672	1,290	1,750
February.....	199,606	195,811	194,950	192,155	2,795	0	861
March.....	191,844	189,189	185,306	184,749	556	93	3,790
April.....	297,311	292,835	285,782	282,136	3,645	514	6,539
May.....	339,394	334,900	333,556	333,407	149	370	974
June.....	236,057	232,284	223,593	219,798	3,795	6,320	2,371
July.....	240,866	236,726	231,836	231,662	174	200	4,691
August.....	157,417	154,660	153,587	153,448	140	572	500
September.....	250,106	245,823	238,395	237,577	818	4,300	3,128
October.....	231,997	226,742	220,844	220,775	69	0	5,899
November.....	155,790	153,450	138,418	138,373	45	0	15,032
December.....	159,968	157,204	138,789	136,689	2,101	134	18,280
<i>1957</i>							
January.....	251,418	247,346	230,654	230,631	23	267	16,425
February.....	265,415	261,016	234,245	226,575	7,670	13,664	13,107
March.....	513,535	505,735	456,560	456,560	0	16,086	33,089
April.....	363,948	356,891	346,375	346,219	155	5,470	5,047
May.....	362,967	356,363	327,795	327,251	545	8,233	20,336
June.....	444,232	435,805	424,380	424,073	307	0	11,485

See footnotes at end of table.

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

PART 5.—RAILROAD

[Amounts in thousands of dollars ]

Calendar year or month <sup>1</sup>	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds <sup>2</sup>	Total net proceeds <sup>3</sup>	Total new money	Plant and equipment	Working capital		
1951.....	335,087	331,864	296,917	291,886	5,030	34,214	733
1952.....	525,205	520,817	286,526	286,476	50	223,632	10,758
1953.....	302,397	298,904	267,024	244,254	22,770	31,879	0
1954.....	479,322	474,180	209,585	202,441	7,144	261,945	3,250
1955.....	547,777	540,345	215,702	214,411	1,291	318,965	5,679
1956.....	382,012	378,159	365,447	365,447	0	12,713	0
<i>1956</i>							
January.....	18,543	18,409	18,409	18,409	0	0	0
February.....	30,769	30,335	29,175	29,175	0	1,160	0
March.....	47,269	46,876	37,718	37,718	0	9,158	0
April.....	13,892	13,729	12,958	12,958	0	772	0
May.....	38,865	38,481	36,858	36,858	0	1,623	0
June.....	33,347	33,046	33,046	33,046	0	0	0
July.....	10,274	10,182	10,182	10,182	0	0	0
August.....	22,307	22,006	22,006	22,006	0	0	0
September.....	55,143	54,618	54,618	54,618	0	0	0
October.....	29,028	28,707	28,707	28,707	0	0	0
November.....	38,861	38,491	38,491	38,491	0	0	0
December.....	43,714	43,280	43,280	43,280	0	0	0
<i>1957</i>							
January.....	51,298	50,731	50,731	50,731	0	0	0
February.....	22,112	21,902	21,902	21,902	0	0	0
March.....	39,433	39,115	39,115	39,115	0	0	0
April.....	28,415	28,129	28,129	28,129	0	0	0
May.....	54,284	53,774	53,774	53,774	0	0	0
June.....	24,598	24,291	16,361	16,361	0	7,930	0

PART 6.—OTHER TRANSPORTATION

1951.....	159,227	158,240	131,009	123,217	7,792	18,478	8,763
1952.....	407,094	462,006	410,778	377,064	33,713	1,119	50,109
1953.....	293,036	289,859	264,880	260,568	4,312	3,949	21,031
1954.....	299,432	296,907	270,342	267,042	3,300	9,073	17,493
1955.....	345,280	341,717	237,366	220,971	16,395	18,769	85,582
1956.....	342,000	335,772	322,855	298,537	24,318	7,147	5,770
<i>1956</i>							
January.....	8,366	8,112	7,435	7,411	23	583	94
February.....	8,908	8,834	8,834	3,881	4,953	0	0
March.....	34,778	34,234	30,079	29,090	989	1,290	2,804
April.....	40,881	40,184	40,184	38,255	1,929	0	0
May.....	50,424	49,788	49,137	47,004	2,133	217	434
June.....	27,271	26,206	21,068	15,116	5,952	5,057	51
July.....	26,649	25,528	25,022	22,641	2,382	0	0
August.....	15,288	14,773	14,773	13,424	1,349	0	0
September.....	8,782	8,745	8,636	8,527	109	0	109
October.....	8,554	8,266	7,741	6,980	753	0	525
November.....	6,368	6,348	6,268	6,249	50	0	50
December.....	105,720	104,753	103,616	99,950	3,667	0	1,137
<i>1957</i>							
January.....	51,205	50,571	50,046	49,784	262	0	525
February.....	9,397	9,383	8,695	8,351	344	0	688
March.....	45,902	45,643	44,059	43,222	837	0	1,584
April.....	37,120	36,965	35,765	34,587	1,198	0	1,180
May.....	27,456	26,216	26,110	21,341	4,769	0	105
June.....	35,095	34,970	33,992	33,223	768	210	768

See footnotes at end of table.

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

Calendar year or month <sup>1</sup>	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds <sup>2</sup>	Total net proceeds <sup>3</sup>	Total new money	Plant and equipment	Working capital		
1951.....	612,080	605,095	594,324	574,417	19,907	5,231	5,540
1952.....	700,239	753,169	738,924	736,996	1,928	6,095	8,151
1953.....	881,853	873,726	860,967	841,600	19,367	3,164	9,596
1954.....	720,102	710,819	641,487	639,376	2,111	60,089	9,243
1955.....	1,132,271	1,121,408	1,039,611	1,038,092	1,520	76,567	5,230
1956.....	1,419,457	1,405,006	1,371,471	1,369,832	1,639	20,674	12,861
<i>1956</i>							
January.....	3,063	3,009	1,816	1,710	107	0	1,192
February.....	37,385	36,940	35,426	35,426	0	800	714
March.....	121,567	120,127	102,232	102,232	0	17,896	0
April.....	15,274	14,860	14,841	14,214	627	0	19
May.....	82,055	80,642	80,595	80,550	45	47	0
June.....	11,570	10,938	10,384	10,264	120	0	554
July.....	263,890	261,012	280,837	280,837	0	0	175
August.....	83,352	82,299	81,156	81,156	0	73	1,070
September.....	56,560	56,131	56,131	56,032	99	0	0
October.....	68,544	67,619	67,321	67,263	59	0	297
November.....	600,469	597,020	587,512	587,413	98	669	8,839
December.....	76,229	74,410	73,221	72,737	484	1,189	0
<i>1957</i>							
January.....	107,494	105,944	105,017	105,017	0	864	63
February.....	47,012	46,261	46,261	46,177	84	0	0
March.....	284,342	281,659	273,987	273,935	52	577	7,095
April.....	47,873	47,255	44,881	44,829	52	198	2,176
May.....	82,926	81,519	78,799	78,799	0	0	2,720
June.....	138,528	136,624	136,519	136,486	33	35	70

## PART 8.—FINANCIAL AND REAL ESTATE

1951.....	524,616	515,267	368,485	15,686	352,800	66,030	80,751
1952.....	616,178	508,184	409,630	14,243	395,387	60,498	38,056
1953.....	1,676,048	1,560,672	1,452,279	32,116	1,420,162	24,225	84,168
1954.....	1,075,818	1,061,015	619,155	29,547	689,608	273,043	168,817
1955.....	1,898,677	1,867,887	1,606,145	33,472	1,572,672	56,010	205,731
1956.....	1,855,953	1,831,550	1,703,487	39,038	1,664,449	16,947	111,116
<i>1956</i>							
January.....	269,882	267,500	249,944	669	249,274	600	16,957
February.....	217,282	215,986	215,343	2,882	212,461	0	643
March.....	158,042	156,520	152,341	5,242	147,099	1,391	2,788
April.....	174,246	170,501	150,473	10,625	139,849	175	19,852
May.....	120,891	119,491	101,744	2,594	99,151	1,071	16,676
June.....	198,758	196,015	170,013	731	169,282	3,904	22,098
July.....	104,663	103,429	96,569	162	96,407	1,880	4,981
August.....	111,996	108,793	90,095	6,322	83,773	6,974	11,724
September.....	239,178	235,747	232,047	178	231,870	130	3,570
October.....	69,369	68,323	64,930	3,555	61,374	56	3,337
November.....	38,332	37,317	36,105	2,285	33,820	100	1,112
December.....	153,315	151,927	143,883	3,794	140,089	667	7,377
<i>1957</i>							
January.....	190,707	187,071	176,027	32,947	143,080	348	10,696
February.....	112,707	110,625	97,719	10,969	86,750	2,400	10,505
March.....	92,620	91,200	89,960	313	89,647	0	1,240
April.....	95,657	93,400	91,136	7,443	83,692	0	2,265
May.....	72,993	72,118	70,300	346	69,954	385	1,433
June.....	212,869	210,109	200,285	9,149	191,136	0	9,824

See footnotes at end of table.



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

PART 9.—COMMERCIAL AND OTHER

[Amounts in thousands of dollars]

Calendar year or month <sup>1</sup>	Proceeds		New money			Retirement of securities	Other purposes
	Total gross proceeds <sup>2</sup>	Total net proceeds <sup>3</sup>	Total new money	Plant and equipment	Working capital		
1951	533,383	517,988	337,187	113,299	223,888	56,104	124,607
1952	552,958	536,386	453,975	275,598	178,377	24,235	58,176
1953	325,640	319,877	244,960	93,441	151,519	37,745	37,172
1954	421,547	409,635	268,364	164,365	104,000	46,889	94,382
1955	443,473	428,848	294,035	158,061	135,974	46,676	88,138
1956	307,355	296,663	240,521	102,281	138,239	12,652	43,491
<i>1956</i>							
January	33,055	31,545	28,516	11,430	17,086	100	2,929
February	26,847	26,002	18,131	8,328	9,803	0	7,871
March	31,297	30,365	25,414	13,007	12,407	2,536	2,416
April	19,100	18,431	15,675	3,839	11,837	275	2,481
May	26,883	25,576	23,933	17,281	6,652	0	1,643
June	22,901	21,866	16,728	8,804	7,924	586	4,553
July	34,342	33,738	27,721	12,027	15,694	1,475	4,542
August	18,871	18,373	15,175	7,098	8,077	830	2,368
September	16,366	15,205	11,494	3,236	8,258	220	3,492
October	21,321	20,402	16,080	8,084	7,996	2,042	2,280
November	37,417	36,610	26,866	3,507	23,360	1,375	8,369
December	18,957	18,549	14,788	5,642	9,146	3,215	647
<i>1957</i>							
January	22,723	21,598	19,241	10,519	8,722	733	1,624
February	58,385	57,504	49,432	17,831	31,602	3,857	4,214
March	16,208	15,554	14,575	8,132	6,443	222	757
April	38,273	36,202	26,984	6,442	20,542	3,015	5,304
May	48,883	47,799	40,463	26,372	14,090	2,887	4,449
June	12,844	12,325	10,550	6,005	4,545	1,220	555

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

<sup>2</sup> For earlier data see 18th Annual Report.

<sup>3</sup> 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.

<sup>4</sup> Included with "Commercial and other."

TABLE 5.—A summary of corporate securities publicly offered and privately placed in each year from 1934 through June 1957

[Amounts in millions of dollars]

Calendar year	Total			Public offerings			Private placements			Private placements as percent of total	
	All issues	Debt issues	Equity issues	All issues	Debt issues	Equity issues	All issues	Debt issues	Equity issues	All issues	Debt issues
1934.....	397	372	25	305	290	25	92	92	0	23.2	24.7
1935.....	2,332	2,225	108	1,945	1,840	106	387	385	2	16.6	17.3
1936.....	4,572	4,029	543	4,199	3,660	539	373	369	4	8.2	9.2
1937.....	2,309	1,618	691	1,979	1,291	688	330	327	3	14.3	20.2
1938.....	2,155	2,044	111	1,493	1,353	110	692	691	1	32.1	33.8
1939.....	2,164	1,979	185	1,458	1,276	181	706	703	4	32.6	35.5
1940.....	2,677	2,386	291	1,912	1,628	284	765	758	7	28.6	31.8
1941.....	2,667	2,389	277	1,854	1,578	276	813	811	2	30.5	33.9
1942.....	1,062	917	146	642	506	136	420	411	9	39.5	44.8
1943.....	1,170	990	180	798	621	178	372	369	3	31.8	37.3
1944.....	3,202	2,670	532	2,415	1,892	524	787	778	9	24.6	29.1
1945.....	6,011	4,855	1,155	4,989	3,851	1,138	1,022	1,004	18	17.0	20.7
1946.....	6,900	4,882	2,018	4,933	3,019	1,963	1,917	1,863	54	27.8	38.2
1947.....	6,577	5,036	1,541	4,342	2,889	1,452	2,235	2,147	88	34.0	42.6
1948.....	7,078	5,973	1,106	3,991	2,965	1,028	3,087	3,008	79	43.6	50.4
1949.....	6,052	4,890	1,161	3,550	2,437	1,112	2,502	2,453	49	41.3	50.2
1950.....	6,362	4,920	1,442	3,681	2,360	1,321	2,680	2,560	120	42.1	52.0
1951.....	7,741	5,691	2,050	4,326	2,364	1,962	3,415	3,326	88	44.1	58.4
1952.....	9,534	7,601	1,933	5,533	3,645	1,888	4,002	3,957	45	42.0	52.1
1953.....	8,898	7,083	1,815	5,580	3,856	1,725	3,318	3,228	90	37.3	45.6
1954.....	9,516	7,488	2,029	5,848	4,003	1,844	3,668	3,484	184	38.5	46.5
1955.....	10,240	7,420	2,820	6,763	4,119	2,644	3,477	3,301	176	34.0	44.5
1956.....	10,939	8,002	2,937	7,053	4,225	2,827	3,886	3,777	109	35.5	47.2
1957 (January-June).....	6,902	5,162	1,739	4,943	3,253	1,690	1,958	1,910	49	28.4	37.0

TABLE 6.—*Denial and suspension orders issued pursuant to Regulations A and D under the Securities Act of 1933 during the fiscal year 1957*

## Denial Orders—

## Regulation A:

DanCu Chemical Co., Oklahoma City, Okla.; Securities Act Release No. 3746 (January 31, 1957).

## Regulation D:

Thunderbird Minerals, Ltd., Calgary, Alberta, Canada; Securities Act Release No. 3676 (August 13, 1956).

## Suspension Orders—

## Regulation A:

Adirondack Uranium & Mineral Corp., Whitesboro, N. Y.; Securities Act Release No. 3704 (October 4, 1956).

Aircasters, Inc., Red Bank, N. J., Securities Act Release No. 3767 (March 22, 1957).

Albuquerque Electronics Corp., Albuquerque, N. Mex.; Securities Act Release No. 3683 (August 23, 1956).

Amalgamated American Oil Inc., Los Angeles, Calif.; Securities Act Release No. 3752 (February 6, 1957).

American General Oil & Gas Co., Houston, Tex.; Securities Act Release No. 3799 (June 6, 1957).

American States Oil Co., Pauls Valley, Okla.; Securities Act Release No. 3721 (November 21, 1956).

Howard Hoyt as the Ankles Aweigh Co., New York, N. Y.; Securities Act Release No. 3740 (January 11, 1957).

Apache Uranium Co., Las Vegas, Nev.; Securities Act Release No. 3681 (August 22, 1956).

Apex Uranium, Inc., Denver, Colo.; Securities Act Release No. 3694 (September 26, 1956).

Arizona Cheese & Cattle Co., Phoenix, Ariz.; Securities Act Release No. 3752 (February 6, 1957).

Arliss Plastics Corp., Brooklyn, N. Y.; Securities Act Release No. 3805 (June 26, 1957).

Arrow Graphic Corp., New York, N. Y.; Securities Act Release No. 3681 (August 22, 1956).

Automatic Garage Corp. of New York, New York, N. Y.; Securities Act Release No. 3747 (February 1, 1957).

Backers Discount & Finance Co., Inc., Newark, N. J.; Securities Act Release No. 3721 (November 21, 1956).

Bald Eagle Gold Mining Co., Kingman, Ariz.; Securities Act Release No. 3773 (April 4, 1957).

Bapay Minerals, Inc., Tungstonia, Nev.; Securities Act Release No. 3778 (April 15, 1957).

Beehive Uranium Corp., Salt Lake City, Utah; Securities Act Release No. 3688 (September 4, 1956).

Bethlehem Mining & Exploration Corp., San Diego, Calif.; Securities Act Release No. 3743 (January 18, 1957).

Bevanda Mines, Inc., Lovelock, Nev.; Securities Act Release No. 3731 (December 19, 1956).

Blackstone Uranium Mines, Inc., Denver, Colo.; Securities Act Release No. 3656 (July 6, 1956).

Blue Canyon Uranium, Inc., Salt Lake City, Utah; Securities Act Release No. 3713 (November 2, 1956).

TABLE 6.—*Denial and suspension orders issued pursuant to Regulations A and D under the Securities Act of 1933 during the fiscal year 1957—Continued*

Suspension Orders—Continued

Regulation A—Continued

- Boriana Lease (Ltd. Partnership), Kingman, Ariz.; Securities Act Release No. 3724 (November 28, 1956).
- British Industries Corp., New York, N. Y.; Securities Act Releases No. 3767 and 3787 (March 22, 1957; vacated May 21, 1957).
- G. Donald Walden as The By George Co., New York, N. Y.; Securities Act Release No. 3767 (March 22, 1957).
- California-Utah Petroleum & Uranium Co., Moab, Utah; Securities Act Release No. 3753 (February 11, 1957).
- Capitol Reef Uranium Corp., Reno, Nev.; Securities Act Release No. 3770 (April 1, 1957).
- Carbon Uranium Co., Utah; Securities Act Release No. 3802 (June 13, 1957).
- Central Reserve Oil Co., New York, N. Y.; Securities Act Release No. 3656 (July 6, 1956).
- Central Wyoming Oil & Uranium Corp., New York, N. Y.; Securities Act Release No. 3774 (April 5, 1957).
- Century Controls Corp., Farmingdale, N. Y.; Securities Act Release No. 3798 (June 4, 1957).
- Century Controls Corp., Farmingdale, N. Y.; Securities Act Release No. 3798 (June 4, 1957).
- Chemical & Fibre Associates, Inc., Reno, Nev.; Securities Act Release No. 3752 (February 6, 1957).
- Co-Em-Co Mining & Exploration Co., Inc., Salt Lake City, Utah; Securities Act Release No. 3801 (June 11, 1957).
- Comanche Creek Oil Co., Redondo Beach, Calif.; Securities Act Release No. 3779 (April 17, 1957).
- Comstock Uranium-Tungsten Co., Inc., Elko, Nev.; Securities Act Release No. 3684 (August 28, 1956).
- Consolidated Fiberglass, Inc., New York, N. Y.; Securities Act Release No. 3695 (September 26, 1956).
- Contact Uranium Mines, Inc., New York, N. Y.; Securities Act Release No. 3793 (May 27, 1957).
- Cortez Uranium & Mining Co., Denver, Colo.; Securities Act Releases No. 3688 and 3736 (September 4, 1956; vacated December 27, 1956).
- Cozona Uranium Corp., Las Vegas, Nev.; Securities Act Release No. 3798 (June 4, 1957).
- Crecco Corp., Reno, Nev.; Securities Act Release No. 3776 (April 9, 1957).
- Crestmark Cruisene, Inc., Babylon, N. Y.; Securities Act Release No. 3718 (November 13, 1956).
- Cuyama Hills Oil Corp., Bakersfield, Calif.; Securities Act Release No. 3720 (November 16, 1956).
- DanCu Chemical Co., Oklahoma City, Okla.; Securities Act Release No. 3773 (December 20, 1956).
- Dakota-Montana Oil Leaseholds, Inc., New York, N. Y.; Securities Act Release No. 3659 (July 20, 1956).
- Dalmid Oil & Uranium, Inc., Grand Junction, Colo.; Securities Act Release No. 3688 (September 4, 1956).
- Dal-Tex Uranium Corp., Dallas, Tex.; Securities Act Release No. 3720 (November 16, 1956).

TABLE 6.—*Denial and suspension orders issued pursuant to Regulations A and D under the Securities Act of 1933 during the fiscal year 1957—Continued*

## Suspension Orders—Continued

## Regulation A—Continued

- Desert Queen Uranium Co., Salt Lake City, Utah; Securities Act Release No. 3776 (April 8, 1957).
- Diversified Resources, Inc., Grand Junction, Colo.; Securities Act Release No. 3688 (September 4, 1956).
- Electronic Micro-Ledger Accounting Corp., Boston, Mass.; Securities Act Release No. 3781 (April 25, 1957).
- El Rey Uranium Corp., Salt Lake City, Utah; Securities Act Release No. 3713 (November 2, 1956).
- Epsolon Uranium Corp., St. George, Utah; Securities Act Release No. 3776 (April 9, 1957).
- Estate Security, Inc., Riverside, Calif.; Securities Act Release No. 3732 (December 19, 1956).
- Foster Publications, Inc., New York, N. Y.; Securities Act Release No. 3720 (November 16, 1956).
- Gas Hills Mining & Oil Inc., Kemmerer, Wyo.; Securities Act Release No. 3721 (November 21, 1956).
- Gibraltar Uranium Corp., Denver, Colo.; Securities Act Release No. 3773 (April 3, 1957).
- Glory Hole, Inc., Central City, Colo.; Securities Act Release No. 3720 (November 16, 1956).
- Goldfield Uranium Inc., Goldfield, Nev.; Securities Act Releases No. 3657 and 3765 (July 9, 1956; vacated March 20, 1957).
- Griff Mines Inc., Winnemucca, Nev.; Securities Act Release No. 3744 (January 22, 1957).
- Guidon Corp. (The), Elkton, Md.; Securities Act Release No. 3754 (February 12, 1957).
- Richard Culver Ott as The Happy Dollar Co., New York, N. Y.; Securities Act Release No. 3756 (February 19, 1957).
- Hard Rock Mining Co., Pittsburgh, Pa.; Securities Act Release No. 3659 (July 11, 1956).
- Hardy-Griffin Engineering Corp., Houston, Tex.; Securities Act Release No. 3760 (March 12, 1957).
- Hidden Dome Exploration Co., Inc., Las Vegas, Nev.; Securities Act Release No. 3717 (November 9, 1956).
- Holiday Tungsten & Uranium Co., Denver, Colo.; Securities Act Release No. 3713 (November 2, 1956).
- Hugh E. Faulders, Wichita, Kans.; Securities Act Release No. 3713 (November 2, 1956).
- Idea, Inc., Silver Spring, Nev.; Securities Act Release No. 3733 (December 20, 1956).
- International Sound Films, Inc., Atlanta, Ga.; Securities Act Release No. 3657 (July 9, 1956).
- Iola Uranium Corp., Chicago, Ill.; Securities Act Releases No. 3688 and 3757 (September 4, 1956; vacated February 25, 1957).
- J-T-J Co., Inc., Dallas, Tex.; Securities Act Release No. 3712 (November 2, 1956).
- Kwik-Fizz, Arcadia, Calif.; Securities Act Release No. 3752 (February 6, 1957).
- Lithium Metal Reduction Corp., Washington, D. C.; Securities Act Release No. 3718 (November 13, 1956).

TABLE 6.—*Denial and suspension orders issued pursuant to Regulations A and D under the Securities Act of 1933 during the fiscal year 1957—Continued*

Suspension Orders—Continued

Regulation A—Continued

- Lockhart Basin Uranium Corp., Ogden, Utah; Securities Act Release No. 3798 (May 21, 1957).
- Loring Pharmacal Co., Inc., New York, N. Y.; Securities Act Release No. 3723 (November 27, 1956).
- Mack-Lang Uranium Corp., Lander, Wyo.; Securities Act Release No. 3778 (April 15, 1957).
- Manhattan Mercury Corp., Denver, Colo.; Securities Act Release No. 3774 (April 4, 1957).
- Mid-Hudson National Gas Corp., New York, N. Y.; Securities Act Release No. 3769 (March 27, 1957).
- Military Investors Financial Corp., Houston, Tex.; Securities Act Release No. 3660 (July 12, 1956).
- Milneal Enterprises, Inc., Reno, Nev.; Securities Act Release No. 3721 (November 21, 1956).
- Mineral Concentrating Co. of America (Mincona), Desplains, Ill.; Securities Act Release No. 3773 (April 4, 1957).
- Moder-Rate Homes, Inc., Bradford, Pa.; Securities Act Release No. 3774 (April 5, 1957).
- Mon-O-Co Oil Corp., Billings, Mont.; Securities Act Release No. 3785 (May 13, 1957).
- Mr. Petroleum, Inc., Denver, Colo.; Securities Act Release No. 3694 (September 26, 1956).
- National Bankers Life Insurance Co., Dallas, Tex.; Securities Act Release No. 3769 (March 26, 1957).
- National Lithium Corp., Denver, Colo.; Securities Act Release No. 3688 (September 4, 1956).
- Neva U Tex Uranium, Inc., Goldfield, Nev.; Securities Act Release No. 3657 (July 9, 1956).
- New England Uranium-Oil Corp., Inc., Oklahoma City, Okla.; Securities Act Release No. 3730 (December 17, 1956).
- Nilsson Gage Co., Inc., Poughkeepsie, N. Y.; Securities Act Release No. 3772 (April 3, 1957).
- North Star Oil & Uranium Corp., New York, N. Y.; Securities Act Release No. 3769 (March 27, 1956).
- Northwest Oil & Refining Corp., Billings, Mont.; Securities Act Releases No. 3745 and 3763 (January 25, 1957; vacated March 14, 1957).
- Okona Uranium Corp., Las Vegas, Nev.; Securities Act Release No. 3723 (November 27, 1956).
- Bernard Rosen & Julian Bercovici as the One More Chance Co., New York, N. Y.; Securities Act Release No. 3723 (November 27, 1956).
- Oregon Timber Products Co., Inc., Reno, Nev.; Securities Act Release No. 3720 (November 16, 1956).
- Ouachita Mining Co., Inc., Ark.; Securities Act Release No. 3741 (January 16, 1957).
- Popular Drug Stores, Inc., Reno, Nev.; Securities Act Release No. 3741 (January 16, 1957).
- Violla Rubber and Clifford Hayman as the Postman Co., New York, N. Y.; Securities Act Release No. 3767 (March 22, 1957).
- Producers Fuel Co., Pittsburgh, Pa.; Securities Act Release No. 3755 (February 15, 1957).

TABLE 6.—*Denial and suspension orders issued pursuant to Regulations A and D under the Securities Act of 1933 during the fiscal year 1957—Continued*

Suspension Orders—Continued

Regulation A—Continued

- Rabin Sales Co., Belle Glade, Fla.; Securities Act Release No. 3803 (June 21, 1957).
- Realty Mortgage Co., Denver, Colo.; Securities Act Release No. 3694 (September 26, 1956).
- Rextrug Mills, Inc., New York, N. Y.; Securities Act Release No. 3720 (November 16, 1956).
- San Fernando Valley Uranium, Inc., Las Vegas, Nev.; Securities Act Release No. 3694 (September 26, 1956).
- Scott Uranium Co. (The), Loveland, Colo.; Securities Act Release No. 3656 (July 7, 1956).
- Sharron Oil & Gas Co., Inc., Denver, Colo.; Securities Act Release No. 3741 (January 16, 1957).
- Sheba Uranium Mining & Exploration, Inc., Ogden, Utah; Securities Act Release No. 3785 (May 13, 1957).
- Strategic Metals, Inc., Tungstonia, Nev.; Securities Act Release No. 3688 (September 4, 1956).
- Super-Seal Piston Ring Corp., Brownwood, Tex.; Securities Act Release No. 3800 (June 10, 1957).
- Teton Oil & Minerals Co., Denver, Colo.; Securities Act Release No. 3688 (September 4, 1956).
- Texas Western Oil & Uranium Co., Denver, Colo.; Securities Act Release No. 3766 (March 21, 1957).
- Thunderbird Uranium Corp., Albuquerque, N. Mex.; Securities Act Release No. 3804 (June 24, 1957).
- Trabella Uranium Mines, Inc., Colorado Springs, Colo.; Securities Act Release No. 3713 (November 2, 1956).
- Transworld Mercantile Corp., New York, N. Y.; Securities Act Release No. 3767 (March 22, 1957).
- Triassic Uranium, Inc., Casper, Wyo.; Securities Act Release No. 3807 (June 27, 1957).
- Tri-Dent Corp. (The), Jersey City, N. J.; Securities Act Release No. 3765 (March 20, 1957).
- Underwriters Factors Corp., New York, N. Y.; Securities Act Release No. 3776 (April 9, 1957).
- Union Gulf Oil & Mining Corp., Denver, Colo.; Securities Act Release No. 3805 (June 26, 1957).
- United Business Underwriters, Ltd., Salt Lake City, Utah; Securities Act Release No. 3657 (July 9, 1956).
- U. S. Fibre Glass Industrial Plastics, Inc., Norwood, N. J.; Securities Act Release No. 3786 (May 15, 1957).
- United States Rare Earths, Inc., Denver, Colo.; Securities Act Release No. 3730 (December 17, 1956).
- United Uranium Corp., Denver, Colo.; Securities Act Release No. 3795 (May 31, 1957).
- Universal Petroleum Exploration & Drilling Corp., Las Vegas, Nev.; Securities Act Release No. 3779 (April 17, 1957).
- Urainbow, Inc., Salt Lake City, Utah; Securities Act Release No. 3746 (January 31, 1957).
- Uranium Oxide Producers, Inc., New York, N. Y.; Securities Act Release No. 3673 (August 9, 1956).

TABLE 6.—Denial and suspension orders issued pursuant to Regulations A and D under the Securities Act of 1933 during the fiscal year 1957—Continued

Suspension Orders—Continued

Regulation A—Continued

Uranium Technicians Corp., Salt Lake City, Utah; Securities Act Release No. 3702 (October 3, 1956).

Utah Moab Uranium Corp., Provo, Utah; Securities Act Release No. 3683 (August 23, 1956).

Utah Petroleum & Gas Co., Salt Lake City, Utah; Securities Act Release No. 3671 (August 6, 1956).

Vanura Uranium, Inc., Salt Lake City, Utah; Securities Act Release No. 3726 (December 7, 1956).

White Sage Uranium Corp., Salt Lake City, Utah; Securities Act Release No. 3764 (March 18, 1957).

William Tell Productions, Inc., New York, N. Y.; Securities Act Release No. 3687 (September 5, 1957).

Wing E-E, Inc., Denver, Colo.; Securities Act Release No. 3688 (September 4, 1956).

Regulation D:

Colonial Asbestos Corp., Ltd., Kitchener, Ontario, Canada; Securities Act Release No. 3806 (June 27, 1956).

Findings, opinions and orders permanently suspending the exemption were issued in the following five cases under Regulation A and two cases under Regulation D:

Regulation A:

Coastal Finance Corp.; Securities Act Release No. 3775 (April 10, 1957).

Dix Uranium Corp.; Securities Act Release No. 3796 (June 5, 1957).

Selevison Western, Inc.; Securities Act Release No. 3708 (October 18, 1956).

Sun Valley Mining Corp.; Securities Act Release No. 3701 (October 3, 1956).

U-H Uranium Corp.; Securities Act Release No. 3691 (September 21, 1956).

Regulation D:

Hawker Uranium Mines, Ltd.; Securities Act Release No. 3758 (March 5, 1957).

North Country Uranium and Minerals, Ltd.; Securities Act Release No. 3758 (March 5, 1957).



TABLE 7.—Brokers and dealers registered under the Securities Exchange Act of 1934<sup>1</sup>—effective registrations as of June 30, 1957, classified by type of organization and by location of principal office

Location of principal office	Number of registrants				Number of proprietors, partners, officers, etc. <sup>2,3</sup>			
	Total	Sole proprietors-ships	Partnerships	Corporations <sup>4</sup>	Total	Sole proprietors-ships	Partnerships	Corporations <sup>4</sup>
Alabama.....	31	10	7	14	94	10	23	61
Arizona.....	26	5	10	11	106	5	25	76
Arkansas.....	23	13	3	7	45	13	6	26
California.....	330	142	84	104	1,138	142	437	559
Colorado.....	114	50	7	57	354	50	29	275
Connecticut.....	42	18	10	14	172	18	57	97
Delaware.....	8	1	2	5	48	1	16	31
District of Columbia.....	87	30	23	34	329	30	86	213
Florida.....	86	35	16	35	234	35	41	158
Georgia.....	40	13	6	21	156	13	25	118
Idaho.....	13	7	2	4	27	7	5	15
Illinois.....	193	46	65	82	927	46	304	577
Indiana.....	56	26	7	23	153	26	13	119
Iowa.....	33	12	5	16	96	12	10	74
Kansas.....	32	10	7	15	127	10	20	97
Kentucky.....	19	7	6	6	64	7	20	37
Louisiana.....	60	34	16	10	115	34	46	35
Maine.....	31	11	2	18	90	11	8	71
Maryland.....	43	19	16	8	139	19	88	32
Massachusetts.....	204	84	31	89	868	84	196	585
Michigan.....	54	11	18	25	246	11	94	141
Minnesota.....	52	10	9	33	263	10	32	221
Mississippi.....	22	11	7	4	43	11	16	16
Missouri.....	94	22	22	50	465	22	137	306
Montana.....	4	1	1	2	13	4	2	7
Nebraska.....	29	11	1	17	114	11	2	101
Nevada.....	16	12	0	4	26	12	0	14
New Hampshire.....	12	9	0	3	28	9	0	19
New Jersey.....	201	121	36	44	422	121	89	212
New Mexico.....	13	7	2	4	30	7	5	18
New York State (excluding New York City).....	331	225	38	68	614	225	119	270
North Carolina.....	36	13	6	17	150	13	17	120
North Dakota.....	4	3	0	1	8	3	0	5
Ohio.....	134	29	40	65	546	29	185	332
Oklahoma.....	47	31	7	9	81	31	14	36
Oregon.....	25	8	6	11	69	8	14	47
Pennsylvania.....	205	63	80	62	801	63	363	375
Rhode Island.....	23	8	11	4	50	8	32	10
South Carolina.....	29	13	4	12	84	13	9	62
South Dakota.....	9	6	0	3	17	6	0	11
Tennessee.....	37	13	6	18	146	13	20	113
Texas.....	266	135	33	98	717	135	91	491
Utah.....	51	12	8	31	171	12	29	130
Vermont.....	2	1	0	1	10	1	0	9
Virginia.....	44	19	14	11	132	19	59	54
Washington.....	82	43	8	31	234	43	19	172
West Virginia.....	13	8	3	2	27	8	9	10
Wisconsin.....	48	11	5	32	200	11	24	165
Wyoming.....	5	5	0	0	5	5	0	0
Total (excluding New York City).....	3,362	1,437	690	1,235	10,999	1,437	2,836	6,726
New York City.....	1,318	378	590	350	5,685	378	3,541	1,766
	4,680	1,815	1,280	1,585	16,684	1,815	6,377	8,492

<sup>1</sup> Domestic registrants only, excludes 90 outside continental limits of the United States.

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

<sup>3</sup> Allocations made among States on the basis of location of principal offices of registrants, not actual location of persons. Information taken from latest reports filed prior to June 30, 1957.

<sup>4</sup> Includes all forms of organizations other than sole proprietorships and partnerships.

TABLE 8.—Unlisted stocks on securities exchanges <sup>1</sup>PART 1.—NUMBER OF STOCKS ON THE EXCHANGES IN THE VARIOUS UNLISTED CATEGORIES <sup>2</sup> AS OF JUNE 30, 1957

Exchanges	Unlisted only <sup>3</sup>		Listed and registered on another exchange		
	Clause 1	Clause 3	Clause 1	Clause 2	Clause 3 <sup>4</sup>
American.....	213	2	42	2	1
Boston.....	1	0	154	192	0
Chicago Board of Trade.....	3	0	2	0	0
Cincinnati.....	0	0	0	95	0
Detroit.....	0	0	14	103	0
Honolulu.....	17	0	0	0	0
Midwest.....	0	0	0	115	0
New Orleans.....	8	0	4	2	0
Pacific Coast.....	29	0	62	163	0
Philadelphia-Baltimore.....	4	0	247	173	0
Pittsburgh.....	0	0	16	59	0
Salt Lake.....	3	0	0	0	1
Spokane.....	4	0	1	1	0
Wheeling.....	0	0	0	3	0
Total <sup>5</sup> .....	282	2	542	908	2

PART 2.—UNLISTED SHARE VOLUME ON THE EXCHANGES—CALENDAR YEAR 1956

Exchanges	Unlisted only		Listed and registered on another exchange		
	Clause 1	Clause 3	Clause 1	Clause 2	Clause 3
American.....	31,210,479	12,000	4,602,050	1,521,800	15,380
Boston.....	7,925	0	2,122,730	1,717,696	0
Chicago Board of Trade.....	0	0	0	0	0
Cincinnati.....	0	0	0	291,384	0
Detroit.....	0	0	164,709	1,444,702	0
Honolulu.....	51,987	0	0	0	0
Midwest.....	0	0	0	5,840,560	0
New Orleans.....	72,930	0	819	90	0
Pacific Coast <sup>6</sup> .....	2,444,976	0	2,249,009	5,092,942	0
Philadelphia-Baltimore.....	5,353	0	2,822,351	1,873,113	0
Pittsburgh.....	0	0	261,252	206,724	0
Salt Lake.....	20	0	0	0	524
Spokane.....	49,585	0	300	0	0
Wheeling.....	0	0	0	1,376	0
Total.....	33,843,255	12,000	12,223,220	17,990,387	15,904

<sup>1</sup> Refer to text under heading "Unlisted Trading Privileges on Exchanges." Volumes are as reported by the stock exchanges or other reporting agencies and are exclusive of those in short-term rights.

<sup>2</sup> The categories are according to clauses 1, 2, and 3 of sec. 12 (f) of the Securities Exchange Act.

<sup>3</sup> None of these issues has any listed status on any domestic exchange, except that 9 of the 29 Pacific Coast Stock Exchange issues are also listed on an exempted exchange.

<sup>4</sup> These issues became listed and registered on other exchanges subsequent to their admission to unlisted trading on the exchanges as shown.

<sup>5</sup> Duplication of issues among exchanges brings the figures to more than the actual number of issues involved.

<sup>6</sup> Combined figures for the San Francisco Stock Exchange and the Los Angeles Stock Exchange which were merged on December 31, 1956, forming the Pacific Coast Stock Exchange.

TABLE 9.—Number of issuers and security issues on exchanges

PART 1.—UNDUPLICATED NUMBER OF STOCK AND BOND ISSUES ON ALL EXCHANGES AND THE NUMBER OF ISSUERS INVOLVED AS OF JUNE 30, 1957

Status under the Act	Stocks	Bonds	Total stocks and bonds	Issuers involved
Registered pursuant to sec. 12 (b), (c), and (d).....	2,667	1,063	3,730	2,256
Temporarily exempted from registration.....	14	6	20	11
Admitted to unlisted trading privileges on registered exchanges pursuant to sec. 12 (f).....	256	37	293	231
Listed on exempted exchanges under exemption orders of the Commission.....	72	7	79	59
Admitted to unlisted trading privileges on exempted exchanges pursuant to exemption orders of the Commission.....	16	-----	16	16
Unduplicated totals.....	3,025	1,113	4,138	2,573

PART 2.—NUMBER OF ISSUERS AND SECURITY ISSUES ON EACH EXCHANGE AS OF JUNE 30, 1957.

Exchanges	Issuers	Stocks					Bonds					
		R	X	U	XL	XU	Total	R	X	U	XL	Total
American.....	811	605	2	260	-----	-----	867	20	-----	39	-----	59
Boston.....	408	76	-----	347	-----	-----	423	16	-----	-----	-----	16
Chicago Board of Trade.....	12	7	-----	5	-----	-----	12	-----	-----	-----	-----	-----
Cincinnati.....	134	47	-----	95	-----	-----	142	7	1	-----	-----	8
Colorado Springs.....	12	-----	-----	-----	13	-----	13	-----	-----	-----	-----	-----
Detroit.....	219	110	-----	117	-----	-----	227	-----	-----	-----	-----	-----
Honolulu.....	60	-----	-----	-----	53	17	70	-----	-----	-----	7	-----
Midwest.....	454	400	-----	115	-----	-----	515	14	-----	-----	-----	14
New Orleans.....	14	4	-----	14	-----	-----	18	1	-----	1	-----	2
New York Stock.....	1,279	1,520	2	-----	-----	-----	1,522	1,016	6	-----	-----	1,022
Pacific Coast.....	473	288	2	254	-----	-----	544	19	-----	-----	-----	19
Philadelphia- Baltimore.....	517	153	8	424	-----	-----	585	49	-----	-----	-----	49
Pittsburgh.....	117	49	-----	75	-----	-----	124	1	-----	-----	-----	1
Richmond.....	18	-----	-----	-----	27	-----	27	-----	-----	-----	-----	-----
Salt Lake.....	96	95	1	4	-----	-----	100	-----	-----	-----	-----	-----
San Francisco Mining.....	55	56	2	-----	-----	-----	58	-----	-----	-----	-----	-----
Spokane.....	28	25	-----	6	-----	-----	31	-----	-----	-----	-----	-----
Wheeling.....	13	-----	-----	-----	12	3	15	-----	-----	-----	-----	-----

Symbols: R—registered; X—temporarily exempted; U—admitted to unlisted trading privileges; XL—listed on an exempted exchange; XU—admitted to unlisted trading privileges on an exempted exchange.

NOTE.—Issues exempted under sec. 3 (a) (12) of the Act, such as obligations of the U. S. Government, the States and cities, are not included in this table.

TABLE 10.—Market value and volume of sales effected on securities exchanges in the 12-month period ended Dec. 31, 1956, and the 6-month period ended June 30, 1957

[Amounts in thousands]

PART 1.—12 MONTHS ENDED DEC. 31, 1956

	Total market value (dollars)	Stocks <sup>1</sup>		Bonds <sup>2</sup>		Rights and warrants	
		Market value (dollars)	Number of shares	Market value (dollars)	Principal amount (dollars)	Market value (dollars)	Number of units
Registered exchanges.	36,350,779	35,018,802	1,083,789	1,226,986	1,252,598	113,902	97,873
American.....	2,748,794	2,695,909	241,774	17,434	22,531	35,451	6,684
Boston.....	270,888	277,706	5,238	.....	.....	2,182	347
Chicago Board.....	.....	.....	.....	.....	.....	.....	.....
Cincinnati.....	28,516	28,162	550	299	529	56	50
Detroit.....	146,592	146,041	4,960	.....	.....	551	816
Los Angeles <sup>3</sup> .....	345,201	344,109	17,148	4	4	1,088	800
Midwest.....	966,472	964,448	25,757	19	21	2,006	1,735
New Orleans.....	1,916	1,901	79	15	15	1	5
New York.....	31,063,594	29,786,707	699,245	1,208,877	1,229,124	68,010	84,821
Philadelphia-Baltimore.....	337,686	335,310	7,356	245	306	2,130	1,119
Pittsburgh.....	42,385	42,309	1,231	.....	.....	77	11
Salt Lake.....	4,566	4,563	29,025	.....	.....	3	12
San Francisco Mining.....	8,151	8,151	31,111	.....	.....	.....	.....
San Francisco Stock <sup>3</sup> .....	385,479	383,037	18,990	93	67	2,349	1,473
Spokane.....	538	538	1,324	.....	.....	.....	.....
Exempted exchanges.	10,353	10,127	780	32	34	193	45
Colorado Springs.....	42	42	137	.....	.....	.....	.....
Honolulu.....	9,078	8,852	608	32	34	193	45
Richmond.....	803	803	20	.....	.....	.....	.....
Wheeling.....	430	430	15	.....	.....	.....	.....

PART 2.—6 MONTHS ENDED JUNE 30, 1957

Registered exchanges.	16,979,798	16,285,179	537,802	591,212	611,458	103,408	115,937
American.....	1,310,677	1,276,232	119,843	7,035	8,217	27,410	5,666
Boston.....	123,500	123,413	2,487	5	5	82	24
Chicago Board.....	.....	.....	.....	.....	.....	.....	.....
Cincinnati.....	12,205	12,027	266	120	222	57	130
Detroit.....	66,934	66,869	2,246	.....	.....	65	309
Midwest.....	432,217	431,289	12,477	1	2	927	2,587
New Orleans.....	772	772	35	.....	.....	.....	.....
New York.....	14,517,382	13,860,062	347,388	583,934	602,880	73,386	102,692
Pacific Coast <sup>3</sup> .....	329,427	328,835	16,815	21	16	571	1,279
Philadelphia-Baltimore.....	159,085	158,080	3,671	96	116	909	3,242
Pittsburgh.....	21,036	21,036	996	.....	.....	1	2
Salt Lake.....	2,439	2,438	16,441	.....	.....	.....	.....
San Francisco Mining.....	3,877	3,877	14,569	.....	.....	1	4
Spokane.....	247	247	567	.....	.....	.....	.....
Exempted exchanges.	4,759	4,724	304	.....	.....	35	13
Colorado Springs.....	18	18	18	.....	.....	.....	.....
Honolulu.....	4,139	4,104	267	.....	.....	35	13
Richmond.....	320	320	11	.....	.....	.....	.....
Wheeling.....	282	282	7	.....	.....	.....	.....

<sup>1</sup> "Stocks" include voting trust certificates, American depositary receipts, and certificates of deposit.

<sup>2</sup> "Bonds" include certificates of deposit for bonds. U. S. Government bonds are not included in these data.

<sup>3</sup> The Los Angeles and San Francisco Stock Exchanges merged Dec. 31, 1956, under the name of Pacific Coast Stock Exchange.

NOTE.—Value and volume of sales effected on registered securities exchanges are reported in connection with fees paid under sec. 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 Statistical Bulletin due to revisions of data by exchanges. Figures have been rounded and will not necessarily add to totals shown.

TABLE 11.—Block distributions

[Value in thousands of dollars]

Calendar year	Special offerings			Exchange distributions			Secondary distributions		
	Num-ber	Shares sold	Value	Num-ber	Shares sold	Value	Num-ber	Shares sold	Value
1942 <sup>1</sup> .....	79	812,390	22,694				116	2,397,454	82,840
1943.....	80	1,097,338	31,054				81	4,270,580	127,462
1944.....	87	1,053,667	32,454				94	4,097,298	135,760
1945.....	79	947,231	29,878				115	9,457,358	191,961
1946.....	23	308,134	11,002				100	6,481,291	232,398
1947.....	24	314,270	9,133				73	3,961,572	124,671
1948.....	21	238,879	8,466				95	7,302,420	175,991
1949.....	32	500,211	10,956				86	3,737,249	104,062
1950.....	20	150,308	4,940				77	4,280,681	88,743
1951.....	27	323,013	10,751				88	5,193,756	146,459
1952.....	22	357,897	9,931				76	4,223,258	149,117
1953.....	17	380,680	10,486				68	6,906,017	108,229
1954.....	14	189,772	6,670	57	705,781	24,664	84	5,738,359	218,490
1955.....	9	101,850	7,223	19	258,348	10,211	116	6,756,767	344,871
1956.....	8	131,755	4,557	17	156,481	4,645	146	11,696,174	520,966

<sup>1</sup> The first Special Offering Plan was made effective Feb. 14, 1942; the Plan of Exchange Distributions was made effective Aug. 21, 1953; Secondary Distributions are not made pursuant to any plan but generally exchanges require members to obtain approval of the exchange to participate in a secondary and a report on such distribution is filed with this Commission.

TABLE 12.—Comparative share sales and dollar volumes on exchanges

[Annual sales, including stocks, warrants and rights, as reported by all United States exchanges to the Commission. Figures for merged exchanges are included in those of the exchanges into which they were merged]

Year	Share sales	NYS %	AMS %	MSE %	PCS %	PBS %	BSE %	DSE %	PIT %	CIN %	Other %
1935	681,970,500	73.13	12.42	1.91	2.69	0.76	0.96	0.85	0.34	0.03	6.91
1936	962,135,940	73.02	16.43	2.18	2.96	.69	.72	.74	.32	.04	2.90
1937	838,469,889	73.19	14.75	1.79	3.23	.70	.83	.69	.38	.03	4.51
1938	543,331,878	78.08	10.55	2.27	2.67	.79	1.03	.75	.25	.04	3.57
1939	468,330,340	78.23	11.39	2.26	2.35	.93	1.18	.76	.25	.05	2.60
1940	377,896,572	75.44	13.20	2.11	2.78	1.02	1.19	.82	.31	.08	3.05
1941	811,150,395	73.96	12.73	2.72	2.69	1.24	1.50	.87	.36	.14	3.79
1942	221,159,616	76.49	11.64	2.70	2.62	1.08	1.39	.90	.29	.12	2.77
1943	486,290,926	74.58	16.72	2.20	1.92	.85	.76	.64	.20	.07	2.06
1944	465,523,183	73.40	16.87	2.07	2.40	.79	.81	.86	.26	.06	2.48
1945	769,018,138	65.87	21.31	1.77	2.98	.66	.66	.79	.40	.05	5.51
1946	803,076,532	66.07	19.37	1.74	3.51	.68	.84	.63	.28	.05	6.83
1947	513,274,867	69.82	16.98	1.67	4.22	.90	1.05	.66	.19	.08	4.43
1948	571,107,842	72.42	15.07	1.63	3.95	.87	.76	.68	.18	.08	4.36
1949	516,408,706	73.51	14.49	1.67	3.72	1.21	.93	.73	.18	.09	3.47
1950	893,320,458	76.32	13.54	2.16	3.11	.79	.65	.55	.18	.09	2.61
1951	863,918,401	74.40	14.60	2.10	3.54	.76	.70	.68	.16	.08	3.08
1952	732,400,451	71.21	16.08	2.43	3.85	.85	.73	.55	.16	.09	4.05
1953	716,732,406	72.64	15.85	2.28	3.90	.83	.81	.65	.15	.11	2.88
1954	1,053,841,443	71.04	16.87	2.00	3.24	.88	.50	.53	.13	.07	4.74
1955	1,321,400,711	68.85	19.19	2.09	3.08	.75	.48	.39	.10	.05	5.02
1956	1,182,487,085	66.31	21.01	2.32	3.25	.72	.47	.49	.11	.05	5.27
1957 <sup>1</sup>	654,056,000	68.81	19.19	2.30	2.77	1.06	.38	.39	.15	.06	4.89
	Dollar volume (000 omitted)										
1935	\$15,396,139	86.64	7.83	1.32	1.39	.68	1.34	.40	.20	.04	.16
1936	23,640,431	86.24	8.69	1.39	1.33	.62	1.05	.31	.20	.03	.14
1937	21,023,865	87.85	7.56	1.06	1.25	.60	1.10	.24	.20	.03	.11
1938	12,345,419	89.24	5.57	1.03	1.27	.72	1.51	.37	.18	.04	.07
1939	11,434,528	87.20	6.56	1.70	1.37	.82	1.70	.34	.18	.06	.07
1940	8,419,772	85.17	7.68	2.07	1.52	.92	1.91	.36	.19	.09	.09
1941	6,248,055	84.14	7.45	2.59	1.67	1.10	2.27	.33	.21	.12	.12
1942	4,314,294	85.16	6.60	2.43	1.71	.96	2.33	.34	.23	.13	.11
1943	9,033,907	84.93	8.90	2.02	1.43	.80	1.30	.30	.16	.07	.09
1944	9,810,149	84.14	9.30	2.11	1.70	.79	1.29	.34	.15	.07	.11
1945	16,284,552	82.75	10.81	2.00	1.78	.82	1.16	.35	.14	.06	.13
1946	18,288,477	82.65	10.73	2.00	1.87	.79	1.23	.33	.16	.07	.17
1947	11,596,806	84.01	8.77	1.82	2.26	.91	1.51	.36	.14	.11	.11
1948	12,911,665	84.67	8.07	1.85	2.53	.88	1.33	.34	.14	.10	.09
1949	10,746,935	83.85	8.44	1.95	2.49	1.11	1.43	.39	.13	.12	.09
1950	21,808,284	85.91	6.85	2.35	2.19	.92	1.12	.39	.11	.11	.05
1951	21,306,087	85.48	7.56	2.30	2.06	.89	1.06	.36	.11	.11	.07
1952	17,394,395	84.86	7.39	2.67	2.20	.99	1.11	.43	.15	.12	.08
1953	16,715,533	85.25	6.79	2.84	2.20	1.06	1.04	.46	.16	.13	.07
1954	28,140,117	86.23	6.79	2.42	2.02	.94	.89	.39	.14	.10	.08
1955	38,039,107	86.31	6.98	2.44	1.90	.90	.78	.39	.13	.09	.08
1956	35,143,115	84.95	7.77	2.75	2.08	.96	.80	.42	.12	.08	.07
1957 <sup>1</sup>	16,393,346	85.00	7.95	2.64	2.01	.97	.75	.41	.12	.07	.07

<sup>1</sup> Six months to June 30, 1957.

Symbols: NYS, New York Stock Exchange; AMS, American Stock Exchange; MSE, Midwest Stock Exchange; PCS, Pacific Coast Stock Exchange; PBS, Philadelphia-Baltimore Stock Exchange; BSE, Boston Stock Exchange; DSE, Detroit Stock Exchange; PIT, Pittsburgh Stock Exchange; CIN, Cincinnati Stock Exchange.

TABLE 13.—Changes in the composition of registered public utility holding company systems—fiscal year ended June 30, 1957

	Solely registered holding companies	Registered holding-operating companies	Electric and gas utility subsidiaries	Nonutility subsidiaries	Total companies and changes in active systems
Companies in registered holding company systems—June 30, 1956 <sup>1</sup> .....	15.....	6	105.....	47.....	173
Companies added:					
<i>American Gas &amp; Electric Co.:</i>					
Seneca Light & Power Co.....			Acquired.....		1
<i>The Columbia Gas System, Inc.:</i>					
Kentucky Gas Transmission Corp.....				New corporation.....	1
<i>Eastern Utilities Associates:</i>					
Valley Gas Co.....			New corporation.....		1
<i>General Public Utilities Corp.:</i>					
Colver Electric Co.....			Acquired.....		1
<i>New England Electric System:</i>					
Lynn Gas and Electric Co.....			do.....		1
Total companies added.....			4.....	1.....	5
Adjustments <sup>2</sup> .....			1.....		1
Companies removed:					
<i>American Gas &amp; Electric Co.:</i>					
Flat Top Power Co.....			Merged.....		1
<i>The Columbia Gas System, Inc.:</i>					
Keystone Gas Co., Inc.....			do.....		1
Natural Gas Co. of West Virginia.....			do.....		1
<i>General Public Utilities Corp.:</i>					
Employees Welfare Association, Inc. (Del.).....				Divested.....	1
<i>International Hydro-Electric System:</i>					
2 exempted.....					2
Gatineau Power Co.....			Exempted.....		1
Gatineau Transmission Co.....			do.....		1
St. John River Storage Co.....				Exempted.....	1
<i>National Fuel Gas Co.:</i>					
Republic Light, Heat & Power Co.....			Merged.....		1
<i>New England Electric System:</i>					
Amesbury Electric Light Co.....			do.....		1
Haverhill Electric Co.....			do.....		1
Lawrence Electric Co.....			do.....		1
The Lowell Electric Light Corp.....			do.....		1
<i>Union Electric Co.:</i>					
Popular Ridge Coal Co.....				Divested.....	1
<i>West Penn Electric Co.:</i>					
Braddock Heights Water Company of Frederick City, Md.....				Dissolved.....	1
Total companies removed.....			10.....	4.....	16
Adjustments <sup>2</sup> .....				1.....	1
Companies in registered holding company systems—June 30, 1957 <sup>1</sup> .....	13.....	6	100.....	43.....	162

<sup>1</sup> Excluding the holding company systems without any statutory public utility subsidiaries operating within the United States, viz, Central Public Utility Corp., Cities Service Co., Electric Bond & Share Co. and Standard Shares, Inc.

<sup>2</sup> Adjustment to reflect change of classification of Southern Electric Generating Co. in The Southern Co. system from nonutility to electric utility Company.

TABLE 14.—Reorganization proceedings in which the Commission participated during the fiscal year 1957

Debtor	District court	Petition Filed	Petition Approved	Securities and Exchange Commission notice of appearance filed
Alaska Telephone Corp.	W. D. Wash.	Nov. 2, 1955	Nov. 21, 1955	Nov. 7, 1955
American Fuel & Power Co.	E. D. Ky.	Dec. 6, 1935	Dec. 20, 1935	May 1, 1940
Buckeye Fuel Co.	do	Nov. 28, 1939	Nov. 28, 1939	Do.
Buckeye Gas Service Co.	do	do	do	Do.
Carbreath Gas Co.	do	do	do	Do.
Inland Gas Distributing Co.	do	do	do	Do.
Automatic Washer <sup>1</sup>	S. D. Iowa	Oct. 17, 1956	Nov. 2, 1956	Nov. 2, 1956
N. O. Nelson	E. D. Mo.	Oct. 22, 1956	Nov. 8, 1956	Nov. 1, 1956
Central States Electric Corp.	E. D. Va.	Feb. 26, 1942	Feb. 27, 1942	Mar. 11, 1942
Chicago & West Towns Railways, Inc. <sup>2</sup>	N. D. Ill.	June 30, 1947	July 1, 1947	July 24, 1947
Coastal Finance Corp.	D. Md.	Feb. 15, 1956	Feb. 18, 1956	Apr. 16, 1956
Columbus Venetian Stevens Buildings, Inc.	N. D. Ill.	Aug. 30, 1955	Aug. 31, 1955	Oct. 3, 1955
Dallas Parcel Post Station, Inc. <sup>2</sup>	N. D. Ill.	Sept. 22, 1950	Sept. 22, 1950	Oct. 26, 1950
Empire Warehouses, Inc. <sup>1</sup>	N. D. Ill.	June 15, 1956	June 15, 1956	July 19, 1956
Federal Facilities Realty Trust <sup>2</sup>	do	Dec. 26, 1934	Apr. 25, 1935	Oct. 29, 1940
Ferry Station Post Office, Inc. <sup>2</sup>	do	June 18, 1953	Dec. 2, 1953	Jan. 29, 1954
General Stores Corp.	S. D. N. Y.	Apr. 30, 1956	May 1, 1956	May 23, 1956
Adolf Gobel, Inc.	D. N. J.	July 23, 1953	Dec. 28, 1953	Sept. 8, 1953
Eastern Edible Refinery Corp.	do	June 23, 1954	June 23, 1954	Oct. 14, 1954
Gobel's Q. F. Distributors	do	do	do	Do.
Gobel Pharmaceuticals, Inc.	do	do	do	Do.
Metropolitan Shortening Corp.	do	do	do	Do.
Green River Steel Corp. <sup>1</sup>	W. D. Ky.	Sept. 13, 1956	Sept. 18, 1956	Oct. 5, 1956
Horsting Oil Co.	D. N. Dak.	Mar. 17, 1952	Mar. 17, 1952	Sept. 30, 1955
Hudson & Manhattan Railroad Co.	S. D. N. Y.	Aug. 11, 1954	Dec. 14, 1954	Jan. 7, 1955
Inland Gas Corp.	E. D. Ky.	Oct. 14, 1935	Nov. 1, 1935	Mar. 28, 1939
International Power Securities Corp.	D. N. J.	Feb. 24, 1941	Feb. 24, 1941	Mar. 3, 1941
International Railway Co.	W. D. N. Y.	July 28, 1947	July 28, 1947	Aug. 4, 1947
Keeshin Freight Lines, Inc.	N. D. Ill.	Jan. 31, 1946	Jan. 31, 1946	Apr. 25, 1949
Keeshin Motor Express Co., Inc.	do	do	do	Do.
Seaboard Freight Lines, Inc.	do	do	do	Do.
National Freight Lines, Inc.	do	do	do	Do.
Kentucky Fuel Gas Corp.	E. D. Ky.	Oct. 25, 1935	Nov. 1, 1935	Mar. 28, 1939
Liberty Baking Corp. <sup>1</sup>	S. D. N. Y.	Apr. 22, 1957	Apr. 22, 1957	May 2, 1957
Muntz TV Inc.	N. D. Ill.	Mar. 2, 1954	Mar. 3, 1954	Mar. 4, 1954
Tel-A-Vogue	do	do	do	Do.
Muntz Industries, Inc.	do	do	do	Do.
National Realty Trust <sup>2</sup>	N. D. Ill.	Dec. 26, 1934	Apr. 25, 1935	Oct. 29, 1940
Northeastern Steel Corp. <sup>1</sup>	D. Conn.	Feb. 1, 1957	Feb. 5, 1957	Feb. 19, 1957
Norwalk Tire & Rubber Co., The <sup>2</sup>	D. Conn.	May 20, 1949	May 20, 1949	June 8, 1949
Pittsburgh Railways Co.	W. D. Pa.	May 10, 1938	May 10, 1938	Jan. 4, 1939
Pittsburgh Motor Coach Co.	do	do	do	Do.
Seaboard Drug Co. <sup>1</sup>	S. D. N. Y.	May 7, 1957	May 10, 1957	June 25, 1957
Sierra Nevada Oil Co.	D. Nev.	June 22, 1951	June 22, 1951	July 25, 1951
Silesian American Corp.	S. D. N. Y.	July 29, 1941	July 29, 1941	Aug. 1, 1941
Solar Manufacturing Corp. <sup>2</sup>	D. N. J.	Dec. 14, 1948	Dec. 14, 1948	Dec. 27, 1948
Stardust Inc. <sup>1</sup>	D. Nev.	July 19, 1956	Sept. 10, 1956	Sept. 7, 1956
Texas City Chemicals, Inc. <sup>1</sup>	S. D. Tex.	June 22, 1956	Sept. 26, 1956	Oct. 11, 1956
Texas Gas Utilities Co. <sup>2</sup>	W. D. Tex.	Sept. 4, 1951	Sept. 21, 1951	Sept. 11, 1951
Third Avenue Transit Corp.	S. D. N. Y.	Oct. 25, 1948	June 21, 1949	Jan. 3, 1949
Surface Transportation Corp.	do	June 21, 1949	June 21, 1949	July 7, 1949
Westchester St. Transportation Co., Inc.	do	do	do	Do.
Westchester Electric Railroad Co.	do	do	do	Do.
Warontas Press, Inc.	do	Sept. 8, 1949	Sept. 8, 1949	Sept. 8, 1949
Yonkers Railroad Co.	do	June 21, 1949	June 21, 1949	July 7, 1949
Trinity Buildings Corp. of New York	S. D. N. Y.	Jan. 18, 1945	Jan. 18, 1945	Feb. 19, 1945
U. S. Realty & Improvement Co.	S. D. N. Y.	Feb. 1, 1944	Feb. 1, 1944	Feb. 8, 1944

<sup>1</sup> Commission filed notice of appearance in fiscal year 1957.<sup>2</sup> Reorganization proceeding closed during fiscal year 1957.



TABLE 15.—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 1957 fiscal year	Total cases closed up to end of 1957 fiscal year	Cases pending at end of 1957 fiscal year	Cases pending at end of 1956 fiscal year	Cases instituted during 1957 fiscal year	Total cases pending during 1957 fiscal year	Cases closed during 1957 fiscal year
Actions to enjoin violations of the above acts.....	780	737	43	20	68	88	45
Actions to enforce subpoenas under the Securities Act and the Securities Exchange Act.....	66	66	0	1	3	4	4
Actions to carry out voluntary plans to comply with sec. 11 (b) of the Holding Company Act.....	120	118	2	4	1	5	3
Miscellaneous actions.....	23	23	0	1	0	1	1
Total.....	989	944	45	26	72	98	53

TABLE 16.—Summary of 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

Types of cases	Total cases instituted up to end of 1957 fiscal year	Total cases closed up to end of 1957 fiscal year	Cases pending at end of 1957 fiscal year	Cases pending at end of 1956 fiscal year	Cases instituted during 1957 fiscal year	Total cases pending during 1957 fiscal year	Cases closed during 1957 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	0	0	0	0	0
Actions to enjoin enforcement of or compliance with subpoenas issued by the Commission.....	8	8	0	0	0	0	0
Petitions for review of Commission's orders by courts of appeals under the various acts administered by the Commission.....	198	192	6	6	11	17	11
Miscellaneous actions against the Commission or officers of the Commission and cases in which the Commission participated as intervenor or amicus curiae.....	190	183	7	2	9	11	4
Appeal cases under ch. X in which the Commission participated.....	148	147	1	3	3	6	5
Total.....	608	594	14	11	23	34	20

TABLE 17.—*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, the Investment Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1957*

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Alesker, Samuel A.....	1	Eastern District of Pennsylvania.	Apr. 3, 1956	Sec. 16 (a), 1934 Act.....	Answer served May 4, 1956. Stipulation for dismissal, Apr. 15, 1957. Closed.
Anderson, W. T., Co., Inc.....	3	Eastern District of Washington.	Apr. 8, 1957	Sec. 10 (b) and rule 10b-5, 1934 Act.	Complaint filed Apr. 8, 1957. Pending.
Billings Holding Corp.....	3	Montana.....	Dec. 4, 1954	Sec. 17 (a) (2) and (3), 1933 Act.....	Preliminary injunction, Feb. 17, 1955. Order June 17, 1955, denying defendants' motion to dismiss. Defendants' answer to complaint filed July 25, 1955. Pending. Complaint filed Jan. 14, 1957, for a mandatory injunction. Notice of dismissal of complaint without prejudice filed Feb. 4, 1957. Closed.
Brown, Barton & Engel, Inc.....	1	New Jersey.....	Jan. 14, 1957	Sec. 17 (a), 1934 Act.....	Reply affidavit and defendant's answer filed Dec. 26, 1956. Preliminary injunction by consent entered Dec. 28, 1956. Pending.
Burd, Jacwin & Costa, Inc.....	1	Southern District of New York.	Dec. 18, 1956	Sec. 17 (a), 1933 Act.....	Notice of dismissal, July 24, 1956, as to 3 defendants. Injunction by default as to corporate defendant, Feb. 11, 1957. Closed.
Canadian Resources, Inc.....	4	Southern District of New York.	June 15, 1956	Sec. 203 (a), IA Act of 1940.....	Injunction by consent as to both defendants, May 17, 1957. Closed.
Carden, Branch, & Co., Inc.....	2	Western District of Virginia.	May 16, 1957	Secs. 15 (c) (1), (2) and (3) and 17 (a) and rules 15c1-2, 15c2-1, 15c3-1 and 17a-3, 1934 Act.	Injunction by consent, Aug. 29, 1956. Closed.
Cayias, Larson, Glaser, Emery, Inc.	1	Utah.....	Aug. 17, 1956	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Injunction by consent, Nov. 19, 1956. Closed.
Christopoulos & Nichols Brokerage Co.	1	Utah.....	Nov. 6, 1956	Secs. 7 (c), 15 (c) (1) and 17 (a) and rules 15c1-4 and 17a-3, 1934 Act.	Injunction by consent, Nov. 19, 1956. Closed.
Churchill Securities Corp.....	4	Southern District of New York.	Feb. 11, 1957	Sec. 15 (c) (1) and (3) and rules 15c1-2 and 15c3-1, 1934 Act.	Answer to complaint served Mar. 4, 1957. Preliminary injunction refused by court Mar. 5, 1957, but temporary restraining order continued in effect indefinitely. Pending.
Clark, Edward B.....	1	Idaho.....	July 17, 1956	Secs. 15 (c) and 17 (a) and rules 15c1-2, 15c1-4, 15c2-1, 15c3-1, 17a-3 and 17a-4, 1934 Act.	Injunction by consent, July 17, 1956. Closed.
Colotex Uranium and Oil, Inc.....	4	Colorado.....	May 16, 1956	Secs. 5 (a) and (c) and 17 (a), 1933 Act.	Injunction by consent as to all defendants, July 25, 1956. Closed.
Coombs & Co. of Washington, D. C.	1	District of Columbia..	Aug. 17, 1956	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Injunction by consent and order appointing receiver, Aug. 27, 1956. Pending.
J. D. Creger & Co.....	1	Southern District of California.	Mar. 21, 1957	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Temporary restraining order signed Mar. 21, 1957. Answer to complaint filed May 2, 1957. Pending.
Dawn Uranium & Oil Co.....	7	Eastern District of Washington.	June 1, 1956	Sec. 5, 1933 Act.....	Answers by 2 defendants, Oct. 5, 1956. Injunction by consent as to 4 defendants, Dec. 11, 1956. Pending as to remaining defendants.
Dealers Discount and Investment Co.	4	Northern District of Georgia.	Jan. 21, 1957	Sec. 17 (a) (2), 1933 Act.....	Injunction by consent as to all defendants, Feb. 7, 1957. Closed.

Doctors' Motels, Inc.....	2	Kansas.....	June 27, 1957	Sec. 5 (a) and (c), 1933 Act.....	Complaint filed June 27, 1957. Temporary restraining order signed June 27, 1957. Pending.
Doeskin Products, Inc.....	7	Southern District of New York.	Apr. 18, 1957	Sec. 5 (a) and (c), 1933 Act.....	Answers by 5 defendants, Apr. 25, 1957. Injunction by consent as to 5 defendants, May 13, 1957. Pending as to remaining defendants.
Dyer, J. Raymond.....	1	Eastern District of Missouri	Apr. 9, 1957	Sec. 12 (e), 1935 Act.....	Complaint filed Apr. 9, 1957. Defendant's answer filed Apr. 26, 1957. Order June 25, 1957, vacating plaintiff's notice of dismissal. Pending.
First Investment Savings Corp....	1	Northern District of Alabama.	Mar. 5, 1957	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Complaint filed Mar. 5, 1957. Temporary restraining order signed Mar. 5, 1957. Preliminary injunction entered Mar. 26, 1957. Pending.
First Jersey Securities Corp.....	2	New Jersey.....	Dec. 21, 1956	Secs. 15 (c) (1), 15 (c) (3) and 17 (a), 1934 Act.	Preliminary injunction entered Mar. 5, 1957, enjoining both defendants as to secs. 15 (c) (3) and 17 (a), 1934 Act. Amended complaint filed Mar. 19, 1957. Answer to amended complaint, Apr. 2, 1957. Pending.
Fish, John Robert.....	2	Southern District of Florida.	Apr. 2, 1956	Secs. 5 (a) and (c) and 17 (a), 1933 Act.	Injunction by consent as to both defendants, Aug. 8, 1956. Closed.
Foster-Mann, Inc.....	3	Southern District of New York.	Mar. 26, 1957	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Injunction by consent as to all defendants, Mar. 29, 1957. Closed.
Franklin Atlas Corp.....	5	Southern District of New York.	May 9, 1957	Secs. 5 (a) (1) and (2), and 17 (a) (1), (2) and (3), 1933 Act.	Complaint filed May 9, 1957. Temporary restraining order signed May 9, 1957. Answers filed June 6 and 21, 1957. Pending.
Ben Franklin Oil & Gas Corp.....	11	New Jersey.....	June 19, 1957	Sec. 5 (a) and (c), 1933 Act.....	Complaint filed June 19, 1957. Temporary restraining order signed June 19, 1957. Pending.
Georgia-Pacific Corp.....	1	Southern District of New York.	Nov. 26, 1956	Secs. 5 and 17, 1933 Act.....	Complaint filed and temporary restraining order signed, Nov. 26, 1956. Stipulation filed Dec. 11, 1956, withdrawing the motion for preliminary injunction, dissolving temporary restraining order and dismissing complaint. Closed.
Golder-Dersch & Co., Inc.....	1	Southern District of New York.	Sept. 7, 1956	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Injunction by consent, Sept. 18, 1956. Receiver appointed Sept. 27, 1956. Pending.
A. J. Gould & Co., Inc.....	5	Southern District of New York.	Sept. 18, 1956	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Preliminary injunction by consent as to all defendants, Oct. 2, 1956. Pending.
Graye, James C.....	1	Southern District of New York.	Mar. 26, 1957	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Complaint filed Mar. 26, 1957. Preliminary injunction denied and temporary restraining order vacated Apr. 29, 1957. Pending.
Greenman, Clifford A.....	2	Utah.....	May 7, 1956	Secs. 5 (a) and (c) and 17 (a), 1933 Act; secs. 10 (b) and 15 (c) (1), 1934 Act; sec. 206 (1), (2) and (3), IA Act of 1940.	Injunction by consent as to both defendants, May 15, 1956. Receivership continued. Order Nov. 19, 1956, approving receiver's first report. Pending.
Grimmett, J. Tom.....	1	Southern District of New York.	June 14, 1956	Sec. 5 (a), 1933 Act.....	Injunction by default July 18, 1956. Closed.
P. J. Gruber & Co., Inc.....	3	Southern District of New York.	Nov. 7, 1956	Sec. 17 (a) and rule 17a-3, 1934 Act.	Preliminary injunction by consent as to 2 defendants and by default as to remaining defendant, Dec. 18, 1956. Answer by 2 defendants filed Dec. 31, 1956. Pending.
Helser, J. Henry, & Co.....	2	Northern District of California.	Nov. 19, 1954	Sec. 17 (a) (2) and (3), 1933 Act; sec. 10 (b) and rule 10b-6 (2) and (3), 1934 Act; sec. 206 (2), IA Act of 1940.	Amendment to Interlocutory Order entered Nov. 22, 1955, extending term from 12 to 15 months within which Commission may apply for injunction. Order Nov. 20, 1956, continuing motion to dismiss. Final compliance order by consent, Mar. 22, 1957. Pending.
Barrett Herriek & Co., Inc.....	2	Southern District of New York.	Sept. 11, 1956	Sec. 15 (c) (1) and (3) and rules 15c1-2 and 15c3-1, 1934 Act.	Amended complaint filed Sept. 14, 1956. Injunction by consent as to both defendants, Sept. 14, 1956, and appointment of receiver. Pending.

TABLE 17.—*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, the Investment Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1957—Continued*

Name of principal defendant	Number of defendants	United States District Court	Initiating papers filed	Alleged violations	Status of case
Indian Valley Chemical Co.-----	4	Northern District of California.	Mar. 15, 1957	Sec. 5 (a) and (c), 1933 Act.-----	Order Apr. 24, 1957, denying motion for preliminary injunction. Answer to complaint filed May 6, 1957. Pending.
Insurance Corp. of America.-----	4	Southern District of Indiana.	June 22, 1956	Sec. 17 (a) (2) and (3), 1933 Act.-----	Answers by defendants, July 18 and 24, 1956. Injunction by consent as to all defendants, June 13, 1957. Closed.
Insurance Securities Inc.-----	6	Northern District of California.	Aug. 13, 1956	Sec. 36 and rule 20A-1, IO Act of 1940.	Amendment to complaint filed Aug. 13, 1956. Interlocutory orders Aug. 14, and 30, 1956. Answer of Commission Oct. 24, 1956, in opposition to motions to dismiss and for summary judgment. Order Dec. 4, 1956, dismissing the amended complaint and dissolving the court's second interlocutory order. Appeal by Commission, Jan. 24, 1957. Pending.
Rutledge Irvine & Co., Inc.-----	1	Southern District of New York.	Oct. 26, 1956	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Injunction by consent, Feb. 27, 1957. Closed.
J-T-J Co., Inc.-----	4	Northern District of Texas.	Nov. 6, 1956	Sec. 5 (a) and (c), 1933 Act.-----	Injunction by consent as to all defendants, Nov. 13, 1956. Closed.
Jackson & Co., Inc.-----	1	Massachusetts.-----	May 21, 1957	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Injunction by consent, May 24, 1957. Closed.
Jewett, Eldon L.-----	2	Western District of Washington.	Feb. 16, 1956	Secs. 5 (a) and (c) and 17 (a), 1933 Act.	Injunction by consent as to both defendants, Dec. 4, 1956. Closed.
Kaiser Development Corp., Ltd..	2	Western District of Washington.	Apr. 9, 1957	Secs. 5 (a) and (c) and 17 (a), 1933 Act.	Complaint filed Apr. 9, 1957. Order of preliminary injunction signed Apr. 30, 1957. Pending.
Kindley, Wendell E.-----	1	Oregon.-----	Nov. 23, 1956	Secs. 10 (b), 15 (b), 15 (c) (1) and (3) and 17 (a) and rules 10b-5, 15b-8, 15c1-2, 15c3-1 and 17a-3, 1934 Act.	Preliminary injunction entered Dec. 3, 1956. Answer to complaint filed Dec. 14, 1956. Injunction by consent Apr. 19, 1957, as to secs. 15 (c) (3) and 17 (a) and rules 15c3-1, 17a-3 and 17a-4, 1934 Act. Closed.
The Lawrence & Murray Co., Inc.	2	Southern District of New York.	Sept. 21, 1956	Sec. 15 (c) (1) and (3) and rules 15c1-2 and 15c3-1, 1934 Act.	Injunction by consent as to both defendants, Oct. 8, 1956. Closed.
Mansfield Petroleum and Development Corp.	2	Colorado.-----	Oct. 19, 1956	Sec. 17 (a), 1933 Act; secs. 10 (b), 15 (b) and 15 (c) (1) and rules 10b-5, 15b-2 and 15c1-2, 1934 Act.	Injunction by consent as to both defendants, Oct. 23, 1956. Closed.
Martin, Edward H.-----	1	New Mexico.-----	Jan. 27, 1953	Sec. 17 (a), 1934 Act.-----	Temporary restraining order Jan. 27, 1953, and receiver appointed. Preliminary injunction Feb. 5, 1953. Injunction by consent May 22, 1953. Pending on receivership.
W. L. Mast & Co., Inc.-----	1	Nevada.-----	Jan. 17, 1957	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Injunction by consent, Jan. 25, 1957. Closed.
McBride, J. Lawrence.-----	6	Middle District of Tennessee.	Mar. 10, 1954	Sec. 5 (a), 1933 Act.-----	Injunction by consent as to 3 defendants Mar. 10, 1954. Orders Mar. 8, 1956, and July 26, 1956, dismissing action as to 2 defendants. Injunction by court, Aug. 10, 1956, as to remaining defendant. Closed.

Micro-Moisture Controls, Inc.....	26	Southern District of New York.	Jan. 9, 1957	Sec. 5 (a) and (c), 1933 Act.....	Affidavits in opposition and answers by defendants filed on various dates. Preliminary injunction entered Mar. 6, 1957. Decision June 17, 1957, allowing 2 defendants to serve an amended answer and denying Commission's motion for summary judgment. Pending.
Mortgage Clubs, Inc.....	2	Massachusetts.....	Apr. 17, 1957	Secs. 5 (a) (1) and (2) and 5 (c), 1933 Act.	Injunction by consent as to both defendants, Apr. 25, 1957. Closed.
Nado Research Associates.....	2	Southern District of New York.	May 24, 1957	Sec. 203 (a), IA Act of 1940.....	Injunction by consent as to both defendants, May 29, 1957. Closed.
The National Society of Music and Art, Inc.	2	Southern District of New York.	Aug. 22, 1956	Sec. 17 (a), 1933 Act.....	Injunction by default as to 1 defendant, Oct. 8, 1956. Pending as to remaining defendant.
Nielsen, Harold L.....	1	Idaho.....	Oct. 20, 1955	Secs. 5 (a) and 17 (a), 1933 Act; secs. 10 (b), 15 (c) (1) and (3) and 17 (a) and rules 10b-5, 15c-1-2, 15c3-1 and 17a-3, 1934 Act.	Injunction by consent Nov. 21, 1956, as to secs. 5 (a) and 17 (a), 1933 Act and secs. 10 (b), 15 (c) (1) and (3) and 17 (a) and rules 10b-5, 15c1-2 and 17a-3, 1934 Act. Closed.
Onderdonk, C. Herbert.....	1	Southern District of New York.	Oct. 9, 1956	Sec. 17 (a) and rules 17a-3 and 17a-5, 1934 Act.	Injunction by default, Dec. 12, 1956. Closed.
Operator Consolidated Mines Co.	4	Southern District of California.	Mar. 12, 1957	Sec. 5 (a) and (c), 1933 Act.....	Injunction by consent as to all defendants, Mar. 21, 1957. Closed.
Oregon Timber Products Co., Inc.	3	Nevada.....	Oct. 3, 1956	Sec. 5 (a) and (c), 1933 Act.....	Preliminary injunction entered Oct. 19, 1956, as to 2 defendants. Answer by remaining defendant, Jan. 15, 1957. Pending.
Pacific Investment, Inc.....	2	Utah.....	May 17, 1957	Sec. 15 (a), 1934 Act.....	Injunction by consent as to both defendants, June 5, 1957. Closed.
Pierce, John.....	1	Nevada.....	Oct. 7, 1954	Sec. 15 (a), 1934 Act.....	Stipulation Sept. 23, 1955, providing for a period of 9 months within which motion for preliminary injunction may be restored if defendant violates sec. 15 (a), 1934 Act. Pending.
Provincial American Securities, Inc.	2	Southern District of New York.	May 23, 1957	Secs. 15 (c) (3) and 7 (c) and rule 15c3-1, 1934 Act.	Injunction by consent as to both defendants, June 26, 1957. Closed.
Raymond, Leo.....	2	Southern District of New York.	Mar. 28, 1957	Sec. 5 (a) (1) and (2), 1933 Act.....	Injunction by consent as to both defendants, Apr. 8, 1957. Closed.
Reasar, Gerald L.....	2	Northern District of Illinois.	Dec. 4, 1956	Sec. 5 (a), 1933 Act.....	Answer of defendants filed Dec. 27, 1956. Order June 19, 1957, directing defendant to produce certain documents. Pending.
Red Bank Oil Co.....	7	Southern District of Texas.	Dec. 12, 1956	Sec. 13, 1934 Act.....	Injunction by consent as to all defendants, Jan. 24, 1957. Order Mar. 27, 1957, extending time for 60 days for filing required reports. Pending.
Reiter, Morris J.....	2	Southern District of New York.	Sept. 19, 1956	Sec. 15 (c) (1) and (3) and rules 15c1-2 and 15c3-1, 1934 Act.	Answer filed Sept. 25, 1956. Memorandum opinion Nov. 5, 1956, denying motion for preliminary injunction. Supplemental memorandum opinion dated Nov. 26, 1956. Pending.
Reiter, Morris J.....	2	Southern District of New York.	Jan. 21, 1957	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Amended complaint filed Jan. 21, 1957. Pending.
Keith Richard Securities Corp.....	1	Southern District of New York.	Oct. 17, 1956	Secs. 15 (c) (1) and (3) and 17 (a) and rules 15c1-2, 15c3-1 and 17a-3, 1934 Act.	Amended complaint filed, Oct. 29, 1956. Opinion Jan. 17, 1957, granting motion for preliminary injunction based upon the bookkeeping rules but not granting full relief on the net capital rule. Order for a preliminary injunction entered Feb. 13, 1957. Answer filed Feb. 25, 1957. Pending.
Rodman, Robert.....	2	Southern District of New York.	Mar. 18, 1957	Sec. 5 (a), 1933 Act.....	Injunction by consent as to both defendants, Mar. 19, 1957. Closed.

TABLE 17.—*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, the Investment Advisers Act of 1940, and the Investment Company Act of 1940, which were pending during the fiscal year ended June 30, 1957—Continued*

Name of principal defendant	Number of defendants	United States District Court	Intitlating papers filed	Alleged violations	Status of case
Scarborough, Paul Jr.....	1	Eastern District of Virginia.	Oct. 18, 1956	Secs. 15 (c) (1) and 17 (a) and rules 15c1-2, 15c1-4 and 17a-3, 1934 Act.	Injunction by consent, Oct. 25, 1956. Closed.
Seaboard Securities Corp.....	2	District of Columbia.	June 6, 1956	Sec. 17 (a), 1933 Act; sec. 15 (c) (1) and (3) and rules 15c1-2 and 15c3-1, 1934 Act.	Injunction by consent as to both defendants, July 10, 1956. Closed.
Shuck, M. J.....	1	Southern District of New York.	Aug. 28, 1956	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Complaint filed Aug. 28, 1956. Memorandum of Commission filed Sept. 4, 1956. Preliminary injunction signed Sept. 7, 1956. Pending.
The Sire Plan, Inc.....	2	Southern District of New York.	Jan. 18, 1957	Secs. 5 and 17, 1933 Act.....	Complaint filed and temporary restraining order signed Jan. 18, 1957. Order Feb. 4, 1957, extending effectiveness of temporary restraining order and directing that parties may apply for dismissal of action upon effectiveness of registration statement. Order July 15, 1957, pursuant to stipulation, dismissing action and vacating the temporary restraining order. Closed.
Southern Christian Corp.....	4	Western District of Oklahoma.	Mar. 23, 1957	Sec. 17 (a) (2), 1933 Act.....	Injunction by consent as to all defendants, May 13, 1957. Closed.
Stempli, I. William.....	1	District of Columbia.	Aug. 3, 1956	Sec. 14 (a) and Regulation X-14, 1934 Act.	Final order by consent, Aug. 13, 1956. Closed.
Swan-Finch Oil Corp.....	24	Southern District of New York.	Apr. 15, 1957	Sec. 5 (a) and (c), 1933 Act.....	Complaint filed and temporary restraining order signed Apr. 15, 1957. Appeal by Commission from order Apr. 22, 1957, dissolving temporary restraining order as to 2 defendants. Temporary restraining order restored Apr. 24, 1957. Appeal by 6 defendants, May 8, 1957. Injunction by consent as to all except 2 defendants. Pending.
Swirsky, Martin M.....	3	Eastern District of New York.	Oct. 15, 1956	Secs. 15 (c) (1), 15 (c) (3) and 17 (a) and rules 15c1-2, 15c3-1 and 17a-3, 1934 Act.	Injunction by consent as to all defendants, Oct. 25, 1956. Closed.
Uni-Insurance Service Corp.....	2	Northern District of California.	July 9, 1956	Sec. 5 (a) and (c), 1933 Act.....	Answer of defendants filed July 17, 1956. Injunction by consent as to both defendants, July 26, 1956. Closed.
Utah General Securities, Inc.....	1	Utah.....	July 26, 1956	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Injunction by consent, Aug. 3, 1956. Closed.
The Variable Annuity Life Insurance Co. of America, Inc.	1	District of Columbia.	June 19, 1956	Sec. 5 (a) (1) and (c), 1933 Act; sec. 7 (a) or (b), IO Act of 1940.	Answer to complaint filed July 25, 1956. Order Dec. 6, 1956, granting intervention by The Equity Annuity Life Insurance Company. Answer to complaint Jan. 6, 1957, by intervenor. Order Apr. 16, 1957, granting intervention by NASD as party plaintiff. Order May 13, 1957, denying motion for leave to amend complaint. Commission and NASD trial brief and defendants trial brief filed June 7, 1957. Case tried June 10-21, 1957. Pending.

Jean R. Veditz Co., Inc.....	1	Southern District of New York.	Mar. 25, 1957	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Complaint filed Mar. 25, 1957. Decision rendered Apr. 5, 1957, denying motion for preliminary injunction and vacating temporary restraining order. Pending.
Vogel, William D.....	1	Eastern District of Wisconsin.	June 11, 1956	Sec. 16 (a), 1934 Act.....	Complaint filed June 11, 1956. Notice of plaintiff's dismissal of action, Apr. 24, 1957. Closed.
George B. Wallace & Co.....	3	New Jersey.....	Dec. 3, 1956	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Injunction by consent as to all defendants, Dec. 19, 1956. Closed.
Warner, J. Arthur, & Co., Inc.....	12	Massachusetts.....	Oct. 31, 1951	Secs. 5 (b) (2) and 17 (a) (3), 1933 Act; secs. 7 (c) (1) and (2), 9 (a) (4), 10 (b) and 15 (c) (1) and rules 10b-5 (3) and 15c1-2 and Regulation T, 1934 Act.	Order Dec. 19, 1956, extending for a period of 6 months the order of Nov. 8, 1955, which retained jurisdiction over capital assets. Pending as to 1 defendant.
Watkins, Horace E.....	5	Colorado.....	Nov. 9, 1956	Sec. 5 (a) and (c), 1933 Act.....	Preliminary injunction entered Nov. 19, 1956. Answer of defendants, Dec. 3, 1956. Injunction by consent as to 1 defendant, June 25, 1957. Pending as to remaining defendants.
Stratford L. Wendelboe & Co.....	1	Utah.....	Sept. 26, 1956	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Answer of defendant, Nov. 29, 1956. Order Apr. 10, 1957, pursuant to stipulation dismissing complaint. Closed.
Western States Investment Co., Inc.	1	Utah.....	Jan. 3, 1957	Secs. 7 (c), 15 (c) (3) and 17 (a) and rules 15c3-1 and 17a-3, 1934 Act.	Injunction by consent, Jan. 4, 1957. Closed.
Wilmer, Nye A.....	1	Western District of Pennsylvania.	Oct. 29, 1947	Secs. 5 (a) (1) and (2) and 17 (a) (2), 1933 Act.	Temporary restraining order entered Oct. 29, 1947. Preliminary injunction entered Nov. 13, 1947. Defendant's motion to dismiss complaint denied Mar. 3, 1948. Trial date postponed indefinitely due to illness of defendant. Pending.
R. G. Worth & Co., Inc.....	1	Southern District of New York.	Jan. 11, 1957	Secs. 15 (c) (3) and 17 (a) and rules 15c3-1 and 17a-3, 1934 Act.	Temporary restraining order signed Jan. 11, 1957. Order of preliminary injunction, Feb. 13, 1957. Pending.
Wyoming Oil Co.....	3	Nebraska.....	Feb. 16, 1957	Secs. 5 (a) and (c) and 17 (a), 1933 Act.	Injunction by consent as to all defendants, June 10, 1957. Closed.
Benjamin Zwang & Co., Inc.....	2	Southern District of New York.	Sept. 27, 1956	Sec. 15 (c) (3) and rule 15c3-1, 1934 Act.	Answer of defendants Oct. 16, 1956. Order Nov. 15, 1956, denying motion for preliminary injunction but permitting further application if situation warrants. Pending.

TABLE 18.—*Indictments returned for violation of the acts administered by the Commission, the Mail Fraud Statute (sec. 1341, formerly 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 1957 fiscal year*

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
Ames, Harry G.-----	1	Northern District of Illinois.	July 3, 1956	Secs. 5 (a) (2) and 17 (a) (2), 1933 Act; sec. 1341, title 18, U. S. C.	Defendant surrendered and posted \$2,500 bond. Motion to dismiss indictment, denied Mar. 29, 1957. Pending.
Bowler, Richard William-----	1	Eastern District of Washington.	Sept. 12, 1955	Sec. 17, 1933 Act; sec. 1341, title 18, U. S. C.	Defendant found guilty on 2 sec. 17 counts of indictment; sentenced on May 16, 1956, to 8 months and \$1,000 fine and 3 years probation. Appeal filed. Appellant's and appellee's briefs filed. Pending.
Broadley, Albert E. (Hudson Securities).	5	Western District of New York.	July 17, 1947	Secs. 5 (a) (1) and (2) and 17 (a) (1), 1933 Act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	One defendant deceased, other defendants not apprehended. Pending.
DePalma, Albert Edward (A. E. DePalma & Co.).	1	Northern District of Ohio.	June 11, 1947	Secs. 5 (a) (1) and (2) and 17 (a) (1), 1933 Act; sec. 338 (now sec. 1341), title 18, U. S. C.	DePalma forfeited \$40,000 appearance bond and is presently a fugitive. Pending.
Donaldson, Arthur V.-----	2	District of Montana	June 16, 1954	Sec. 17, 1933 Act; secs. 1341 and 371, title 18, U. S. C.	One defendant deceased; other defendant found guilty on 4 mail fraud counts and 4 sec. 17 counts; sentenced to 5 years imprisonment and fined \$3,000. Motion for new trial denied Dec. 5, 1955. Notice of appeal filed; bail set at \$15,000. Defendant did not make bail and elected to start serving sentence. Appellant's and appellee's briefs filed. Pending.
Errion, Edgar Robert (Beaver Plywood Coop.).	5	District of Oregon-----	Oct. 2, 1956	Sec. 17 (a), 1933 Act; secs. 371 and 1341, title 18, U. S. C.	Defendants pleaded not guilty. Order Mar. 15, 1957, denying defendants' motions for separate trial and bill of particulars. Pending.
Errion, Edgar Robert (Mt. Hood Hardboard & Plywood Coop.).	9	District of Oregon-----	Oct. 2, 1956	Sec. 17 (a), 1933 Act; secs. 371 and 1341, title 18, U. S. C.	One defendant pleaded guilty to 1 mail fraud and 1 sec. 17 (a) count and another defendant pleaded guilty to conspiracy count. After trial, four defendants found guilty on 6 mail fraud counts, 4 sec. 17 (a) counts and conspiracy count and another defendant found guilty on conspiracy count. One defendant dismissed because of illness and another acquitted. Sentences not imposed at close of fiscal year. Pending.
Estep, William (Atomotor Mfg. Co., Inc.).	1	Northern District of Texas.	Jan. 21, 1954	Secs. 5 (a) and 17 (a), 1933 Act; sec. 1341, title 18, U. S. C.	Conviction affirmed by CA-5 June 8, 1955. Petition for certiorari filed Aug. 12, 1955; denied Oct. 17, 1955. Motion filed pursuant to 28 U. S. C. 2255 to set aside sentence, denied Apr. 19, 1957.
Geller, George B.-----	1	Southern District of New York.	Oct. 30, 1953	Sec. 1621, title 18, U. S. C.-----	Defendant pleaded not guilty. Bail set at \$1,500. Motion by defendant to dismiss indictment. Pending.
Getchell, Francis E. (Florida Palms, Inc.).	3	Southern District of Florida.	Jan. 15, 1957	Secs. 5 (a) and 17 (a) (1), 1933 Act; sec. 1341, title 18, U. S. C.	Motions filed by defendants for bill of particulars, to dismiss and for discovery and inspection. Pending.



Gill, Jesse S.....	3	Northern District of Georgia.	May 20, 1957	Sec. 1341, title 18, U. S. C.....	Two defendants surrendered in Southern District of New York and U. S. Attorney consented to transfer of case as to the defendants for acceptance of guilty or nolo contendere pleas. Motion to dismiss indictment and motion to examine Government's files filed by remaining defendant. Pending.
Gould, Osear U.....	1	Southern District of New York.	June 25, 1954	Sec. 1621, title 18, U. S. C.....	Defendant arraigned and released on \$5,000 ball. Pending.
Gruemmer, Henry C.....	1	Southern District of Iowa.	Sept. 21, 1956	Secs. 5 (a) (2) and 17 (a) (1) and (2), 1933 Act; sec. 1341, title 18, U. S. C.	Defendant found guilty on 6 sec. 17 (a) counts, 5 mail fraud counts and 2 sec. 5 (a) counts and sentenced to 5 years imprisonment on Feb. 13, 1957.
Herck, John.....	6	Eastern District of Michigan.	July 30, 1942	Sec. 17 (a) (1), 1933 Act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Herck pleaded not guilty. Remaining defendants are fugitives. Pending as to all defendants.
Do.....	1	do.....	do.....	Sec. 15 (a), 1934 Act.	
Do.....	5	do.....	do.....	Sec. 5 (a) (1) and (2), 1933 Act; sec. 88 (now sec. 371), title 18, U. S. C.	
Hickey, Jess M.....	2	Northern District of Texas.	Aug. 2, 1956	Secs. 5 (a) (1) and (2) and 17 (a) (1), 1933 Act; secs. 371 and 1341, title 18, U. S. C.	Defendants pleaded guilty to 1 sec. 17 (a) count, 1 mail fraud count and conspiracy count and were sentenced on Sept. 7, 1956, to 6 months imprisonment, 3 years probation and fined \$15,000 each.
Holsman, William T.....	2	Northern District of Illinois.	Feb. 8, 1955	Sec. 17 (a), 1933 Act; sec. 1341, title 18, U. S. C.	Both defendants previously convicted and 1 defendant appealed. Conviction affirmed by CA-7 Nov. 19, 1956. Sentence reduced from 4 to 3 years, Dec. 11, 1956.
Horsting, William F., Sr.....	2	Eastern District of Wisconsin.	Aug. 9, 1954	Sec. 17 (a), 1933 Act; sec. 1341, title 18, U. S. C.	During trial, 1 defendant changed plea to nolo contendere, was found guilty thereon and sentenced to 2 years' imprisonment, 3 years probation and fined \$10,000. Case dismissed as to remaining defendant.
Horton, William E.....	3	Southern District of California.	Dec. 7, 1955	Sec. 17 (a) (1), 1933 Act; secs. 1341 and 371, title 18, U. S. C.	One defendant found guilty on 6 sec. 17 (a) (1) counts and 3 mail fraud counts on Mar. 8, 1957 and sentenced to 3 years imprisonment and probation for 5 years on Apr. 8, 1957. Indictment dismissed as to 2 remaining defendants who testified for Government.
Hu, Seng-Chiu.....	3	Southern District of New York.	Dec. 20, 1954	Sec. 17 (a), 1933 Act; secs. 371 and 1341, title 18, U. S. C.	Defendants pleaded not guilty and 2 individual defendants released on bonds of \$500 each. Pending.
Jensen, James O.....	4	Eastern District of Washington.	Apr. 12, 1956	Sec. 17 (a), 1933 Act; secs. 1341 and 371, title 18, U. S. C.	One defendant changed plea and pleaded guilty to 1 mail fraud, 1 sec. 17 (a) and conspiracy count and was sentenced to 8 months imprisonment and 4 years probation on Nov. 2, 1956. Remaining defendants were found guilty and received sentences ranging from 1½ years imprisonment to 3 months imprisonment and 4 years probation. Appeal pending as to 3 defendants.
King, Wilbert Fay (Tri-State Metals, Inc.).....	2	District of Nevada.....	May 15, 1957	Sec. 17 (a), 1933 Act; sec. 371, title 18, U. S. C.	One defendant apprehended. Pending.
Lightfoot, Melton E.....	1	Southern District of Florida.	Apr. 23, 1953	Sec. 17 (a) (1), 1933 Act; sec. 1341, title 18, U. S. C.	Defendant found guilty on 1 sec. 17 (a) count on Mar. 11, 1957, and sentenced on Mar. 29, 1957, to 3 years' imprisonment.
Low, Harry (Trenton Valley Distillers Corp.).....	2	Eastern District of Michigan.	Feb. 3, 1939	Sec. 17 (a) (1), 1933 Act; sec. 338 (now sec. 1341), title 18, U. S. C.	Indictment previously dismissed as to defendant Low, now deceased, after plea of guilty to income tax evasion indictment. Pending as to Hardie, who is a fugitive.
Mallen, George E.....	6	Eastern District of Michigan.	June 2, 1944	Secs. 5 (a) (2) and 17 (a) (1), 1933 Act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	Two defendants deceased, pending as to remaining defendants, who are fugitives.

TABLE 18.—*Indictments returned for violation of the acts administered by the Commission, the Mail Fraud Statute (sec. 1341, formerly 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 1957 fiscal year—Continued*

Name of principal defendant	Number of defendants	United States District Court	Indictment returned	Charges	Status of case
E. M. McLean & Co. (Devon Gold Mines, Ltd.)	2	Eastern District of Michigan.	Oct. 21, 1941	Sec. 15 (a), 1934 Act.	Case pending as to 1st indictment, 3 defendants previously convicted and sentenced on 2d and 3d indictments. Pending as to remaining 9 defendants on the 2d and 3d indictments. Pending.
Do.	7	do.	do.	Sec. 5 (a) (1) and (2), 1933 Act; sec. 88 (now sec. 371), title 18, U. S. C.	
Do.	12	do.	do.	Sec. 17 (a) (1) and (2), 1933 Act; secs. 338 (now sec. 1341) and 88 (now sec. 371), title 18, U. S. C.	
Monarch Radio & Television Corp.	9	Southern District of New York.	June 4, 1954	Sec. 17, 1933 Act; secs. 371 and 1341, title 18, U. S. C.	All defendants arraigned and released on bail or own recognizance. Motions by defendants for bills of particulars and examination of grand jury minutes denied. Pending.
Parker, T. M., Inc.	16	Eastern District of Michigan.	Apr. 27, 1954	Sec. 371, title 18, U. S. C.	Eight defendants arraigned and pleaded not guilty to all indictments and posted bond and 1 died after arraignment. Extradition of defendants, Link and Green, from Canada denied Dec. 17, 1954. Leave to appeal denied by Canadian Supreme Court because of lack of jurisdiction, Mar. 7, 1955. Remaining defendants not apprehended. Motion for consolidation of 4 indictments granted. Order Apr. 18, 1957, denying defendants' motions to dismiss the indictments and case set for trial in fall. Pending.
Do.	15	do.	do.	Sec. 1341, title 18, U. S. C.	
Do.	15	do.	do.	Sec. 17 (a), 1933 Act.	
Do.	15	do.	do.	Sec. 15 (a), 1934 Act.	
Price, Eldridge Solomon	2	Northern District of Georgia.	Mar. 27, 1956	Secs. 5 (a) (2) and 17 (a) (1), 1933 Act; sec. 1341, title 18, U. S. C.	Defendants surrendered and were released on bonds of \$20,000 and \$5,000 each. On Nov. 6, 1956, defendants were arraigned and pleaded not guilty. Case set for trial Sept. 9, 1957. Pending.
Proctor, Gordon Keith	1	Northern District of Georgia.	Oct. 18, 1956	Sec. 17 (a) (1), 1933 Act; sec. 15 (a), 1934 Act; sec. 1341, title 18, U. S. C.	Defendant pleaded guilty to 1 sec. 17 (a) count and was sentenced to imprisonment of 1 year and 1 day on Mar. 20, 1957.
Saunders, Malcolm L.	2	District of Massachusetts.	Dec. 17, 1954	Sec. 17 (a), 1933 Act; sec. 15 (c), 1934 Act; secs. 371 and 1341, title 18, U. S. C.	Defendants pleaded guilty on Nov. 27, 1956. Sentence was suspended and defendants placed on probation for 3 years and fined \$1,000 each on Jan. 7, 1957.
Scarborough, Paul, Jr.	1	Eastern District of Virginia.	Nov. 8, 1956	Sec. 17 (a), 1933 Act; sec. 10 (b) and rule X-10B-5, 1934 Act; sec. 1341, title 18, U. S. C.	Defendant pleaded guilty to 2 sec. 17 (a) counts, 2 sec. 10 (b) counts and 1 mail fraud count and was sentenced to 7 years imprisonment and \$2,000 fine on Dec. 4, 1956.
Schluter, Frederic E.	5	Southern District of New York.	Apr. 13, 1956	Sec. 32 (a), 1934 Act; sec. 371, title 18, U. S. C.	Two defendants pleaded guilty to all counts, one defendant pleaded guilty to conspiracy count and nolo contendere to 3 sec. 32 (a) counts. Another defendant and the corporate defendant pleaded nolo contendere to all counts. Defendants received sentences on Mar. 28, 1957, ranging from \$40,000 fine and 5 years probation to suspended imposition of sentence and nominal period of probation.

Shindler, David L.....	4	Southern District of New York.	June 28, 1957	Sec. 17 (a) (2), 1933 Act; sec. 9 (a) (2), 1934 Act; sec. 371, title 18, U. S. C.	All defendants were arraigned and released on bail of \$1,000 each. Pending.
Simon, Harry B.....	3	Southern District of New York.	Oct. 1, 1956	Sec. 17, 1933 Act; secs. 371 and 1341, title 18, U. S. C.	One defendant pleaded guilty before trial and was sentenced on June 27, 1957 to a suspended sentence of 6 months, placed on probation for 1 year and fined \$2,500. Remaining defendants were acquitted.
Snoddy, James J.....	1	Southern District of Texas.	July 12, 1956	Sec. 17 (a), 1933 Act; secs. 10 (b) and 32 (a) and rule X-10B-5, 1934 Act; sec. 1341, title 18, U. S. C.	Defendant found guilty on all counts of indictment on Apr. 26, 1957 and sentenced to 3 years imprisonment on May 10, 1957.
Snowden, Homer W.....	2	Eastern District of Illinois.	Jan. 18, 1956	Secs. 5 (a) and 17 (a), 1933 Act; secs. 1341 and 371, title 18, U. S. C.	One defendant pleaded guilty to 1 sec. 17 (a) count, 1 mail fraud count, 1 sec. 5 (a) count and conspiracy count and was sentenced on Mar. 26, 1957, to 1 year and a day, sentence vacated on Mar. 27, 1957 and defendant placed on probation for 3 years and fined \$1,000. Remaining defendant found guilty on 7 sec. 17 (a) counts, 3 mail fraud counts, 2 sec. 5 (a) counts and conspiracy count and sentenced to 4 years imprisonment and fined \$30,500. Appeal filed. Pending.
Tellier, Walter F. (Alaska Telephone Corp.).	4	Eastern District of New York.	Dec. 1, 1955	Sec. 17 (a), 1933 Act; secs. 1341 and 371, title 18, U. S. C.	Individual defendants convicted on all counts, corporate defendant convicted upon default on Mar. 13, 1957. One defendant sentenced to 4½ years imprisonment and fined \$18,000, 2 other defendants received 1 year probation. Corporate defendant fined \$50. Pending on appeal as to 2 defendants.
Teller, Walter F. (Consolidated Uranium Mines, Inc.).	1	Eastern District of New York.	Apr. 26, 1956	Sec. 17 (a), 1933 Act; sec. 1341, title 18, U. S. C.	Defendant pleaded not guilty. Pending.
Tellier, Walter F.....	7	Eastern District of New York.	Aug. 3, 1956	Sec. 17 (a), 1933 Act; secs. 371 and 1341, title 18, U. S. C.	One defendant arraigned and bond of \$25,000 continued. Pending.
Metz, Abraham M.....	1	do	do	Sec. 1621, title 18, U. S. C.....	
U. S. Manganese Corp.....	3	Southern District of New York.	May 20, 1957	Sec. 371, title 18, U. S. C.....	Two individual defendants apprehended. Pending.
Van Valkenburgh, Hugh C. (Instant Beverage, Inc.).	2	District of Nebraska....	Feb. 15, 1957	Secs. 5 (a) (2) and 17 (a) (1) and (2), 1933 Act; sec. 1341, title 18, U. S. C.	Defendants arraigned and pleaded not guilty to all counts of indictment. Motion by 1 defendant for dismissal of indictment. Pending.
Vasen, George F.....	1	Northern District of Illinois.	May 27, 1953	Secs. 5 (a) and 17 (a), 1933 Act; sec. 1341, title 18, U. S. C.	Motion pursuant to 28 U. S. C. 2255 to set aside sentence, denied Dec. 16, 1955, and affirmed by CA-7, Sept. 26, 1956.
Walters, J., Jr. (Cedar Talisman Cons. Mines Co.).	1	District of Nevada.....	Dec. 18, 1953	Sec. 17 (a), 1933 Act; sec. 1341, title 18, U. S. C.	Indictment dismissed Sept. 18, 1956, defendant deceased.
Warner, J. Arthur & Co., Inc.....	11	District of Massachusetts.	July 7, 1953	Sec. 17 (a) (3), 1933 Act; secs. 1341 and 371, title 18, U. S. C.	Six defendants previously convicted and indictment dismissed as to 3 defendants and abated as to 1 defendant who is deceased. Pending as to defendant Thayer, who is a fugitive.
Weber, Charles M.....	1	Southern District of New York.	June 6, 1955	Sec. 1621, title 18, U. S. C.....	Nolle prosequi filed on Jan. 12, 1957.
Young, Ben E.....	1	Eastern District of Washington.	Sept. 7, 1955	Sec. 17, 1933 Act; sec. 1341, title 18, U. S. C.	Defendant found guilty on all counts on Nov. 20, 1956, and was sentenced to 18 months imprisonment.

TABLE 19.—*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 courts of appeals during the fiscal year ended June 30, 1957*

Petitioner	United States Court of Appeals	Initiating papers filed	Commission action appealed from and status of case
Alleghany Corp.....	4th Circuit.....	Jan. 21, 1957	Order of Nov. 30, 1956, denying the various applications for a declaration that no action by the Commission was required with respect to the voluntary exchange of stock, or, in the alternative, for an order pursuant to sec. 6 (c) of the IC Act of 1940 exempting the transactions. Order Mar. 9, 1957, continuing case pending decision of Supreme Court in a related matter. Pending.
Atlas Tack Corp.....	1st Circuit.....	Nov. 2, 1956	Order of Sept. 4, 1956, granting an application by the New York Stock Exchange to strike the capital stock of petitioner from listing and registration. Judgment of CA-1 June 3, 1957, affirming the Commission order. Closed.
Cities Service Co.....	2d Circuit.....	Oct. 29, 1956	Order of Aug. 31, 1956, denying the application for exemption pursuant to sec. 3 (a) (5) of the Public Utility Holding Company Act of 1935. Intervention denied, Dec. 5, 1956, but petitioners permitted to file briefs amicus curiae. Order Dec. 28, 1956, granting petitions for rehearing and granting leave to intervene. Supplemental Statement of Commission filed Apr. 2, 1957. Pending.
Cremens, John F.....	1st Circuit.....	June 18, 1957	Order of Apr. 22, 1957, granting application and permitting declaration of New England Electric System to become effective with respect to exchange offer of stock of a holding company for stock of a non-affiliated public utility company. Pending.
Dyer, Nancy Corinne, et al.....	8th Circuit.....	Mar. 29, 1957	Order of Mar. 21, 1957, permitting declaration to become effective regarding solicitation of proxies. Order Apr. 9, 1957, denying petitioners' application for a stay pending review. Petitioners' motion June 6, 1957, for rehearing and respondent's answer June 18, 1957. Pending.
Exchange Buffet Corp.....	2d Circuit.....	Nov. 1, 1956	Order of Sept. 4, 1956, granting an application by the New York Stock Exchange to strike the capital stock of petitioner from listing and registration. Opinion of CA-2, May 15, 1957, denying the petition for review. Closed.
Great Sweet Grass Oils, Ltd.....	District of Columbia.....	Oct. 26, 1956	Order of Oct. 25, 1956, summarily suspending trading in common stock of petitioner on National Securities Exchange. Agreement of dismissal filed Jan. 2, 1957. Closed.
Great Sweet Grass Oils, Ltd.....	do.....	June 5, 1957	Order of Apr. 8, 1957, directing that subject's stock be withdrawn from listing and registration on the American Stock Exchange, effective after Apr. 13, 1957. Pending.
Johnson, R. H., & Co., et al.....	do.....	Nov. 18, 1955	Order of Nov. 16, 1955, revoking the broker-dealer registrations and finding that Rupert H. Johnson was the cause of such revocation. Decision of CA DC, Apr. 5, 1956, affirming the Commission's order. Petition for certiorari filed June 18, 1956. Certiorari denied Oct. 8, 1956. Closed.
Kroy Oils, Ltd.....	do.....	June 5, 1957	Order of Apr. 8, 1957, directing that subject's stock be withdrawn from listing and registration on the American Stock Exchange, effective after Apr. 13, 1957. Pending.
Louisiana Public Service Commission.....	5th Circuit.....	Oct. 12, 1955	Order of Sept. 13, 1955, denying the petition of Louisiana Public Service Commission insofar as it requested the reopening of the proceeding in which the Commission's order of Mar. 20, 1953 was entered. Opinion by CA-5, June 30, 1956, remanding proceeding to Commission for further consideration. Petition for certiorari filed by Commission Sept. 28, 1956. Certiorari granted Dec. 3, 1956. Opinion of Supreme Court, May 13, 1957, reversing determination of CA-5. Rehearing denied by Supreme Court, June 17, 1957. Closed.
Mitchell Securities, Inc.....	4th Circuit.....	June 8, 1956	Order of June 6, 1956, affirming the expulsion of Mitchell Securities, Inc., from membership in National Association of Securities Dealers, Inc. Order by CA-4, June 20, 1956, staying Commission order pending review. Withdrawal of petition for review filed by petitioner, Oct. 16, 1956. Order Oct. 17, 1956, dismissing the petition for review. Closed.

Phillips, Randolph.....	2d Circuit.....	Mar. 15, 1956	Order of Jan. 16, 1956, declaring The United Corp. not to be a holding company. Order Apr. 1, 1957, granting Commission's motion to dismiss petition for review for lack of prosecution. Closed.
Pierce, John.....	9th Circuit.....	Oct. 14, 1955	Order of Aug. 16, 1955, denying application for registration as a broker and dealer. Opinion of CA-9, Dec. 12, 1956, affirming the Commission order. Closed.
Professional Investors, Inc. ....	7th Circuit.....	July 24, 1956	Order of May 25, 1956, denying petitioner's application for registration. Order Nov. 20, 1956, by CA-7, pursuant to stipulation, dismissing the petition for review. Closed.
Rosenbaum, Arthur.....	District of Columbia.....	Apr. 16, 1957	Order of Feb. 13, 1957, granting the requested exemption regarding the payment of commissions and overruling the objections by petitioner and other stockholders of Baldwin Securities Corp. and General Industrial Enterprises, Inc. Order June 13, 1957, upon motion of petitioner, dismissing the petition for review. Closed.
Treves, Peter G., et al.....	2d Circuit.....	June 14, 1956	Order of Apr. 13, 1956, which exempted certain transactions between affiliates under sec. 17 (b) of the Investment Company Act. Order Nov. 23, 1956, pursuant to stipulation, dismissing the petition for review. Closed.

TABLE 20.—Contempt proceedings pending during the fiscal year ended June 30, 1957

## PART 1.—CIVIL CONTEMPT PROCEEDINGS

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Status of case
East Boston Co.....	1	Massachusetts.....	Nov. 7, 1956	Petition for an order directing the defendant to show cause why it should not be adjudged in civil contempt and for an order appointing a receiver for failure to file required reports. Reports filed and withdrawal of petition allowed, Nov. 27, 1956. Closed.

## PART 2.—CRIMINAL CONTEMPT PROCEEDINGS

Colotex Uranium & Oil, Inc.	3	Colorado.....	Jan. 17, 1957	Order, Jan. 17, 1957, directing defendants to show cause why they should not be adjudged in criminal contempt for violating secs. 5 and 17 injunction, 1933 Act. Stipulation of facts, May 28, 1957. Pending.
McBride, John F.....	2	Southern District of New York.	Aug. 3, 1956	Order, Aug. 3, 1956, directing defendants to show cause why they should not be found guilty of criminal contempt for violating sec. 5 injunction, 1933 Act. Pending.
Nielsen, Harold L.....	1	Idaho.....	Oct. 25, 1956	Order to show cause why defendant should not be punished for criminal contempt, and order for writ of arrest for criminal contempt, Oct. 25, 1956. Defendant arrested and posted bond of \$1,500, Nov. 9, 1956. Defendant pleaded guilty and was sentenced to 60 days imprisonment, Nov. 21, 1956. Closed.

TABLE 21.—Cases in which the Commission participated as intervenor or as amicus curiae, pending during the fiscal year ended June 30, 1957

Name of case	United States District Court, Court of Appeals, or U. S. Supreme Court	Date of entry	Nature and status of case
Alleghany Corporation, et al. v. Breswick & Co., et al.	U. S. Supreme Court.....	Jan. 16, 1957	Appeals by Alleghany Corp. and ICC from final judgment entered Dec. 23, 1955. Opinion of Supreme Court Apr. 22, 1957, reversing the judgment of the district court and remanding case to the district court for consideration of appellees claim, not previously discussed. Order by Supreme Court June 3, 1957, denying petition for rehearing. Closed.
Greene, et al. v. Dietz, et al. ....	2d Circuit.....	June 20, 1957	Action under sec. 16 (b) of 1934 Act involving a shareholders' derivative suit against officers of CIT Financial. Opinion of CA-2, June 7, 1957, affirming the order of the district court dismissing the complaint. Motions by the Commission June 20, 1957, for leave to participate amicus curiae and for clarification of opinion or for rehearing. Pending.
Ostergren, et al. v. Kirby, et al. ....	Northern District of Ohio, 6th Circuit.	Feb. 15, 1957; May 3, 1957.	Action for violation of regulation X-14 of 1934 Act. Order Apr. 10, 1957, amended Apr. 12, 1957, granting permanent injunction to restrain violations of proxy rules by opposition group. Appeal to CA-6 by defendants comprising shareholders' committee filed Apr. 17, 1957. Order May 6, 1957, postponing shareholders meeting. Pending.
Speed, et al. v. Transamerica Corp. ....	District of Delaware, 3d Circuit.	Feb. 19, 1947; Oct. 14, 1948; Jan. 14, 1949; May 2, 1956.	Action for violation of rule X-10B-5 under sec. 10 (b) of Securities Exchange Act. Opinion in favor of plaintiffs Aug. 8, 1951. Opinion on damages, Sept. 21, 1955, and final decree Nov. 2, 1955. Defendant's appeal to CA-3 filed Nov. 23, 1955; plaintiffs' cross-appeal filed Dec. 1, 1955. Judgment entered Aug. 14, 1956, in accordance with opinion which modified and affirmed the judgments of the district court as modified. Closed.

TABLE 22.—*Proceedings by the Commission to enforce subpoenas under the Securities Act of 1933 and the Securities Exchange Act of 1934, pending during the fiscal year ended June 30, 1957*

Principal defendants	Number of defendants	United States District Court	Initiating papers filed	Section of act involved	Status of case
Clark, William.....	1	Western District of Oklahoma.	Jan. 31, 1957	Sec. 22 (b), 1933 Act...	Order Jan. 31, 1957, directing respondent to show cause why order should not issue requiring respondent to comply with subpoena. Answer and motion to quash subpoena and suppress deposition already taken, Feb. 13, 1957. Order Mar. 21, 1957, directing respondent to comply with subpoena. Closed.
Jack, Glenn R.....	1	District of Oregon.....	Aug. 1, 1956	.....do.....	Order Aug. 1, 1956, directing respondent to show cause why order should not issue requiring compliance with subpoena. Memorandum of Commission filed Aug. 7, 1956. Order Aug. 7, 1956, directing respondent to appear and testify regarding certain matters. Closed.
Platt, F. F.....	1	Western District of Washington.	Jan. 13, 1956	.....do.....	Order Jan. 13, 1956, directing respondent to show cause why an order should not issue requiring respondent to comply with subpoena. Supplemental order to show cause Jan. 27, 1956, appointing persons to serve process. Service of order to show cause not effected upon respondent. Closed.
Shuck, M. J.....	1	District of Columbia..	Dec. 13, 1956	Sec. 21 (c), 1934 Act...	Order Dec. 20, 1956, directing respondent to show cause why an order should not issue requiring respondent to comply with subpoena to appear and give oral testimony. Service of order to show cause not effected upon respondent and order Jan. 9, 1957, permitting withdrawal of application. Closed.



TABLE 23.—Miscellaneous actions involving the Commission or employees of the Commission during the fiscal year ended June 30, 1957

Plaintiff	Court	Initiating papers filed	Status of case
Friedman, Louis D.....	Southern District of New York, 2d Circuit.	Sept. 26, 1956	Complaint filed Sept. 26, 1956, for declaratory judgment restraining Commission from joining plaintiff as a party to pending revocation proceedings in re L. D. Friedman & Co., Inc., and enjoining Commission from determining that plaintiff is a cause thereof. Opinion Nov. 5, 1956, and order Dec. 4, 1956, denying motion for preliminary injunction. Appeal to CA-2 filed by plaintiff, Dec. 5, 1956. Order Dec. 21, 1956, dismissing the action. Appeal to CA-2, Dec. 28, 1956, by plaintiff. Order Jan. 15, 1957, denying motion for stay. Stipulation Feb. 18, 1957, withdrawing appeals. Closed.
Great Sweet Grass Oils, Ltd.....	District of Columbia.....	Oct. 20, 1956	Complaint filed Oct. 20, 1956, for mandatory judgment directing the Commission to vacate or suspend the Commission order dated Oct. 19, 1956. Order Nov. 19, 1956, denying plaintiff's motion for preliminary injunction and granting Commission's motion to dismiss. Closed.
Do.....	do.....	Oct. 29, 1956	Complaint filed Oct. 29, 1956, for declaratory judgment concerning certain sections and rules of the 1934 Act and directing the Commission to vacate and set aside its order of Oct. 25, 1956. Motion for consolidation with Kroy Oils Limited v. S. E. C. approved by court on Dec. 1, 1956. Pending.
Hancock Trucking, Inc., In Re.....	Southern District of Indiana.	Mar. 8, 1957	Petition for order directing that Commission show cause why securities to be issued pursuant to plan of reorganization are not exempt from registration and brief in support thereof. Order Apr. 17, 1957, extending time for Commission to answer and continuing hearing without date. Pending.
Kroy Oils, Ltd.....	District of Columbia.....	Nov. 3, 1956	Complaint filed Nov. 3, 1956, for declaratory judgment concerning certain sections and rules of the 1934 Act and directing the Commission to vacate and set aside its order of Nov. 2, 1956. Designation of judges to serve on three-judge court, Nov. 14, 1956. Pending.
Levinson, Herman D.....	U. S. Court of Claims.....	July 30, 1954	Petition for judgment alleging improper separation in reduction in force and seeking recovery of lost pay, filed July 30, 1954. Order, Feb. 10, 1956, denying motions for summary judgment and remanding case to Commissioner of court for trial on merits. Pending.
Schwebel, Morris Mac.....	District of Columbia.....	June 24, 1957	Complaint for injunction and a declaratory judgment filed June 24, 1957, restraining Commission from prosecuting disciplinary proceeding against plaintiff. Pending.

TABLE 24.—Actions pending during fiscal year ended June 30, 1957, 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
Arkansas Natural Gas Corp.....	Delaware.....	Reopened June 25, 1956.....	Petition filed June 25, 1956, by Cities Service Co. for an order requiring Elias Auerbach to show cause why he should not be adjudged in contempt of order entered Jan. 29, 1953. Petition filed by Louis E. Marron July 23, 1956, requesting that no determination be made in <i>Cities v. Auerbach</i> prior to determination re intervention by petitioner. Order Oct. 26, 1956, denying petition for intervention but directing that petitioner be permitted to appear <i>amicus curiae</i> . Pending.
Engineers Public Service Co.....	do.....	Reopened Dec. 5, 1956.....	Supplemental application III filed Dec. 5, 1956. Plan approved and enforced Dec. 20, 1956. Closed.
Market Street Railway Co.....	Northern District of California.	May 3, 1950.....	Supplemental application II filed May 16, 1953. Order July 3, 1953, overruling objections and approving and enforcing plan. Matter dismissed Mar. 6, 1957. Closed.
Standard Gas & Electric Co.....	Delaware.....	Reopened Feb. 27, 1956.....	Supplemental application V filed Feb. 13, 1957. Plan approved and enforced Mar. 14, 1957. Closed.
The United Corp.....	do.....	Oct. 11, 1954.....	Application filed Oct. 11, 1954. Enforcement order entered Mar. 7, 1955. Judgment of CA-3, Apr. 16, 1956, affirming the district court order. Petition for writ of certiorari by Protective Committee and Biddle filed July 13, 1956. Certiorari denied Oct. 8, 1956. Supplemental application for enforcement of order relating to fees filed July 27, 1956. Order Oct. 31, 1956, approving order of Commission re fees. Notices of appeal to CA-3 by Randolph Phillips and Joseph B. Hyman filed Dec. 28 and 29, 1956.

TABLE 25.—Actions under sec. 11 (d) of the Public Utility Holding Company Act of 1935 pending during the fiscal year ended June 30, 1957, to enforce compliance with the 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.....	Dec. 1, 1955	Supplemental application of Commission Jan. 16, 1956, for approval of Interim Board Plan for transformation of IHES into an investment company as approved by Commission Jan. 13, 1956. Order of court Apr. 23, 1956, approving the Plan of Reorganization. Notice of appeals by Central-Illinois and C. A. Johnson and the Equity Corp., May 2, 1956. Judgment entered by CA-1, Oct. 26, 1956, affirming the order of the district court. Petitions for writs of certiorari filed by Central-Illinois Securities Corp. and C. A. Johnson on Dec. 13, 1956, and by The Equity Corp. on Dec. 14, 1956. Certiorari denied Jan. 28, 1957. Supplemental application for enforcement of Commission's order respecting fees and expenses filed Oct. 5, 1956, by Northeastern Investors Corp., Central-Illinois Securities Corp., C. A. Johnson and others. Order Jan. 3, 1957, on supplemental application, approving certain allowances and denying certain other allowances. Order Jan. 22, 1957, denying motion for rehearing by Central-Illinois Securities Corp. and C. A. Johnson. Closed.

TABLE 26.—*Reorganization cases under ch. X of the Bankruptcy Act pending during the fiscal year ended June 30, 1957, in which the Commission participated when appeals were taken from district court orders.*

Name of case and United States Court of Appeals	Nature and status of case
Central States Electric Corp., debtor; LeBoeuf, Lamb & Leiby, appellants (4th Circuit).	Appeal from order of June 25, 1956, dismissing appellants' petition seeking compensation for services rendered in defending an action for mismanagement brought by debtor's trustees against two of debtor's former directors. Brief for Commission filed Nov. 16, 1956, urging affirmance of order. Decision of CA-4, Jan. 7, 1957, affirming the order of the district court. Petition for writ of certiorari filed by LeBoeuf, et al., Apr. 8, 1957. Brief filed by Commission in opposition, May 9, 1957. Certiorari denied, May 20, 1957. Closed.
Hudson & Manhattan Railroad Co., debtor; William J. Harding, Jr., Irving I. Sehnur and Shirley Reiter, petitioning creditors, appellants (2d Circuit).	Appeal from order of Nov. 26, 1956, authorizing the trustee to purchase 20 new railroad cars. Commission filed memorandum Jan. 9, 1957, urging affirmance of the order. Opinion of CA-2, Jan. 14, 1957, affirming the order of the district court. Closed.
Inland Gas Corp., et al., debtors; Ben Williamson, Jr., Paul E. Kern, Green Committee, Clinton M. Harblson, Allen Committee, Vanston Committee and Gregory Committee, appellants (6th Circuit).	Appeals from order of Mar. 14, 1956, <i>inter alia</i> denying confirmation of Trustees' Amended Plan of Reorganization, refusing to find worthy of consideration a plan submitted by a security holder and refusing to confirm a plan of reorganization because it provided for post-bankruptcy interest and since it was not accepted by the requisite majority of creditors affected by the plan. Brief of Commission filed Aug. 1, 1956, supporting certain of the appeals. Decision of CA-6, Feb. 14, 1957, affirming the order of the district court. Petition of Kentucky Debenture Holders Committee and Paul E. Kern, Mar. 4, 1957, for rehearing and memorandum of Commission, Mar. 4, 1957, in support of petition for rehearing. Order entered by CA-6, May 8, 1957, denying the petition for rehearing. Pending.
Liberty Baking Corp., debtor; Securities and Exchange Commission, appellant (2d Circuit).	Appeal from order of Dec. 19, 1955, denying the Commission's motions for leave to intervene and for dismissal of Debtor's petition under Chapter XI on ground proceeding should be under Chapter X. Brief of Commission filed July 31, 1956. Commission's reply brief filed Sept. 21, 1956. Decision by CA-2, Jan. 16, 1957, reversing the order of the district court. Petition for writ of certiorari filed by debtor, Feb. 23, 1957. Commission's brief in opposition filed Mar. 25, 1957. Certiorari denied Apr. 8, 1957. Closed.
Slesian-American Corp., debtor; Scribner & Miller and Paul Emery Kern, appellants (2d Circuit).	Appeal by Bondholder's Protective Committee from order of June 4, 1956, making allowances of compensation to the Trustee, the petitioner and others. Brief of Commission filed Oct. 26, 1956, supporting appeals. Decision of CA-2, Dec. 6, 1956, reversing the order of the district court and remanding the case. Closed.
Third Avenue Transit Corp., et al., debtors; A. Philip Woolfson, appellant (2d Circuit).	Appeals from order of July 26, 1956, approving the joint plan of reorganization, order of Sept. 11, 1956, denying appellant's motion for an order reopening the question of insolvency of debtor and for the appointment of an appraiser and order of Oct. 8, 1956, confirming the joint plan of reorganization. Brief of Commission in opposition to appeals filed Nov. 21, 1956. Decision of CA-2, Nov. 30, 1956, affirming the orders of the district court. Petition for writ of certiorari filed Jan. 25, 1957, by Woolfson. Brief of Commission, Feb. 26, 1957, in opposition. Certiorari denied Mar. 11, 1957. Petition for rehearing denied Apr. 8, 1957. Closed.

TABLE 27.—A 24-year summary of criminal cases developed by the Commission—1934 through 1957 by fiscal year

[See table 29 for classification of defendants as broker-dealers, etc.]

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 <sup>1</sup>	Number of these defendants convicted	Number of these defendants acquitted	Number of these defendants as to whom proceedings were dismissed on motion of United States attorneys	Number of these defendants as to whom cases are pending <sup>2</sup>
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	34	0
1938	40	113	33	134	75	13	45	1
1939	52	245	47	292	199	33	60	0
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	105	62	10	33	3
1944	27	69	24	79	48	6	20	5
1945	19	47	18	61	36	10	14	1
1946	16	44	14	40	13	8	4	15
1947	20	50	13	34	9	5	15	5
1948	16	32	15	29	20	3	6	0
1949	27	44	25	57	19	13	25	0
1950	18	28	15	27	21	1	5	0
1951	29	42	24	48	37	5	6	0
1952	14	26	13	24	17	4	3	0
1953	18	32	15	33	18	6	5	2
1954	19	44	19	52	20	4	5	25
1955	8	12	8	13	7	0	2	4
1956	17	43	15	37	14	2	2	19
1957	<sup>3</sup> 26	132	10	34	9	1	1	23
Total	681	2,282	<sup>4</sup> 561	2,334	1,265	283	<sup>5</sup> 668	118

<sup>1</sup> 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 purpose of this table, an individual named as a defendant in 2 or more indictments in the same case is counted as a single defendant.

<sup>2</sup> See table 23 for breakdown of pending cases.

<sup>3</sup> Fifteen of these references as to 101 proposed defendants were still being processed by the Department of Justice as of the close of the fiscal year.

<sup>4</sup> 530 of these cases have been completed as to 1 or more defendants. Convictions have been obtained in 459 or 87 percent of such cases. Only 71 or 13 percent of such cases have resulted in acquittals or dismissals as to all defendants, this includes numerous cases in which indictments were dismissed without trial because of the death of defendants or for other administrative reasons. See note 5, infra.

<sup>5</sup> Includes 53 defendants who died after indictment.

TABLE 28.—Summary of criminal cases developed by the Commission which were still pending at June 30, 1957

	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	Awaiting trial	Awaiting appeal
Pending, referred to Department of Justice in the fiscal year:						
1938.....	1	2	1	1	0	0
1939.....	0	0	0	0	0	0
1940.....	0	0	0	0	0	0
1941.....	0	0	0	0	0	0
1942.....	2	18	3	14	1	0
1943.....	1	5	2	2	1	0
1944.....	1	7	2	5	0	0
1945.....	1	1	0	1	0	0
1946.....	4	16	1	15	0	0
1947.....	2	6	1	5	0	0
1948.....	0	0	0	0	0	0
1949.....	0	0	0	0	0	0
1950.....	0	0	0	0	0	0
1951.....	0	0	0	0	0	0
1952.....	0	0	0	0	0	0
1953.....	2	12	10	1	1	0
1954.....	3	26	1	7	18	0
1955.....	2	5	1	0	3	1
1956.....	9	22	3	1	12	6
1957.....	7	23	0	3	20	0
Total.....	135	143	25	55	56	7

SUMMARY

Total cases pending <sup>1</sup> .....	52
Total defendants <sup>1</sup> .....	247
Total defendants as to whom cases are pending <sup>1</sup> .....	222

<sup>1</sup> Except for 1956 and 1957 indictments have been returned in all pending cases. As of the close of the fiscal year, indictments had not yet been returned as to 104 proposed defendants in 17 cases referred to the Department of Justice in 1956 and 1957. These are reflected only in the recapitulation of totals at the bottom of the table.

TABLE 29.—A 24-year summary classifying all defendants in criminal cases developed by the Commission—1934 to June 30, 1957

	Number indicted	Number convicted	Number acquitted	Number as to whom cases were dismissed on motion of United States attorneys	Number as to whom cases are pending
Registered broker-dealers <sup>1</sup> (including principals of such firms).....	354	218	24	100	12
Employees of such registered broker-dealers.....	125	64	17	42	2
Persons in general securities business but not as registered broker-dealers (includes principals and employees).....	718	359	57	258	44
All others <sup>2</sup> .....	1,137	624	185	268	60
Total.....	2,334	1,265	283	668	118

<sup>1</sup> Includes persons registered at or prior to time of indictment.

<sup>2</sup> 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 30.—A 24-year summary of all injunction cases instituted by the Commission, 1934 to June 30, 1957, 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. <sup>1</sup>	
	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	153
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.....	25	59	24	55
1950.....	27	73	26	71
1951.....	22	67	17	43
1952.....	27	103	18	50
1953.....	20	41	23	68
1954.....	22	59	22	62
1955.....	23	54	19	43
1956.....	53	122	42	89
1957 (to June 30).....	34	124	17	62
Total.....	780	2,279	689	1,754

## SUMMARY

	Cases	Defendants
Actions instituted.....	780	2,279
Injunctions obtained.....	681	1,754
Actions pending.....	31	<sup>2</sup> 104
Other dispositions <sup>4</sup> .....	68	421
Total.....	780	2,279

<sup>1</sup> 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.

<sup>2</sup> Includes 7 cases which were counted twice in this column because injunctions against different defendants in the same cases were granted in different years.

<sup>3</sup> Includes 13 defendants in 6 cases in which injunctions have been obtained as to 43 co-defendants.

<sup>4</sup> Includes (a) actions dismissed (as to 353 defendants); (b) actions discontinued, abated, vacated, abandoned, stipulated, or settled (as to 53 defendants); (c) actions in which judgment was denied (as to 11 defendants); (d) actions in which prosecution was stayed on stipulation to discontinue misconduct charged (as to 4 defendants).